

Chairman: David Vaught

Members: Michael Bass, Ed Bedore, Ricardo Morales

Minutes – May 5, 2011 Meeting

Present in Springfield: David Vaught
Ed Bedore
Mike Bass

Present in Chicago: Rick Morales

The Board started the meeting by confirming attendance at 11:07 a.m.

First on the agenda was the approval of the minutes from April 7, 2011. Member Bass made a motion to approve the minutes of March 10, 2011. The motion was seconded by Member Bedore. The motion was unanimously approved.

Next on the agenda was CPO Updates. In attendance for Higher Education was CPO Ben Bagby. Mr. Bagby stated that in the beginning stages of SB51 implementations he was told by various people that he was an outsider, cannot understand university needs, procurements were done right and didn't need further review and that he would not be adding value. As of today he still remains an outsider and that is what the law intended. However, he believes that he can understand the universities needs and can work with the university and procurement staff to help them address those unique needs. As for things not needing review, Mr. Bagby stated that with his experience at CMS looking at all agency transactions, showed him that things can be better and the same is true for university procurements. Mr. Bagby stated that something common that he has seen in both State agency and University procurements are common errors like bid documents with errors, sole sources have been posted with appropriate reference to required laws being left out, specifications have not been written with openness in mind, vendors have performed work with no valid contract in place, and solicitations that have evaluation criteria that did not match the type of source selection. There are more things being done to make procurement more transparent to help prevent these types of errors. As for whether any of this has any value: working to improve procurement, providing more transparency making it easier for the State's vendors and still meeting the universities' needs will need to be determined by the Board. Mr. Bagby believes that the value is there. Mr. Bagby stated that his four SPO's began their official duties this week and should have another one starting May 16, 2011. Integrating their activities into the differing university processes is going to take a little work, but he did structure the SPO and the university activities so the SPO would be concentrating on transactions that he believes are a particular interest: professional and artistic and consulting, real estate leases and sole sources. Mr. Bagby wanted to point out and make it clear that everyone in procurement tried really hard to ensure compliance with the various laws and to do a good procurement job within the confines of those laws. It is very difficult with staff cuts and more and more requirements to do the job at the level they would like. Also, for the record, Mr. Bagby has had very good cooperation from the university procurement staff when he had questions or needed any information and provided comments or suggestions on a change.

Mr. Bagby stated that the university is not at the full acceptance of everything, but believes that over time this oversight function will just become a part of the daily routine. With all things being considered he believes that they are moving in a positive direction and would be happy to answer any questions that the Board might have.

Member Bedore asked about a letter regarding issues on renovation in the science wing being built. It was available to bid eight years ago and then there was a change in governorship. Then there was a bid in April 2011 and they are blaming everyone else on why their project is not moving forward, but doesn't understand if this was stopped by the former Governor, why this project hasn't moved forward. Mr. Bagby asked if Member Bedore was referring to the project at Governor State University. Member Bedore replied affirmatively. Mr. Bagby replied that it is a Capitol Development Board project and would defer to Fred Hahn, CPO of CDB to respond.

Mr. Hahn stated that he could not exactly address why a number of years went by and what was happening during those years. It is still being reviewed. What did come to him as the CPO were some contract actions that looked a little funny. Mr. Hahn knows the letter that Member Bedore is referring to from the President of GSU, who stated that they followed all the laws regarding procurement. Mr. Hahn stated that it appears it is not the case. Member Bedore stated that they are placing blame on everyone else but themselves. Mr. Hahn agrees. Mr. Hahn stated that there was at least a half a million dollars worth of work performed without a contract. There has been work done outside the scope of contracts. There was a recorded qualification based selection in 2010 that in fact was not a qualification based selection. It was taking the paper out of the files from nine years previous. Member Bedore stated that for many years the Board has had concerns with Governor State University and doesn't see any improvement. Mr. Hahn stated that he has not been able to meet with the President from Governors State, but intends meet with her to discuss this matter.

Member Bedore stated that he would like to see some real results and would like for Mr. Bagby to come back to the Board and state that improvements have been made at GSU, CSU and all other universities. Mr. Bagby stated that time will tell. It takes a while to change a culture of activities and takes a while to really understand what really needs to be done. He stated that he has been doing this for 33 years and has outlived some of the statute of limitations that he has done wrong. You can't expect someone new to come in and know everything, mistakes will be made and just have to recognize that and learn from them.

Member Bedore made a motion to have Mr. Bagby and Mr. Hahn come back to the Board in three months to provide an update regarding this issue. Member Bass seconded the motion. The motion was unanimously approved.

Chairman Vaught asked if this was an architectural firm that thinks they can work without a contract. Mr. Hahn replied that the architectural firm was probably given a verbal and e-mail told to begin some work. Chairman Vaught asked how they can get paid without a contract. Mr. Hahn replied they cannot get paid. They did get paid a portion of their work he believes because of what the CDB has in its line item architect contract. In other words, to be more specific, there are things that CDB puts as dollar line items and it's AE contracts that allow for different types of services to be performed. He believes the architect firm got paid around \$250,000 out of two payment vouchers because of being paid from a different line item within that contract. Chairman Vaught asked if this was the work that was done before the contract was signed. Mr. Hahn replied affirmatively. Chairman Vaught wanted to know who approves those vouchers. Are they approved by the CPO? Mr. Hahn replied no they are not. Chairman Vaught stated that

someone who has violated the Procurement Code wants to be paid anyway, but the CPO has nothing to say about it. Mr. Hahn replied that the CPO is also reviewing this and why it is being brought before the Board.

Chairman Vaught asked why Mr. Bagby has four SPO because there are more than four universities. How are they assigned? Mr. Bagby replied that they are assigned at a high level. Amanda Baylor who has WIU, ISU, EIU and Tom Sestak who has the SIU system and Lee Saulter (sp) NIU, NEIU, GSU, CSU and Roger Nondorf, University of Chicago and Champaign. There is another one coming on Monday who will also be assigned to the University of Illinois Chicago and Champaign. Chairman Vaught asked if the staffing is adequate. Mr. Bagby replied that he does need additional staff, but is waiting to see what the budget holds and the number one priority would be for Champaign Urbana. Mr. Bagby stated that for staff ratio he believes that Mr. Matt Brown has more SPO to agency that he does.

Member Bass asked Mr. Bagby why some of the institutions are structured in a way that there is a single point of contact. Is that correct? Mr. Bagby replied that is not exactly correct. Mr. Bagby stated that it restricts the flow of communications and makes it more difficult to communicate. The single point of contact or perhaps four was a determination what was made by one place and believes that is the initial reaction to the people coming in and after a period of time it will relax. An example is if a buyer puts out a specification that they need a new truck, but don't specify on year or model. A simple phone call clears that up. Instead it goes to one person, then to another and then another. This is a little inefficient but Mr. Bagby stated that he understands and does not want to be disruptive of the agencies' operations and wants to be respectful of their time and hopes that an easier solution can be worked out. Member Bass asked if he had the ability to delegate beyond his CPO's down to entities' that he oversees or not. Mr. Bagby replied that he believes that the structure of SB51 did not do away with the universities procurement functioning and still needs to be there to identify the need and write the specification, write the bids, send them out, etc. It could be seen as delegation, since he does have the procurement authority. Mr. Bagby stated that he cannot do everything – it is impossible. A SPO at every location cannot do everything – that is also impossible. There has to be a recognition that the universities and the agencies that will be doing lots of activities. There has to be activities delegated, authorized, allowed whatever the word is to others. That doesn't mean aggregation of authority, but it does mean that someone has to do the leg work, but decisions are made every day at every level and it has to be accepted and allowed. Member Bass asked how the Board could help. Mr. Bagby replied that he has been meeting with Aaron Carter and Will Blount from the Procurement Policy Board on a frequent basis to just ask how it is going and if there are any issues with the universities and sometimes he brings things to them as well. Things are going well and developing a good relationship and understanding the areas where they have common ideas and don't always agree. As long as the lines of communications are open he has no complaints.

Member Bedore wanted to commend Mr. Bagby on the lease in Champaign with 220 square feet per employee and that includes everything, washrooms, and conference rooms, play rooms, etc. and hopes that Mr. Brown and Mr. Kanellopoulos would look to you for guidance. Mr. Bagby replied that it was the good people at the University of Illinois who did that lease and deserve the praise. No further questions were asked.

Next was Mr. Fred Hahn CPO for CDB. Mr. Hahn stated that he oversees the procurements of the State's vertical construction program. Mr. Hahn is assisted by a SPO and an assistant as well as the monitoring of procurement actions through three procurement compliance monitors. Two of the PCMs operate out of Springfield and the third operates out of Chicago. The Chicago

position has been vacant for about three months. When a construction project is identified and funded procurement begins with the quality based selection of an architect engineering firm, which prepares detailed bidding documents that are a format used throughout the construction industry. Those documents are left for competitive sealed bidding, which are usually in a multi-contractor method required by the Procurement Code. The AE also continues in a role overseeing the construction project itself. In the last few years changes to the Code has permitted the procurement of construction by a single contractor method by design build as well as creating a comprehensive method for procuring construction management services. Single prime, design build and construction management services are in a test phase at the CDB to evaluate their cost and effectiveness. For the vast majority of its projects CDB continues to procure them through their traditional design bid build method of construction with an AE and several trading contractors as vendors.

Since September 2010 his office has reviewed 1200 contract actions. Perhaps a quarter of them have been initial contracts with the rest being changes to bid contracts. They also review the bidding selection award based phases of procurement. Generally the contracts actions CDB reviews are turned around in a handful of days or less and that is not to say that contract actions or procurements are without issues, in fact there are many issues. Difficulties in the process have several reasons; perhaps paramount among them is a system that relies heavily on paper and manually tracking that paper. CDB continues to work toward a more electronic system including one which will result in a more user friendly way of providing all of the information that is required to be in the Illinois Procurement Bulletin. The improved system should also permit a more efficient review on approval of procurements both by the CPO office and the Procurement Policy Board. Mr. Hahn believes that CDB is the last CPO that is providing an extensive amount of paper as part of this process to the PPB. The PPB staff and Mr. Hahn have discussed with CDB moving procurement actions to the Illinois Procurement Bulletin maintained by CMS, but at this point they are allowing CDB to attempt to finalize efforts to work-up its electronic system. Other difficulties have included re-structuring processes to obtain financial disclosures and certifications when they are required. The new processes have contributed to both compliance with legal requirements and faster processing of procurement actions. CDB process for document retention and document review is important to this process, which involves scanning them and making them electronic copies following which the original is destroyed. There is not a set schedule for when hard copy documents must be submitted to this scanning process. This has made it somewhat difficult to find documentation to support the review or procurement actions. Numerous instances have been found where documents have been filed in the wrong place essentially making those documents non-existent. There have been significant problems with procurement actions and a significant one is with the GSU matter, which is starting work before a contract is in place. More often this does occur with changes to contracts not with initial contracts. There are also problems with time management of contracts. Frequent changes to extend contract time are being made after the contract has expired. This takes up a large amount of CDB's time to try and figure out what went wrong and to provide the appropriate documentation to the Comptroller and the Treasurer who have to sign off on extending those actions and to the PPB. There are other problems with CDB's change actions. Often the reasons for the changes are not well documented; however, the cost is well documented. It is review by estimators who are essentially independent from the process. Much less clear is how the responsibility in cost for errors or admissions in the design are determined and allocated. Full access to files becomes critical when reviewing change actions. Even more critical is having access to the people responsible for creating and processing procurement documents and records. And that has been an area of significant problems. Employees and vendors have reported threats or the pressure of adverse actions by CDB because of communicating with the CPO's office.

The situation has significantly improved by some discussions between himself, the new Executive Director and the Chairman of the Board who are now taking on a more hands on role in resolving those issues. In addition, a CPO liaison has been appointed by CDB to assist the CPO's office with significant issues about procurement actions or processes. Mr. Hahn stated that management agrees that the processes do indeed need improvement. CDB and Mr. Hahn's office have formed a process improvement team, which will review, analyze and restructure the architect engineer process and the change order process. There was a team developed to change the way emergency procurements are conducted and are working together to insure procurement communication reporting requirements are understood and met. Mr. Hahn stated in conclusion that the process has not gone as smoothly as he would have liked it to, but improvements have been made and continue to be made and long-term significant improvement will occur as the processes move to a better, more cohesive electronic system and those improvements will lead to better efficiency of the State's construction needs.

Chairman Vaught asked about the communication problem with the vendors communicating with the CPO. When do vendors communicate with the CPO as opposed to the agency? Mr. Hahn replied that he doesn't believe that there is any pattern to that. It may be for the status of a contract action or may be where their role is in review of this contract action or it may be that Mr. Hahn has called a vendor to find out about a contract action. Mr. Hahn stated that in the context of something like that he has had more than one vendor say that they felt if they were talking to Mr. Hahn that it would impact the relationship with CDB whether they were chosen for contracts, whether they were treated fairly, whether they were punished, etc. There was clearly a perception of don't talk to the CPO's office. Chairman Vaught asked if it has been resolved. Mr. Hahn replied that they have taken steps to resolve this issue. No further questions were asked.

Next was Mr. Bill Grunloh CPO for IDOT. Mr. Grunloh stated that he was going to provide an update of implementation of SB51 from IDOT and his role for highway related construction. Mr. Grunloh wanted to complement Secretary Hannig for mandating the staff that they embrace this change and they embrace the transparency that was going to come from it and would like to report that is what has been done. Mr. Grunloh stated that they have had nothing but full cooperation from the agency and it has helped to make his job easier there. One of the first objectives was to review every process that IDOT does. Mr. Grunloh stated that the vast majority of the procurements that he oversees are done through the letting process. Mr. Grunloh believes it is done through the purest form of procurement there is, which is an Invitation for Bid where the lowest bidder is awarded and the vast majority is awarded in that fashion. Mr. Grunloh stated that they went through every process from IFB to the emergency procurements to sole source. To date they have gone through the processes for all procurements and types of procurements that they do and have made changes and one of the biggest was to the emergency purchases and what the process is on those. Mr. Grunloh stated that about 5-6 years back IDOT made the effort to become ISO 9001 certified which is a quality insurance qualification. IDOT has continued that work and since doing that they have a guideline to follow for himself, SPO, and the PCM. One concern Mr. Grunloh stated that he had, was the communication reporting and the fear of employees to talk with vendors. It has been rumored that employees are cautious talking to vendors since there is a strict penalty and people are reluctant to do it. This is not the answer to what SB51 is about. This is a major concern of his and he would like to try and figure out a way for employees to start talking to vendors. Mr. Grunloh stated that he attended a conference in Champaign and told 1000 engineers and IDOT employees that it takes two minutes to go and

make a report. It is not that difficult to do it. He believes that it is having an effect on the open flow of information and does think that it is a critical thing that needs to be looked at.

Since July 1, 2010 through April 15, 2011 there has been 564 through the letting process for a total of \$1,087,359,000 and have had a total contract award of QBS of 386 contracts totaling \$217,643,000 and a total contract award for land acquisition, done through the RFP method, only 4 of those amounting to \$2,875,000. Mr. Grunloh stated that the total highway procurement from July 1, 2010 through April 15, 2011 equaled \$1,307,000,000. Mr. Grunloh stated that he is fully staffed in his office and has a SPO and PCM in place. In his perspective everything is going well. Member Bass asked if Mr. Grunloh was better accepted since he had been with the agency. Mr. Grunloh replied possible. No further questions were asked.

Next was Mr. Matt Brown CPO for CMS - General Services. Mr. Brown stated that he didn't want to repeat anything that his colleagues have spoken to the culture of change they are dealing with as an organization. They have spoken to customary relationship issues anytime you are working with a new system and in this system it is not only the authority, but it also added new requirements at the same time making the transition more complex. Mr. Brown would like to share more operational experiences that they have been having since serving the State agencies. Mr. Brown stated that he has 30 SPOs deployed in the agencies. Operationally for the value of procurement has been generally stated that the amount of \$9 billion dollars is roughly handled through the procurement office each year, but that annualized number has never really been extrapolated and through various lenses he could come up with a rough number that he would like to portray to the Board. The work that comes to them annually at \$9 billion dollars can fairly easily be extrapolated to about \$60 billion dollars worth of effect at the time action is being taken. Mr. Brown stated they don't have a process in the State to forecast that far out. They deal with contracts that are as short term as six months and long term as 10 years and systematically this is an area of concern to him. This needs to be factored into the operational understanding and in order to do that better processes need to be developed. System innovation is critical for Mr. Brown and is critical for the support of the agencies to which he and the SPO's he has appointed serve. One of the challenges is that it is very difficult for those agency CMS works with and the departments they work with to see that far into a process where they believe the oversize is not adding value. That creates a lot of challenge and he works towards that every day. One of the things that creates that hurdle for them to cross is the new requirements in the Procurement Code. Beyond that Mr. Brown stated that they still focus on performance initiatives. They have to think about contract effectiveness as procurement officers and spend a lot of time working towards a certain specification is accurate, whether that specification will be, accurate towards an item or a supply of a good or service, it is actually what is in the agencies mission. It is not their job to question that, but if the documentation suggests that it is not towards the agencies' mission then they feel like it is appropriate to ask them if they are sure this is what they want. Does this go towards their agency mission? This is not always a welcome question, but would like to have the folks they serve feel comfortable that it is not about taking a procurement away from the agency and that they don't need something, but it is making sure that they get what they ask for. Mr. Brown stated that there is also an issue of timeliness. In every procurement transaction that CMS participates in from the time that it starts to the time the contract is executed. Generally, procurements take too long, they need to go faster and be more efficient and the steps of the procurement process need to be more directly towards the business values that the agency has. Along with that, CMS oversees every mandatory part of the Procurement Code and a lot of the time they are in conflict with each other. There is a balancing act to be involved with at that level. This causes them to spend a considerable amount of time in areas of exception, sole source

hearings, emergency extensions, contracts to other than the low bidder, etc. These are a lot of the hurdles that are faced with on a daily basis.

The other thing that Mr. Brown would like to share with the Board in working on all of these operational areas is that each type of procurement they deal with has a significantly different tempo and level of due diligence associated with it. One that the Board is familiar with is in the area of leasing. Mr. Brown stated that this is a very time consuming effort to just procure the leases let alone establish the policy for which leasing has functioned for the last several years. Mr. Brown continues to work with Mr. Nick Kanellopoulos at CMS on finding a strategy to get through this. They are both working toward dealing with these inefficiencies. Mr. Brown believes that efforts so far are yielding appropriate success. Mr. Brown stated that there will be plenty more for the CPO to share with the Board at a later date.

Member Bedore wanted to know what is being done to have the SPO's be on top of contracts that need to be re-bid. For example DCFS they have a contract about record keeping that expired. Didn't they know that in 10 years they would have to go out and re-bid this? Instead they went out for a 90-day emergency. Then they decided to go beyond the 90-days and never had a public hearing that is required under State statute and then it comes to the Board. Member Bedore wanted to know where the SPO was. Mr. Brown replied that the awareness of that contract was expiring was before the SPO for some time. In the process established a business case that the agency would use to put their needs forward the SPO challenged the agency at the onset towards sole source procurement. The agency's intent was to say they like the services they received for the past 10 years and really don't want to make a change. These are for record management services which are very difficult to establish a sole source argument that this is the only vendor that could provide the service. The agency could have elected to claim that this is sole economically feasible source that for budgetary reasons don't have the ability to transfer large warehouses full of records from one vendor to another and pay a potential up-charge to re-classify those records in a new fashion. At the point where it became critical the SPO put forward to the agency that they need to make a decision and put forward a case that will get them a contract. At that point the agency was not in a position to agree to the competitive selection method. It was either put forward a sole source that may not stand or declare an emergency to operate this records management function until a competitive selection could occur. In this case they chose to seek the emergency route to get a new procurement which will be competitive. Mr. Brown stated before that the procurement process doesn't happen fast enough and is an area that needs improvement. The reason for Mr. Brown's focus on timeliness is if you look historically at PBC's and the duration of these procurements. It is very easy to see that a procurement of this kind operated in a historical sense could have taken as long as a year to get established. To have the PBC start to move to meet the agencies requirement to have appropriate vetting sole source or not in this case, to go to the Office of Management and Budget to receive the clearance that it needs for the amount of fiscal spend. All of these things need to be moving in a timely manner. For this particular transaction the train didn't even leave the station until long after current practice started its timely execution.

Member Bedore asked Mr. Brown if there is anything that this Board could do to help. Mr. Brown replied that this effort is underway. There have been several opportunities where he has had a chance to work in meetings with SPO and Board staff to try to isolate on transactions that seemed to be locked up for some reason. What is relevant to the procurement, what is relevant to the relationship and as soon as there is some basic understanding of how those two separate the Board's staff has been very instrumental in getting all of the focus put back on the transaction. That is very valuable. Their introduction into these and every one of those meetings come from so many different angles so it is very difficult to anticipate where they could step in at the staff

level. Mr. Brown stated from his perspective that the PPB staff are starting to anticipate things and are foreseeing as the Board has done through its record keeping and are seeing trends and what agencies are doing. Mr. Brown stated that the only request is more training for agency personnel at all level's who don't have any idea what the procurement process is. The Board could be instrumental in that. Member Bedore wanted to know how CMS was doing on getting the Secretary of State's approval. Mr. Brown replied that all of the issues have been cleared and if there is anything left it is technical and is waiting on signatures. Whitney Rosen, Legal Counsel for the Executive Ethics Commission, stated that is correct. In a couple of weeks there will be a publication in the Illinois Register showing that the Rules have transferred. At that time revisions can be made of some of the particulars. No further questions were asked.

Next on the agenda was APO Update – State Fire Marshall. In attendance for the State Fire Marshall was Jodi Schrage. Ms. Schrage stated that in listening to a lot of this she believes that the communication between the SPO and the APO is beneficial. Mr. Schrage stated that she wears several different hats in a small agency and was not previously the SPO. There was an SPO with this legislation and they were re-assigned and so when the APO role came about it had to be assigned to someone within the agency. She stated that she has had a little bit of a learning curve and had been involved with procurement in a project management perspective, but has been beneficial to her to work with an SPO and has received training and has that communication with the CPO's office and be able to get guidance from them. Ms. Schrage stated that it has been a positive experience.

Next on the agenda was APO Update – DHS. In attendance for DHS was Trudy Haffer. Ms. Haffer stated that on behalf of Secretary Saddler and Assistant Secretary Matthew Hammoudeh that they greatly appreciate the guidance the Board has given them with the rules and policy regarding procurement. The DHS agency procurement office has been impacted by Public Act 96-0795. Their office has been acting in accordance with the principles of SB51 to ensure they are operating with the accountability, transparency, efficiency and fiduciary responsibility to maximize State dollars. DHS has reviewed their process and divided it into to three sections: the Agency Procurement Office, Office of Contract and Management and Contract and Support Services. Ms. Haffer provided the Board with a copy for their records. Ms. Haffer stated that each area has specific responsibility to the process and the agency procurement office is responsible for the review and processing of a procurement business case and all the solicitations involved through submission from the program areas to the full approval and awarded procurement business case. Contract management is responsible for executing the contracts and doing so with due diligence. The contract and support services are responsible for contract obligation and monitoring of the contract process. Each area serves as a check point for compliance and due diligence with insolated decision making. The APO office is proud to say that they are collaborating and communicating well with the Executive Ethics Commission and other entities involved strengthening the process and moving forward in the implementation that this monumental shift in procurement has taken place. Together they review the process and seek the necessary additional resources, consistent training and time to allow for the changes so that the process can be effective and true transparency and efficiency and are accurate procurement in a professional manner.

Chairman Vaught stated that he does not see Agency Procurement Officer in the Procurement Code. Ms. Haffer replied that no, the APO is not in the legislation. That came out in a memo from the Governor's Office. Chairman Vaught asked how many staff is in the agency procurement office. Ms. Haffer replied at the moment there are three official staff members including herself. They are looking at getting and seeking more staff. Part of that is due to the

need to fill current vacancies which occurred due to departing and retiring staff and are looking for professionals who that can support the procurement process with the appropriate skills. The other is due to the expanded duties and steps involved in the procurement process with the additions to the processes the new act they are seeking new staff. No further questions were asked.

Next on the agenda was CMS Facilities. In attendance was Mr. Nick Kanellopoulos, Director of Property Management. Mr. Kanellopoulos stated that the Board requested some statistics on lease consolidation, re-bids and re-negotiations in Chicago. Since Governor Quinn took office CMS has re-bid and re-negotiated 31 leases in Chicago and have consolidated 9 leases. That has eliminated 417,442 square feet of space that use to be leased in Chicago and the total cost of that square footage was \$10 million dollars annually. Member Bedore asked what that number would have been had CMS gone into the lease on the CJA. Mr. Kanellopoulos replied that he believes that lease was about 20,000 sq. ft. of space. Chairman Vaught asked Mr. Kanellopoulos if he had any updates on the HDA lease on Michigan Ave. Director Aaron Carter stated that the PPB staff contacted HDA and they, through e-mail, provided a pending amendment that was sent to the Board yesterday. Director Carter stated that it is not under CMS and PPB staff contacted HDA directly. Member Bedore asked who is responsible for them. Mr. Kanellopoulos replied that HDA has their own statutory leasing authority to do their own lease. Member Bedore asked how things are going with Mr. Brown and getting space standards set. Mr. Kanellopoulos replied that he and Mr. Brown have been working on the rules when they have time. Mr. Kanellopoulos stated that he did have a presentation on the printer consolidation if the Board had time on the agenda to discuss it. Chairman Vaught asked if he could make the presentation at the Board's next meeting. Mr. Kanellopoulos agreed. No further questions were asked.

Next on the agenda was Contract Review of SIUE – Asbestos/AE Firms. Director Aaron Carter stated that this is for a change order for an AE Firm for asbestos removal. An overview of the project the PPB is concerned with the policy in procuring for amendment and that the University is increasing the contract by 126%, which decreases the likelihood that a change in germane to the original contract. Bypassing the requirements for competitive selection established by the Procurement Code and Rules is not a measure of due diligence that can easily be validated. The Board is also concerned with the policy of a vendor completing work prior to the posting requirements or the Codes being met and not having received a waiver of the 30-day review process. In attendance was Dave Heth Director of Financial Affairs, Rick Walker Assistant Vice Chancellor for Administration, and Nancy Ufert-Fairless Director of Purchasing. Director Heth stated that they didn't have a prepared statement and has answered all the questions asked by the PPB staff and would be happy to respond to any questions. Director Carter stated that the agency comments that they would cancel the amendment and will seek competitive selection for the services. Director Heth replied that they would if needed, but didn't need to because the entire project got cancelled. Member Bedore wanted to know what the issue was on this. Director Carter stated it was the size of the amendment of the original contract as well as the work being done without receiving a PPB waiver. No further questions were asked.

Next on the agenda was Lease Renewal Review of ISBE – Alzina Building 100 N. 1st Street in Springfield. In attendance for ISBE were Chief Financial Officer Linda Riley-Mitchell, Controller and Division Administrator Robert Wolf and Director of Administrative Services Dave Moser. Ms. Riley-Mitchell stated that she is pleased to say that this lease does not look like the lease from five years ago. The lease has a term ending June 30 with an option to renew another five years and ISBE chose not to renew and instead proposed a new lease for the Board to review with an 11.4% reduction or \$1.5 million. Their facilities are consolidated with those of

another State agency and don't have their own building. ISBE occupies the second and third floor and share portions of the concourse and basement. The first floor and fourth floor are occupied about 52% of the building. There are 404 ISBE employees and 44 contractors. ISBE also has a responsibility for a series of various commissions and task forces related to education. Education is something in which the public wants to actively participate in and anticipate even more task forces in the years to come. The space is also used to house the technology infrastructure and have about 180 different applications that are accessed by over 200,000 users and get about 340,000 hits per day. The proposed lease has a rent price of \$16.98 for office space and \$6.95 for warehouse space. One of the things that this lease includes is a reduction in the amount of the space that had been classified as office space. That space will be re-classified to warehouse space. ISBE would like to thank the Board, Director Carter and staff for their work on this lease.

Chairman Vaught asked how ISBE worked with CMS on this lease. Ms. Riley-Mitchell replied that CMS is also involved in negotiating for the other portion of the building that houses DHS. The ISBE lease mirrors that from DHS in regards to the rent rate. Meaning that it is more like the current DHS lease is than what the previous ISBE lease was. With no further questions a motion to accept the lease was made by Member Bedore and was seconded by Member Bass. The motion passed with a 4-0 vote.

Next on the agenda was the PPB Legal Counsel Renewal. Director Carter stated that it is that time of year and this is the first of two possible renewals and wants to know the pleasure of the Board on whether to renew Todd Turner's services for the next year. The price will remain the same at \$24,700 for the fiscal year. Member Bedore made a motion to approve the renewal of legal counsel services and was seconded by Member Morales. The motion passed with a 4-0 vote.

Next on the agenda was the discussion of PPB Policies in Conjunction with Public Act 96-1521 (HB1450). Director Carter stated that legal counsel was able to provide a recommended policy in conjunction with this legislation. It mimics legislation with a few exceptions. It creates language that any Board member can request that a lease be presented on the agenda for the rest of the Board and also follows Chairman Vaught's recommendation that no lease should be posted within 10 days when practical. Director Carter also stated that a special meeting can be called if an emergency comes up and the lease would not be able to be heard at the next scheduled meeting. Chairman Vaught stated that the Board will need to discuss it more before making a motion.

Next on the agenda was Legislation. Director Carter stated that he provided the normal legislative report to the Board but wanted to touch base on a few things. SR118 committee met briefly Monday to establish structure of the committee and met again this morning and had three individuals participate and testified in the 45 minutes they allotted. Mr. Brown was able to speak for most of the time, but paused his testimony until next time and U of I was given about 10 minutes this morning for comments and questions. As of the finalization of the meeting the committee this morning did not have a second date set where PPB staff will testify. Also, SB1352 regarding single prime contracts passed the Senate, but hit a bit of a complication and they are trying to drop \$5 million as the threshold and sounds like it will be \$15 million when it comes back out of the House and goes back to the Senate for concurrence.

The next scheduled meeting for the Procurement Policy Board will be set for Thursday, June 16, 2011 pending Board confirmation.

With no further business to discuss a motion to go into executive session to discuss personnel was made by Member Bass and was seconded by Member Bedore. The motion was unanimously approved.