

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

MONTHLY COUNCIL MEETING MINUTES

100 W. Randolph
Room 2-025
Chicago, IL 60602

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

Monday, February 25, 2013 - 1:30 P.M

COUNCIL MEMBERS IN ATTENDANCE

| | | | |
|---------------------------------|----------------|--|-------------------|
| Florence Cox | Perry Nakachi | Alfred Ramirez | Beth Doria |
| Fred Coleman | Alesia Hawkins | Rodney Lewis | Samantha Hufnagel |
| Jesse Martinez | Hedy Ratner | Lynne Marie Turner | |
| Charisse Witherspoon DeLeon) | | Anna DeSanto (Representing Nelida Smyser | |

COUNCIL MEMBERS NOT IN ATTENDANCE

| | | | |
|----------------|-------------|------------|------------|
| Joan Archie | Larry Ivory | Omar Duque | Marva Boyd |
| Richard Boykin | | | |

COUNCIL CHAIR

Malcolm Weems, Chairman, CMS Director (Paul Cerpa on behalf of Dir. Weems)

COUNCIL SECRETARY

Paul Cerpa, BEP Deputy Director

CMS STAFF IN ATTENDANCE

| | | |
|---------------|----------------|------------------------|
| Roger Nondorf | Harry Reinhard | Kevin Connor |
| Philina King | Chima Enyia | Carlos Gutierrez |
| Susan Hartman | Sharla Roberts | Elias Ricks Ngwayah II |
| Ellen Daley | Agueda Corona | |

OTHERS IN ATTENDANCE

| | | | |
|------------------|-------------------|----------------|------------------|
| Ben Bagby | Michelle Casey | Art Moore | Darryl Harris |
| Gilbert Villegas | Gustavo Giraldo | Tom Mikrut | Emmanuel Jackson |
| Candace Fowler | Margaret van Dijk | Ken Morris | Vir Doshi |
| Barbra Davis | Tiffany Elking | Paul Rosenfeld | |

AGENDA

February 25, 2013 - 1:30 p.m.

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Approval of the Minutes of the Council Meeting held on January 28, 2012
- V. Chair's Report
- VI. Posted Business
 - FY12 BEP Annual Report
- VII. Committee Updates
 - Procurement Committee
 - Business Development Committee
 - Capital Access and Banking Committee
 - Certification Committee
 - Policy, Rules and Enforcement Committee
- VIII. Vendors' Testimony
- IX. Adjournment
 - Next Council Mtg. – March 25, 2013
- X. Executive Session – Certification Appeal Hearing

Welcome

Secretary Paul Cerpa called the February Business Enterprise Program (BEP) Council meeting to order at 1:35pm on February 25, 2013.

Roll Call

Council Secretary Paul Cerpa took the roll and announced that a quorum has been obtained. The Secretary also informed Council that Chairman Malcolm Weems will not be present and he will be as serving for this month's meeting.

Vote and approval of the Minutes of the Council Meeting held on January 28, 2013 was established.

Chair's Report

- Secretary Cerpa informed the Council about his attendance at the IDOT's "Today Challenge, Tomorrow Reward" conference which he described as "quite an event that was very well attended". He further commended Council member Marva Boyd for putting together such an event that catered toward Disadvantaged Businesses. Secretary Cerpa also commended the Keynote speaker at the conference, Council member Fred Coleman for an outstanding presentation.

Posted Business

- **FY 12 BEP Annual Report**

Secretary Cerpa gave a summary of the achievements in the Annual Report. He relayed to the council that the FY12 dollars subject to goal was \$973,981,949; the 20% established statutory goal amounted to \$194,000,000; the total achievement was \$269,461,656 (27.7% of total BEP achievement for FY12); 799 or 48% individual BEP firms receiving contracts which averaged out at \$73,163 each for a total of 3,683 contracts of participation. Secretary Cerpa further explained that in this year's report, BEP separated the Sheltered Workshop from the PBE participation in order to exercise clear transparency in actual BEP achievement from other reported years.

Council member Beth asked when is the report due to the General Assembly. Secretary Cerpa said March 1, 2013. Council member Doria said that Council members could review the report and get back to the Secretary with concerns they might have. Secretary Cerpa agreed. Council member Florence Cox asked whether the Annual Report been mailed to

the Council members. Secretary Cerpa confirmed all Council members were provided said report.

Committee Updates

- Procurement Committee – Chairlady Charisse Witherspoon told the Council that the subcommittee had a meeting where they focused on two things: The Universities, and Forecasting. Council member Witherspoon told the Council that they realized that the best time for forecasting is when the agencies are working on their compliance plan because the information will be readily available. She further said that since the compliance plan comes out in September, this gives us a lot of time to talk to them about their plans and asking them to help us with a pilot. She urged the Council to look at few agencies that will cooperate with the Council on this endeavor. The agencies are: The Healthcare and Family Services Agency, the Central Management Services; Department of Transportation, Department of Corrections, and Department of Commerce and Economic Opportunities.
- Business Development Committee – Chairman Rodney Lewis said at this time there is no report. He said he will schedule a meeting within the next couple of weeks so that a report can be available at the next meeting.
- Capital Access and Banking Committee – Chairman Fred Coleman told the Council that the subcommittee does not have a report at this time.
- Certification Committee – Chairlady Florence Cox informed the Council that there was no Certification sub-committee meeting held this month however an Appeal meeting was being called before the general Council immediately following the monthly Council meeting.
- Policy, Rules, and Enforcement Committee – Chairlady Beth Doria said at this time there is no report. She will schedule a meeting within the next couple of weeks.

Public/Vendors' Testimony

- Mr. Emmanuel Jackson from the Evanston Technology Partners and that he had attended a certification and procurement forum at the Chicago State University and heard presentations from various organizations including the State. Mr. Jackson said he noticed that if you are a certified business, you cannot do business as others do. He gave an example of Apple Inc. According to Mr. Jackson, Apple Inc.

has about a hundred and fifty billion dollars worth of cash on hand. They do not make anything but instead outsource them to manufacturing companies in China. However, he said, if a minority company does the same kind of outsourcing, it is punishable by jail time. He stressed that African American companies do not have any generational wealth; have history of red-lining; and difficulty having access to capital. He said according to Black Enterprise Magazine, African American companies account for less than one percent of all business receipts generated. He stated a couple of recommendations to fix this problem. First, allowing individual companies access to capital but with some safe guards to prevent fronting. According to Mr. Jackson, the current rules say that 51% of the capital must come from the minority vendor. However, with a community that has limited access to capital, where is that money going to come from. Secondly, the Subcontracting aspect is of concern. He cited Apple as having the most admired business strategy in the world but yet certified minority companies cannot use them as subcontractors. The third aspect is Business Development. He gave an example of the SBA's Mentor Protégé Program. He encouraged matching qualified individuals with background with large corporations so they can get certified. Fourth, there has to be an innovative, non asset based platform in which individuals especially African American that do not have access to capital can finance the contracts they are eligible for.

Council member Charisse Witherspoon told the Council that she invited Mr. Jackson and thanked him for his presentation.

Council member Beth Doria told the Council in response to Mr. Jackson's comments that many public agencies model their certification programs after the Federal program which have been constitutionally upheld because of court challenges. Therefore they are limited in what they can do concerning not being asset-based. Regarding waivers, she said such allowances were mandated by the court that it has to be a part of the procurement process.

Secretary Cerpa told Mr. Jackson that he assumed that because he is not a certified BEP, DBE or MBE he has not performed in a mentor protégé program. Mr. Jackson responded that he has. In fact he is the only African American Channel partner with Siemens Enterprise Communications in the entire country.

Secretary Cerpa asked Mr. Jackson what was his take on incentives to prime contractors instead of meeting the goal. Mr. Jackson responded

by saying that Siemens was provided no incentives. Large corporations need partners that will be carriers of their products. They cannot own the license and be the carrier of that product according to the 1996 Telecommunications Act. Therefore, it was to their advantage to invest in his company.

Council member Florence Cox commended Mr. Jackson for coming and said some of the points he had mentioned had been of interest to the Council and that they are working on implementing some of those changes.

Mr. Darryl Harris asked Mr. Jackson to clarify whether the mentor protégé program that he mentioned was something that the minority partner had an actual contract or was being trained to perform a certain job. Mr. Jackson said it was both.

Council member Perry Nakachi said the State can only have influence over businesses that do business with the State. He asked whether there are ways the State can influence businesses that are not doing business with the State. Mr. Jackson said we can do that by reaching out to the Chicago Minority Supplier Development Council or the Women's Business Development Council and work with the companies that they work with and build coalitions with them.

Candace Fowler, President of Donco Electrical Construction said that she would like for the Council to give some specific or helpful critique for denials. She explained that her final letter of denial from the Council had none. She requested in denied companies be provided more detailed explanations to help them for the future filings.

Laura Kegana from Kegana Inc. asked what kind of monitoring is done in order to make sure that the prime is utilizing the secondary vendor.

Secretary Cerpa said monitoring is done throughout the life of the contract. Both prime and subcontractor are asked to submit their spend and those are checked against the Comptroller's list. Council member Jesse Martinez explained the Council that every time they pay the prime, they have certain time to pay the subcontractor. Subcontractor also signs off on a particular form which states the dollar amount and the work identified. Site visits are also done.

Adjournment

- Meeting adjourned at 2:32pm for the Executive Session.

- The Next Council Mtg. – March 25, 2012

Executive Session – Certification Appeal Hearing

- The BEP Full Council upheld the denial for GlobeFlex Capital, L.P.