



Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING MINUTES

Monday, July 23, 2018

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

Karen Eng, Derrick Champion, Sharla Roberts, Larry Ivory

SUBCOMMITTEE COUNCIL MEMBERS NOT IN ATTENDANCE

Edward McKinnie, Sheila Hill-Morgan, Beth Doria

OTHERS IN ATTENDANCE

Ngozi Okorafor

COUNCIL SECRETARY

Cate Costa

CMS STAFF IN ATTENDANCE

Carlos Gutierrez



**Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING**

Monday, July 23, 2018

1:30 pm – 3:30 pm

Chicago (JRTC Room 4-404); Peoria, IL (IDOT); Champaign, IL (HFS)

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 May 29, 2018 Meeting Minutes
 - Appeals:
 - Total Med Appeal over the Cap of 75 million dollars
 - Pier Group Appeal
 - Review of JCAR rules
 - http://www.cyberdriveillinois.com/departments/index/register/volume42/register_volume42_issue27.pdf (Page 582)
 - Section 10.50 General (b) "All certifications, new and existing, shall be valid for a period of 7 years from the effective date of the certification, subject to annual confirmation."
 - Grandfathering all current certification to reflect 7-years certification timeframe.
 - Section 10.70 Review and Reconsideration
 - Updates on the CMS BEP Website
 - Subcommittee Council Members
 - Recent changes on the certification time frame from 5 to 7 years
 - Review of Full Council Agenda
- V. Suggestions for BEP Council meeting agenda
 - Next BEP Council Meeting – August 27, 2018
 - Next Subcommittee Meeting – September 24, 2018
- 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 not established.

IV. Posted Business

Chair Robert rearrange the agenda to allow for the update on the CMS website and the review of JCAR rules before the appeals could be heard.

- **Review of JCAR Rules**

Chair Roberts said with the changing of the certification rules, she wants all BEP certification documentation or communication avenues such as websites or paperwork to be updated right away. She asked whether vendors that are currently certified will be grandfathered into the new timeframe. Mr. Gutierrez, the certification manager, said in the past when changes were made, vendor were grandfathered into the new order. Assistant Director Jones said that he is fine with grandfathering the vendors into the new order. Chair Roberts said that letters will need to be sent out to those vendors that have been grandfathered in. Secretary Costa asked Mr. Gutierrez to draft a letter that will be sent out informing those vendors being grandfathered. He said the letter will be ready by Friday. Secretary Costa said she will be working with Mr. Gutierrez and Ms. Lopez to make the necessary changes on the certification documents and the marketing materials.

Chair Roberts wants to have the CMS website updated. She observed that there were people names there that had left the agency years ago. Mr. Gutierrez said the website will be updated by Friday. Assistant Director Jones talked about updating the Council appointment website. Secretary Costa informed the Council that Mr. Ngwayah is working with the Governor's office to get the updates done.

Chair Roberts wants to know if it will be an audit finding if BEP does not fulfil the mandate to perform site visits on all application files. Mr. Gutierrez responded by saying that the department had informed the auditors that due to financial and resource constraints, the department cannot fulfil that mandate. He went on to say that when we perform

site visits, they are only done on files that we owned, not recognition files. He did acknowledge that in the past we had an audit finding relating to that, but it was explained to the auditors that we could only facilitate 4 site visits a month. Assistant Director Jones said looking at the language it appears it is not mandatory to conduct site visits on all application files. He alluded that the phrase “may conduct” was mentioned. Chair Roberts wants to know how we can justify additional staffing for certification when you are not performing site visits on all application files. Mr. Gutierrez reminded her that it is the lack of travel budget that is the problem. Chair Roberts want to know if there was any consideration for getting a staff for southern Illinois. Assistant Director Jones said it has not been explored as an option to be pursued at this time. He however said we are looking at adding additional staff. Chair Roberts wants to know what happen to the bill that was going after the Comptroller’s funds. Assistant Director Jones said it is still in committee. Mr. Gutierrez informed the subcommittee that in the past we had an agreement with Property Control to utilize one of their employees to conduct site visits on our behalf. He added that the employee is no longer there.

- Review of Full Council Agenda

Secretary Costa said she realized that one of the complaints from the full Council is not getting on time the Council documents and the lack of ample time for review. She said she has committed to giving the Council a draft of the agenda by the time of the subcommittee in the previous month. Chair Roberts said she would also like to have the supplemental paperwork. She emphasized the need to get things in a timely manner. Assistant Director said we will make sure to have the information to the Council members in a timely fashion to enable them to have ample time for revision.

- Appeals

- Total Med

Chair Roberts welcome Total Med and explained the procedure of the Hearing to them.

Mr. Zack Nabbefeld , Director of Operations in Illinois, Total Med, introduced Kristie Blairia, Corporate HR leader. He started by saying that they are a healthcare specific staffing firm. He said in Illinois they focused on partnering with Medicaid Health plans. He said in Illinois there are 7 Medicaid Health plans that are in Illinois. He said they work with 6 of them regarding staffing. He said these companies are very reliant on their MBE requirements for their State contracts. He

said his company an MBE company. He said because of the lost of the MBE status, they had 10 job offers pulled from their clients. He said those clients rejected were 8 women and all were minorities. his team. He acknowledged that they crossed the threshold but is asking for an exception because of the hiring of women and minorities on these contracts. He noted that 75 percent of their placements in Illinois were minorities and 80 percent were women.

Member Eng wants to know why there is a 75 million dollars percent gross limitation. Assistant Director Jones responded by saying that the MBE program, the MBE vendors have to be socially disadvantaged. He said there has to be a cap on your gross sales. Chair Roberts said that the law was changed 2 years ago that increase the sales limit with an exception in the rules that states that if you meet these criteria, there will be an exception. She stated we have to follow the law. Member Eng wants to know whether this exception will be done every year. Mr. Gutierrez explained that this exception is only for this contract and not a continuous duration.

Member Ivory wants to know which of the 7 MCOs Total Med is not working with. Mr. Nabbefeld said Blue Cross and Blue Shield. Member Ivory wants to know why the reason why they are not working with Blue Cross and Blue Shield. Mr. Nabbefeld said he has been working on that for a long time but have not yet gotten in their program yet. Member Champion wants to know which companies Total Med is working with. Mr. Nabbefeld said Next Little Health, Illini Care, Meridien, Harmony Health Care, Marina, and Current Care.

Mr. Nabbefeld said he hope he had explained his company activities well and how they are employing minorities, females, and persons with disabilities within the State. He also asked the subcommittee to reconsider their denial.

➤ Pier Group

Chair Roberts welcome Pier Group and explained the procedure for the appeal.

Kate Tragesser, Counsel representing Pier Group, introduced herself and her team. Ms. Tragesser said there may have been some confusion regarding the documents submitted with the application. She clarified that to this date, Mr. William have not contributed any money to the company.

Assistant Director Jones said for the initial presentation to the Council, it should be made by the Owner, Amy Williams and not her Counsel. He said the Counsel can assist her during the presentation.

Ms. Williams said her company is an IT company and she was raised in an IT industry. She said in 1972, her parents started a business but later divorced and the business was divided. She said her father took the music part of the business and her mother took the computer part of the business. She said twenty-six years ago, her mother called her back from college and asked her to come and help her run the business. She said at the time she was dating her husband who followed her home and joined the business two years after she had joined the business. She said her husband started in the business at \$X.XX an hour by washing vehicle and taking out the trash for the company. She said she was first employed in Purchasing. She said she managed the shipping and receiving, accounting, logistics, etc. She said she liked working in the manufacturing and distribution. She said it was a family business. She was the oldest of 4 siblings, all of which later joined the business. She said about 10 years ago, it became apparent to her that the vision she had for the company was not working. She said a certain number of her siblings were favorites. She had been managing a certain division within the company. After many months of disagreement with her mother, she decided in late 2017 to start Pier Group. She said her mother had given her the ultimatum to either be a competitor or purchase the division. She said in December 2017 she filed the paperwork with the State to establish her own company.

Regarding the ownership transaction, she said that it was done by a lawyer. They did not realize how complicated it was and that it was going to jeopardize her ownership of the company. She stressed that her husband did not put any money in the company. She explained that the money from the sale of their stocks was not paid to Pier Group but instead to She and to her husband individually. It was her money that she used to invest in her company while the money from her husband's stocks that was sold, he pocketed.

Ms. William reiterated that there is no part of her business that her husband has control over. She said her husband is an outside sales rep.

Asked whether her husband has any other responsibilities besides sales in the companies, she said no.

Chair Roberts wants clarification on the role of Mr. Williams in the company. She claims certain documents named him as president. She also wants to know if those roles are defined in the Operating Agreement. Ms. Williams said they used that title for marketing purposes. She said it would have been better to call his title the President of Sales. She said it is in the Operating Agreement that her husband is the president and can act only with her approval. She said in her industry title matters.

Chair Roberts wants to know if she is the sole managing member of her company. Ms. Williams said yes.

Member Champion wants to know if Mr. Williams have another title in the company. Ms. Williams said her husband has a background in Human Resources. She said he helps with benefits.

Asked what the most critical piece of her business is, Ms. Williams said hydro-formance computing and wireless infrastructure.

Assistant Director Jones asked Ms. Williams to describe the initial capitalization of the company. She said all she needed was laptops and computers. She said she already had 26 years of relationships with people in the industry. She said the initial contribution was between XX to XX thousand dollars and was mostly buying some paper, getting some letter heads, buying the laptops, and installing phone systems.

Assistant Director Jones wants to know if all the initial contributions were only her funds. She said yes.

Ms. Williams ended by saying that this certification is a great marketing tool for her company and it is important to her. She said regardless of the certification, her business will still go ahead. She encouraged the subcommittee to conduct a site visit to see how the company operates.

Counsel Tragesser told the subcommittee that Ms. Williams is the sole owner of the company and is the only contributor to the start-up of the company. She said she has all the risks and all the ownership in the company.

Member Ivory motioned to get into executive session. Motion approved.

Executive Session:

Discussion and deliberations held.

Motion to get out of executive session proposed by member Ivory.
Vote taken, motion passes.

Regular Session

Member Eng motioned to a vote to allow the exception and approve Total Med Staffing for BEP certification. Vote taken, motion passes.

Motion to get out of executive session passes. Motion by member Hill-Morgan to uphold the denial was upheld.

Member Eng motioned for a vote to approve the BEP certification for Pier Group. Vote taken, motion passes.

V. Suggestions for BEP Council Meeting Agenda

- Next BEP Council Meeting – August 27, 2018
- Next Subcommittee Meeting – September 24, 2018

VI. Public vendor testimony

None

VII. Adjournment

Meeting adjourned at 3:07pm.