



Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING MINUTES

Thursday, February 21, 2019

1:30 pm – 3:30 pm

James R. Thompson Center

100 W. Randolph Street, Suite 4-404

Chicago, IL 60601

SUBCOMMITTEE COUNCIL MEMBERS IN ATTENDANCE

Edward McKinnie, Derrick Champlain Beth Doria, Sharla Roberts, Larry Ivory, Jamie Di Paulo and

SUBCOMMITTEE COUNCIL MEMBERS NOT IN ATTENDANCE

Sheila Hill-Morgan, Karen Eng, Bola Delano

OTHERS IN ATTENDANCE

Ngozi Okorafor

COUNCIL SECRETARY

None

CMS STAFF IN ATTENDANCE

Ben Jones, Carlos Gutierrez, Elias Ricks Ngwayah II, Terrence Glavin



**Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING
Thursday, February 21, 2019
1:30 pm – 3:30 pm
Chicago (JRTC Room 4-404);
Via Teleconference Number - 888-494-4032
Access Number - 2587213722**

AGENDA

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Posted Business
 - Approvals of Minutes for the November 26, 2018 Meeting Minutes
 - Appeal:
 - PRO Fire and Water Restoration Company
 - Best Medical Trip, Inc.
 - Balmoral Interests
 - Foster Jacob, Inc.
- V. Suggestions for BEP Council meeting agenda
 - Next BEP Council Meeting – February 25, 2019
 - Next Subcommittee Meeting – March 25, 2019
- VI. Public / Vendor Testimony
- VII. Adjournment

I. Welcome

Chair Roberts welcomes all.

II. Call to Order

Chair Roberts called the meeting to order at 1:30pm and proceeded with roll call.

III. Roll Call

Roll call conducted. Quorum was established.

IV. Posted Business

- **Approval of Minutes for the November 26, 2018 and December 3, 2018 Meetings**

Vote taken minutes approved.

- **Appeal**

Balmoral Inc. (Service Master Restoration by Simon)

President Mabwa introduced herself. She started off by saying they had been in business for (6) years in Chicago. She said she handles the day to day operations and small business for the company. She receives all the loans, contracts and all the marketing for the company. They have (7) full-time employees. She is involved in professional organizations and local business in Chicago. She also handles all the purchasing and supplies for the business. She handles all the insurance for the company as well. They received NBWE in March 2018.

She is the only person that handles all signaturtory accounts for the small business and bank accounts. She said they are franchises in Chicago; however, they are independently owned business and they have an agreement with corporate to have (6) licenses they are independently own. They specialized in disaster restoration and specialty cleaning this their main source for their business. We provide presidential and commercial recovery services for fire, flood, water and smoke.

She said their second business is to offer deep cleaning, construction cleaning, and portal cleaning for Chicago. They have several businesses in Chicago, Oak Park, North Shore and the main office is in Skokie and another office in River North. She said they are certified with the City of Chicago.

Chair Roberts asked why the attorney submit erroneous documents. President Mabwa stated the attorney used a boiler plate document. At the time, she did not catch the mistake. We had the Board of Directors listed as Sam Zabadneh was listed as operations that should have been changed.

Chair Roberts stated the evidence of submitting certification process for the State of Illinois is thru our certification team are submitting electronically. They make the decision and review the paperwork and we only have the documents submitted to us electronically. How did the attorney come to decision to have the other member in a role that you said he was not doing any of those roles?

President Mabwa stated earlier the document they used was a boiler plate. There two individuals who were there in the beginning in the management role so that is who erroneously thought that was his role.

She amended the documents and sent them electronic to Carlos she is not sure if anyone else receive a copy.

Member Doria needs clarification on President Mabwa application. Karen notice that the business has been around for (6) years but under the years of ownership it states (5) years. Please explain.

According to President Mabwa, we started the business in 2012. But Karen states that under the year of ownership you have (5) years. The document does states (6) years.

Member Doria noticed that Sam Zabadneh is President Mabwa spouse. Can you advise why it is 49/51 split for the business. President Magaw stated when she started the business she consulted with some people in the professional sphere. According to her, it seems that would have been a good choice at that time. She said it was her first business setup up in this matter and it was the legal advice she received at that time. She said it might be changed in the future and since she is responsible for all the contracts.

Member Doria noticed in her By-Laws that the number of directors were (2) and control or any actions taken by the directors most have the majority. President Mabwa said Sam should have not involved as a director. The amended

document came in after the original document was submitted. She said when she was made aware of the denial, she immediately amended and corrected the document.

Mr. McKinnie asked President Mabwa when you submitted your application certification for the city you did not have this issue. President Mabwa stated she did not have an issue. Mr. McKinnie asked whether this individual was listed in the same position with the city as he is listed now. President Mabwa stated the individual was listed. Mr. McKinnie stated that the city did not catch the error. President Magwa stated she is not sure, but she worked with third party firm called Ringo Holdings and there were a lot of documents and letters she had to submit. I did everything that was required.

Chair Roberts stated that she thinks the question Mr. McKinnie was asking is if the attorney submitted the documents erroneously to State of Illinois, did you go back to correct it? She said she did go for advice and was told to keep it the way it was. She said the people who assisted her with the application is Ringo Holdings. Chair Roberts stated we have the same guidelines that, if anything changes at any time it is your responsibility to update the application whether it is for the State of Illinois or the City of Chicago and Cook County. President Mabwa stated she amended all the changes.

Chair Roberts state that the city did not catch this error. We caught the error and the city told you to keep it the same. President Magaw stated the city told her to make the change when you have your annual affidavit at the end of the year.

Chair Roberts stated that anytime management changes, it is the responsibility of the individual to update any certified entity changes not just annually. She said it is with any ownership changes. President Mabwa said she called the city and they told her she can update any information on the affidavit at any time. Member Doria stated that she was misinformed. You are required by the city and all the other certify entities that at any time there is an ownership change you are required to notify them in writing within 60 days. President Mabwa stated she did notify them within the 60 days.

Member Champion stated to the members who were not familiar with Ringo Holdings that it is a private outsource

certification firm that City of Chicago uses to get their certification process done. The guidance they were giving you were guidance coming from the government side and they were acting on the behalf of the City of Chicago.

Member Doria stated that Ringo is CPA firm and they specialize in certifications and you did pay Ringo to help with your certifications. President Mabwa stated the City of Chicago refer her to Ringo. Chair Roberts want to clarify that Ringo is a third party and they do not act on the behalf of the City of Chicago. When you were doing updates on your firm you do not submit to Ringo. You must submit to the City of Chicago.

When you realize the information change, did you call City of Chicago or did you call Ringo. President Mabwa stated she contacted the City of Chicago and she confirm this with Ringo. The City of Chicago informed me that I had to input this information in my annual affidavit.

Member Champion asked how many employees Balmoral has for 2019. President Mabwa stated it is seven (7) people. It does change giving our workflow and we do hire temps when it is busy.

Member McKinnie asked whether Ms. Mabwa can explain how the business is run. President Mabwa stated if you call in for water damage due to the vortex, we have someone to answer the phones and we have an answering machine as well. We tried to address the customer as soon as possible. We asked them where the water damage occurred, and if they had called a plumber or file an insurance claim.

If its commercial job, its typically going to be an insurance claim, unless they had a smaller window reserves that they used for minor repairs in the building. She said we then proceed to book the appointment time and have a dispatch system that we use for the crew.

According to Ms. Mabwa, they then presented the crew with enough information, so they can complete the job. They make sure they have a claim number and contact person information. They know what equipment to take if its 5000 square feet

resident or small resident. They load up the van and proceed to unit property. They have on every crew team certified technician who is certified with the Institute of Inspection and Restoration Cleaning. They must be certified in water damage restoration, fire damage restoration, and smoke restoration etc.

Ms. Mabwa explained that they used different hand-held devices that determines where the moisture is in the walls or if there is water gushing from the behind the wall. This helps them determine how far the water damage is and where they need to take out a wall if necessary or base boards. She said the first thing we make sure is for the plumber to have access to the water damage. When coming, we take whatever is required and begin the drying process and sanitizing the area, so it will not develop any molding. We put in our equipment those that are the work horse of our business, she said. They are very large de-humidifier that has little tube that goes into the drain. This equipment takes out the moisture pure day depending on the square foot of the unit. We also use fans to dry were the water damage. These fans are connected to the humidifier. This is the process we used to dry the damage area of the property.

Ms. Mabwa said if the water damage occurred in the basement of a residential unit, we remove the carpet, padding and wood flooring. She said they make sure they have a large dumpster and two box trucks which we own for removal of waste. Ms. Mabwa said they can get the job done within one day or two days, and then check and monitor to make sure moisture area is going down every day until the desired level is reached. She said sometimes they do reconstruction depending on the customer and if they can fit into their schedule. After the restoration process, they call someone to do painting and the drywall and the flooring. She explained that this is a water damage process from start to finish.

Sometimes, according to her, the insurance claim adjustor comes to the unit and they have question. They then show them pictures that the job is completed. She said all jobs are uploaded to software called document. The software can be accessed on computer and mobile devices. President Mabwa said she does sometimes go on the job site with her crew.

Member Doria noticed the Sam holds a Master Fire and Smoke Restoration Certification. She asked if President Magwa has a certification as well. President Mabwa stated she had Sam to get the certification because he is mostly on-site with the crew.

She said she was doing everything else for the business, so she wanted one of them to have that certification. According to her, it's a great fit because Sam is working everyday in the field with the crew, and she is doing the daily operations for the business.

President Mabwa thanked the committee for listening and letting them know the day to day operations of the business. She said she did work in the Real Estate Development which is a very male dominated field and she was managing a 600-acre setting on the Southside of Chicago called Lakeside USA Inc. She said she was the Senior Project Manager for 9 years. She had opportunity to use her Business degree and Urban Planning degree as well as worked for the City of Chicago as MOD in Planning. But when she became a mother and a wife, she found it very difficult working a 60-hours work load and trying to manage a family as well. She had to find a way to run a company and be present in my family life this is very important to me. She believes having the control in male dominate field its very meaningful to me. She really enjoys and helping people restore their emergencies.

Chair Roberts thanked President Mabwa for presenting her case to the Certification Sub-Committee. She reminded President Mabwa, as stated in the beginning, that we will not have a decision today. You will receive a something for the Business Enterprise program with two- weeks of the decision regarding your appeal.

- **Appeal**

 - Foster Jacobs Electric**

 - Chair Roberts introduced Foster Jacobs to committee.

 - Emily Jacob-Rudesill introduced herself to committee and said she is the owner and President for Foster Jacobs Electric. They specialize in commercial and industry residential electrical work. She stated that had (3) employees, herself, an electrician and a shop steward. The female electrician has been with the company since 1983. The company is a family owned business and have been around for very long time.

 - She graduated from Western Illinois University in 2009 and received a bachelor's degree in Business Management and a

Minor degree in Construction Pathology. She worked for the company during the summer, but she officially started working in 2010. She worked in the field doing electrical projects with the company. In May of 2015, she graduated with a degree in Electrician. At that time, her father was in his late sixties and he was getting ready to retire so in October 2015. She officially became the owner. She owned 52% of the business and Gary owned 48%. She is the President, Secretary, and Treasurer of the company and Gary is Vice- President. However, the President has full power to handle the contracts for the business. She worked on approving and signing off on all contracts. She also said she is responsible for negotiating contracts and handling all financial part of the business for the company.

Ms. Jacob-Rudesill also split responsibilities for another project manager within the company. She works on projects that are small and state contracts jobs that are over million dollars. She said in 2016, she applied for and got certified as a Women's Veterans Business Development.

Also, according to her, in 2016, she applied for the State Certification and I was approved. After being granted the certification, she received a million-dollar contract with Illinois State University. In 2017, she re-applied for her certificate and was denied, because it stated she owned 50.97% of the business instead of 51%. She said she still have controlling interest in the company but as of 2017 she owns 52%.

In 2018, she re-applied and was denied again for the following two reasons: The first reason she received a letter stating she did not have complete control over the company because of the By-Laws that were amended in 2002.

According to her since the beginning of 2016, she had been the direct shareholder for the business. She said these documents were submitted with my application. The second reason she was denied was due to no signatory. She said they have several office manager's in the business that have signatory rights that have access to the bankcard. She said during the time she was having a baby in the hospital, she had another employee to handle the signatory.

In her conclusion, Ms. Jacob-Rudesill hope you see the information I have present you will approve my application. If you have any questions, please go head with them.

Chair Roberts thank the client for taking time out to present her case to the board.

Member Doria asked Ms. Jacob-Rudesill if she is a license electrician. She stated yes. She was also asked who holds your supervisory license? The client stated Gary. She was asked if she was a union shop the client stated yes. The council state that you mentioned you have several people on the bank account, but there were some restrictions. At any time, when it comes up any type of loan is there restrictions on anyone else to procure the loans. She said they have never taken out a loan with the bank. According to her, she and Gary loaned money to the company. They then secured a contract with the company to pay the loan back as soon as possible. Member Doria asked if prior to becoming a majority owner in 2015 did your husband work for the company at that time. Ms. Jacob-Rudesill said yes. She said her husband worked as a field engineer for the company and was an apprentice at that time.

Chair Roberts asked what was Gary's ownership in 2015? She said his ownership was 49%. Chair Roberts asked what Gary ownership percentage was prior to Ms. Jacob-Rudesill becoming a 51% owner. She said 100%. Member Doria wanted to know why is it that Gary had 100% of the company when in fact this was a family business. Ms. Jacob-Rudesill said Gary was her father. She stressed that her husband is not involved with the company.

Member McKinnie wants to know who holds the supervisory license. Ms. Jacob-Rudesill said Gary holds the license. Member McKinnie wants to know why Gary, who holds the supervisory license is the vice president and she is the president. Ms. Jacob-Rudesill said this is one thing she hasn't gotten around to doing yet. She said she has been putting it off but has decided to do it this year.

Member Doria emphasized to the subcommittee that according to Union laws, an owner cannot own the supervisory license. It has to be someone else.

Chair Roberts asked Ms. Jacob-Rudesill about her statement regarding other people in the company signing checks on behalf of the company. She wants to know if there are limitations. Ms. Jacob-Rudesill she knows there are limitations, but she doesn't know the exact limitation. She also said she and Gary have the same ability to take out money. She said Gary

could take out money just how she can take out money without limitation.

Member Ivory wants to know what the motivation for Gary was to give you 51% of the company when he in fact owned 100% of the company. Ms. Jacob-Rudesill said he retired in 2015. She said it is an S-Corporation.

Member Doria needed clarification on how Gary can be retired when Ms. Jacob-Rudesill stated previously that he takes care of field operation. Ms. Jacob-Rudesill said she did not say that. She said she only helped out when she was in the hospital having her baby but does not work for the company.

Chair wants to know how Gary can hold the license when he is retired. Ms. Jacob-Rudesill said she thought that was possible. Counsel Glavin said he would have to check on that.

Ms. Jacob-Rudesill said she worked very hard going to school to be where she is to not be taken seriously. She hopes everyone will see that.

Chair Roberts thanked Ms. Jacob-Rudesill and said she will not be hearing from the subcommittee today but instead within two weeks.

- **APPEAL**

- Pro Fire and Water Restoration Company**

- Chair Roberts welcomes Ms. Patricia Zubriski.

- Ms. Zubriski introduced herself and said she is the owner of the company. She said she goes by Evergreen Park, Marquette Park, and Hyde Park. She said she is going to her 10th anniversary there. She said August or September she will be renewing her license. She said this is done every 5 years. She said she started Serv Pro not knowing anything in the business but the training is provided by Serv Pro. She said she had 12 years in the insurance industry. She supervised 19 people and she dealt with underwriters and insurance agents. She said usually when you decide to become part of Serv Pro, you go thru 3 weeks of training to learn everything. She said initially after the training she was assigned to David Mason for 6 months but now he works for her. She said she bought 4 pick-up trucks for her crew chiefs. Additionally, she bought a 53-foot trailer.

She said one of the lessons she learned from Serv Pro was to build a strong team. She said when she started, she did the work. She said she had one admin, her partner, herself, and a crew chief. She said she would always go on a job with the crew chief and she built relationships with the adjustors. She talked about Dan Fabian, who worked for Zurich, but now works for her. She also talked about Rosa Garcia who has about 20 plus years with State Farm insurance and now works for her. She talked about Shannon Edwards, who once worked for the corporate office but now works for her. She talked about hiring Lawrence as her warehouse manager. She talked about hiring Stephanie Johnson who has 19 years with State Farm and handles insurance adjustors. She talked about several other individuals that she hired on her team.

In November 2014, Ms. Zubriski split with her partner Cindy because they had two different visions for the company. She said Cindy had a son that was not interested becoming a part of the company while she had three sons who had interest in the company. She said one of them owns a Serv Pro. She said every five years they had to renew with Serv Pro. During that time, they had to explain their vision for the company. Their differences were obvious. They decided to split with each taking 50% of the company which include people, equipment, and vehicles.

After the split, she had to buy new equipment and other things to make up for her loss. She said they are making immense progress and increase revenue.

Member Ivory asked Ms. Zubriski regarding her ownership percentage in the company. She said she has 100%.

Member Doria wants to know where the initial investment of \$20,000 dollars came from. Ms. Zubriski said from her account.

Member Doria wants to know why all the equipment are in Frank Zubriski's name. Ms. Zubriski said with Serv Pro, when you won a company and you get married, your spouse will have to sign all the documents. She said she gave Mr. Gutierrez a listing of all equipment owned by the company and listed as such.

Member Doria said she noticed that Ms. Zubriski does the office work but not estimating or field work. She concurred and said she has people who do those things, so she does not have to do that.

Member Doria is concerned Mr. Zubriski has the ability to co-sign for loan on behalf of the company. Ms. Zubriski said Bank of America requires both signatures of spouses on accounts.

Member Ivory said what he concerned about is that what corporate expects from its franchises is in direct conflict with what the State requires.

Member Doria wants to know if you want to sell your company whether Serv Pro can block it. Ms. Zubriski said possibly.

Member Ivory wants to know how being certified with the State will impact her certified. Ms. Zubriski said being certified helps strengthens her because most of her work is within the Chicagoland area.

Chair Roberts asked Member whether all her trainings were not on the original resume submitted but instead on the updated one submitted later. She said yes.

Closing, Ms. Zubriski said she is very proud of what she does and how hard she worked to build her company.

- **Best Medical Trip, Inc.**

Mr. Gutierrez said this appeal is a paper presentation. He said it is about 50/50% ownership. Mr. Gutierrez read out loud the vendor's appeal to the subcommittee. The applicant, who is the vice president, said she runs the company but made Matt the president, so he would not be moved after his retirement. She said Matt work 3 days a week while she works 6 to7 days per week. She said she runs the business and makes all decisions.

Mr. Gutierrez said the application was denied because the K-1s show 50/50 ownership, salary distribution, and percentage of ownership based on income taxes and compensation. He said the issue is about ownership and control. Matt has signature authority with the bank on a 50/50 level with the applicant.

Member Doria wants to know the relationship between Matt and the applicant. Mr. Gutierrez said the applicant did not disclosed the relationship.

Chair Roberts wants to know applicants' ethnicity. Mr. Gutierrez said both were Caucasians.

Member Doria noted on the application that the applicant listed Matt as owner # 1 and herself as owner # 2. 1:52:00

Chair Roberts talked about a previous request to Envirox for additional information but have not heard from them. Mr. Gutierrez said they sent a letter which he read.

Executive Session:

Motion to go into executive session by member Doria. Seconded by member McKinnie. Vote taken, motion passes.

Deliberations held, vote taken, and the following decisions recommendations were made:

- Best Medical Trip, Inc. was voted to uphold the denial.
- Balmoral Inc. was voted to overturn the denial.
- Foster Jacob Electric was voted to uphold the denial.
- Envirox was voted to uphold the denial.
- Pro Fire and Water Restoration Company was voted to uphold the denial

Motion made by member Doria to get out of executive session. Seconded by member McKinnie. Vote taken, motion passes.

Regular Session

V. Suggestions for BEP Council Meeting Agenda

- Next BEP Council Meeting – February 25, 2019
- Next Subcommittee Meeting – March 25, 2019

Member Doria said there is conflict with the March 25, 2019 date for the subcommittee meeting. Chair Roberts told Mr. Gutierrez to change the date.

VI. Public vendor testimony

None

VII. Adjournment

Meeting adjourned at 4:00pm.

