



**Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING MINUTES**

Friday, July 31, 2020

10:00 am – 11:30 am

Location: Webex

SUBCOMMITTEE COUNCIL MEMBERS IN ATTENDANCE

Bola Delano; Beth Doria; Karen Eng; Sharron Matthews; Sharla Roberts

SUBCOMMITTEE COUNCIL MEMBERS NOT IN ATTENDANCE

Jaime DiPaulo; Larry Ivory; Edward McKinnie

OTHERS IN ATTENDANCE

N/A

COUNCIL SECRETARY

N/A

CMS STAFF IN ATTENDANCE

Kori Acosta; Carlos Gutiérrez; Nicole Mandeville



**Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING**

Friday, July 31, 2020

10:00 am – 12:00 pm

Location: Webex Videoconferencing

Webex Meeting Number (access code): 133 349 8264

Password: cbAUFe3Yn37

Dial from a video system or app 1333498264@illinois.webex.com

Join by phone - [+1-312-535-8110](tel:+13125358110)

AGENDA

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Posted Business
 - Approval of Minutes for the June 26, 2020 BEP Certification Subcommittee Meeting
 - Appeals:
 - Fausto Morbidelli Stone & Tile, Inc.
 - Central Illinois Painting and Decorating
 - Banner Personnel Service, Inc.
 - Marucco, Stoddard, Ferenbach & Walsh, Inc. (pending decision)
- V. Upcoming Business Enterprise Council and Subcommittee Meeting dates:
 - Next BEP Council Meeting – Monday, August 24, 2020
 - Next Subcommittee Meeting – TBA
- VI. Public / Vendor Testimony
- VII. Adjournment

**In accordance with the Illinois Open Meetings Act (5 ILCS 120) and the
Freedom of Information Act (5 ILCS 140) the above meeting is open to the public
BEP Council Certification Subcommittee**



I. Welcome

Chair Roberts welcomed everyone to the meeting.

II. Call to Order

Chair Roberts called the meeting to order at 10:01 a.m.

III. Roll Call

Roll call was conducted by Mr. Gutierrez. Quorum was established.

IV. Posted Business

- Approval of Minutes for the June 26, 2020 BEP Certification Subcommittee Meeting
Member Matthews motioned to approve the minutes from June 26, 2020. Member Delano seconded. All agreed.

- Appeal:

- Fausto Morbidelli Stone &Tile, Inc.; Ms. Sidney R. Morbidelli

Chair Roberts welcomed Ms. Morbidelli and introduced the Council members. She thanked Ms. Morbidelli for presenting her appeal and explained the proceedings. Ms. Morbidelli thanked everyone for hearing her appeal. She introduced herself as President, sole Director, and majority owner of Morbidelli Stone & Tile. She said she nearly 17 years ago she incorporated the company, on October 30, 2003. Ms. Morbidelli reported that as president she overseas and conducts the complete strategic, operational, budgetary, legal and financial day-to-day responsibilities.

Ms. Morbidelli declared that ownership is 51% WBE and 49% non-qualifying member and spouse. She stated that the initial contribution from the joint account as a loan to open the firm. She said there is a promissory note to pay back the loan to both of them at the same percentages and does not show division of the female WBE Christine Moore than her husband, the spouse and non-qualifying member. Ms. Morbidelli stated the initial review of the application stated that it did not show that Sidney Morbidelli risked more capital than Mr. Fausto, the minority owner and non-eligible member to open the business. She acknowledged Mr. Gutierrez is correct and that looking only at the promissory note the risk was of equal proportion. She countered that however is only a very small part of the story and that her financial risk was much higher than that of Mr. Morbidelli.

Ms. Morbidelli offered that she has had been paid either no compensation or well below market compensation while being entitled to be the highest paid and receive up to at least 51% of the profit distribution. She stated that in 2003 and 2004 she worked full time and was neither paid salary nor profit distribution. Ms. Morbidelli said as President, Director, day-to-day operator at minimum her compensation would have been \$60,000 and by not receiving compensation and distributions she continued to reinvest significantly in her company in the amount equal to \$70,000. She stated she came to that amount adding



\$10,000 for the last 2 months in 2003 and in 2004 accounting for a full 12 month period, equaling a \$70,000 investment in that period, while her husband, employee and minority owner who reports directly to her is paid his full hourly union wages including benefits. Ms. Morbidelli reported that in 2005 & 2006 she received a gross annual salary of \$35,000 and no profit distribution, figured as \$60,000 leaving \$25,000 in the company that year and again Mr. Morbidelli reporting directly to her being paid union wages, equaling an additional \$50,000 investment in the company for both years. She asserted this demonstrates her significant contribution to her business and higher risk in the amount of \$120,000 not evidenced by the promissory note. Ms. Morbidelli declared since the inception of her business she is and has been all in.

Ms. Morbidelli read that issue number 2 states that Ms. Morbidelli does not have sole financial control of the company, that both Sidney and Fausto are listed on the business bank account which demonstrates the applicant does not have the ultimate authority to make unilateral financial business decisions for the Fausto Morbidelli Stone & Tile, Inc. as Fausto can in debit the company. She responded that as sole Director, President, majority female owner of the company she has always had full hands on control both strategic and practical of all financial matters of the business. She acknowledged that Mr. Gutierrez brought forth an important issue and she said she wanted to make it clear that she has corrected the documents and stated that since the inception of the business she is the sole signer of the contractual documents and checks from the bank account.

Ms. Morbidelli added that on December 25, 2019 she contacted PNC Bank and requested to correct typos and properly designate the business as an S Corp and not a C Corp. She reported that she contacted her long-time PNC banker, Emily Gert to process the removal of the minority owner from the bank account and to correct the bank signature card which Ms. Gert stated was simple as it was unnecessary to have the minority owner on the account. Ms. Morbidelli stated the corrected documents are on file and were included in her appeal. She said there appears to be no reason why the minority owner was added other than bank error. Ms. Morbidelli stated that with the corrected bank signature card and resolution Mr. Fausto Morbidelli as minority owner and non-eligible has no legal authority over the financial activities of the business and no legal authority to indebted the business.

She attested that Mr. Morbidelli has never signed a check for contractual document nor has he ever conducted such authority to indebted the business to conduct the business. She stated that according to the articles of incorporation and bylaws she does and always has had the exclusive ultimate authority to make unilateral financial decisions for Fausto Morbidelli Stone & Tile, Inc. Ms. Morbidelli said only person who has ever signed any and all contractual documents, waivers notarized documents audits and checks for dispersal from the bank business account.

Ms. Morbidelli announced the 3rd point given for the denial was her background in nursing shown in her resume which was cited as not demonstrating actual involvement with



estimating and field lists and that the unqualifying member is the one with the work experience. She replied that she understood that her academic qualifications vs. practitioner experience in her original resume was not as exemplary of a business owner as it could have been, and she has competently rewritten and submitted her resume to align with her accurate and true abilities. She affirmed she did graduate from Loyola University with a Bachelor of Science in Nursing, practiced as a registered nurse for less than four years, became a stay at home mother, then 13 years later started Fausto Morbidelli Stone & Tile, Inc. as a woman-owned small business which was 17 years ago.

Ms. Morbidelli stated she oversees and conducts the complete operational budgetary, legal, and financial decisions and responsibilities of the day-to-day matters of Fausto Morbidelli Stone & Tile, Inc. She said she has cultivated business relationships with owners, general contractors, architects, tile distributors, project managers, and other small and large business owners and potential clients in the industrial, commercial, and residential settings. Ms. Morbidelli affirmed she receives and reviews invitations to bid, obtains architectural plan cases, and project specifications, takes numbers for tile and stone footages, builds project spreadsheets, negotiates tile and ancillary material pricing, secures delivery costs, and logistics, submits questions for potential projects, construct each and every detailed proposal, and follow-up on submitted proposals for bids. She added that she also carefully reviews the project as a whole to determine that the work can be done for the proposal price in a timely manner while producing a fair, competitive profit.

Ms. Morbidelli stated she performs and conducts all financial responsibilities and payout, such as payroll, distribution of checks, general liability and worker's compensation insurance, invoicing including AIA format, calculation and deposit of state and federal taxes and union benefits. She said she approves and pays out all financial transactions for the day to day operation, oversees and conducts all legal issue, meets with the accountant for tax preparation. She stated she is responsible for hiring, supervision, and overseeing personnel based on acquired expertise in field work. Ms. Morbidelli noted that the union craft people she employs are talented individuals that execute installation according to her knowledge and direction under the project plan and specifications. She revealed that her knowledge and expertise of product and design in combination of manpower allows her to steer the project for the very best installation outcome.

Ms. Morbidelli stated she has a vision of the end project so she can assure that the aesthetics and the owner's end product maintain the highest priority. She mentioned that her first commercial job project the BB Cafeteria at Caterpillar Inc. which River City Construction in 2004. She detailed that she won the bid by a margin of \$500. Ms. Morbidelli noted she has completed projects for other large corporations and franchises such as State Farm Corporate, Country Financial, ISU, Commerce Bank, Granite City Food & Brewery, Biaggio's Restaurant, BMW of Peoria, and Grossinger Motors to name a few. She outlined that many are repeat customers. Ms. Morbidelli stated she places the same value and detail to every project and has built reputation and success by providing product knowledge, expertise and highly valued service along with a skilled quality installation at a



competitive market price. She said lastly she has included statements from 4 individuals all with whom she has developed a long-standing working relationship. She stated that those testimonials are genuine representations of how she conducts business. Ms. Morbidelli declared she is fortunate to be able to work with such fine individuals. She thanked the subcommittee for their time and reconsideration. Chair Roberts thanked Ms. Morbidelli and opened the floor to questions.

Member Matthews thanked Ms. Morbidelli for presenting and congratulated her on her company's success thus far. She asked if she has applied with other entities and what were the results of those efforts. Ms. Morbidelli stated this was the first certification application she has had experience applying for. She said she has learned of other certifications that may be out there. Member Doria stated she has several questions. She asked why she decided on the 49%-51% split. Ms. Morbidelli replied that when she decided to go into the business, she saw a need and wanted to return to the work force. She said as a set-up they wanted to be a woman-owned business since was going to actively running the business it made sense to set it up as a woman owned business.

Member Doria asked if she is doing the overwhelming majority of the work, what was the impetus of the split, why not 70%-40%. Ms. Morbidelli stated that is how they were advised to set it up by an attorney and accountant they hired. Member Doria said she mentioned that she was not able to take a salary for a long time and no profit distribution but asked if Fausto received profit distribution at that time. Ms. Morbidelli responded he did not.

Member Doria stated she believes she has been in business since 2003 and asked what drove her to suddenly get certification. Ms. Morbidelli stated she looked into the qualifications, that she had to be a woman, U.S. citizen, actively sign contracts and financial documents and quiet honestly for first 5 or 6 years did not know there was a certification out there for her. She said she did not see the impetus on the importance of being a woman in those years. She stated that in the last few years she has seen that the certification is a growing expectation and that although for years she has listed as a line item that Fausto Morbidelli Stone & Tile, Inc. is woman-owned, she now sees the value of having the certification, and quite frankly for weeding out the competition. Ms. Morbidelli did look into doing this maybe in 2014-15 but she had no extra time to do it due to the amount of work she had, and it was about all she could keep up with which is a blessing.

Member Doria if fair to say she chose this type of business because her husband was a tile setter. Ms. Morbidelli stated that is fair to say and added she has always enjoyed design work. She affirmed that she has the capacity to learn quickly and jumped in the pool in the deep end and it is fair to say she would be able to use his talent in the business. Member Doria asked if she took any classes and how she learned to estimate that type of work. Ms. Morbidelli stated she is self-taught and asked questions of people, females in particular, in the industry. She related that she would give someone a call and ask what is the schedule



of values and what she needed to figure it out. Ms. Morbidelli asserted that she jumped in and self-taught.

Member Delano asked her to briefly repeat the mistakes made by the bank. Ms. Morbidelli responded that issue number 2 regarding the signature card, she did not realize that Mr. Morbidelli's name should not be listed there as minority owner and there was no direction for that. She said that she can attest that he has never signed documents, waivers, audits or any dispersal of funds out of that bank account. Ms. Morbidelli stated she has corrected those items with PNC Bank and that according to the bank resolution documents when she had that corrected, she asked the bank to change from an S Corp to a C Corp and did not ask for any other changes. She attested that it was bank error, she did not want his name added at that time, and prior to December 2019 it was not on that paperwork.

Member Matthews stated she had also mentioned was another error with PNC that needed to change which was the change from a C Corp to an S Corp and asked if she had documentation stating that they made these errors. Ms. Morbidelli replied she does not have documentation that they made those errors. Member Matthews thanked Ms. Morbidelli. Chair Roberts asked if there were any further questions. There were none. She gave the floor to Ms. Morbidelli for closing remarks.

Ms. Morbidelli thanked everyone for having her. She stated she has shown involvement through her testimonials of the 3 issues and hoped that it answers all of their questions. She said she looks forward to continuing her work in the future and would like to do it as a representative as a small business owner with the certificate which does have meaning to her. Ms. Morbidelli affirmed she is a smart businesswoman and will continue to be that way. She said her business continues to evolve and grow such as she does as the owner and looks forward to continuing that. She thanked everyone on the subcommittee. Chair Roberts thanked Ms. Morbidelli for her appeal and explained the proceedings.

- Central Illinois Painting & Decorating

The firm did not respond to this second hearing request to appear.

- Banner Personnel Service, Inc.; Ms. Sue Seelande and Ms. Laura Long.

Chair Roberts thanked Ms. Seelande, introduced the Council members, and explained the proceedings. She gave the floor to Ms. Seelande for opening statements. Ms. Seelande thanked everyone for taking the time to listen to her appeal. She read from her prepared response letter. Ms. Seelande stated that Banner Personnel Service has been certified by the City of Chicago under her ownership as a woman owned business since May of 2015 and received a WBE from the Business Enterprise Program in November of 2018. She stated the certifications were granted based on applications and required documents which were also provided to the City of Chicago. Ms. Seelande confirmed all documents state the business is 100% women owned by herself. She said that she along with the assistance of



Laura Long, manage all aspects of company operations and meet their qualified professionals out in the field.

Ms. Seelande declared that since 2013 everyone who works at Banner has worked to uphold the tradition of finding people jobs since 1970. She said her team has obtained high achievements of receiving both clearly rated clients and talent awards for best of staffing 2020. She reported that in September Banner will enter its 50th year of service to the community. Ms. Seelande stated all, and especially herself are proud of these milestones, but they are at risk continuing into the future due to the most certain revenue loss resulting from the State of Illinois' WBE denial.

Ms. Seelande pointed out that the sole reason given for the denial was the original \$100,00 which came from joint account with a spouse who is non-qualifying. She reported that the money was also transferred to another bank account at Chase bank where the payments for the buyout were done. She stated all subsequent payments came from an applicant firm, but the original money came from a joint account. Ms. Seelande said that their office also claimed the Banner stock certificates, all of which are held by herself, are somehow held jointly with her husband were. She responded that if they were so held the stocks should show that they were issued to both of them as joint tenants with rights of survivorship which they do not.

Ms. Seelande stated that after 7 plus years it doesn't make sense to her that the initial funds used to purchase Banner are instead put to question resulting in the denial. She said based on her research on joint tenancy it is important to understand the following definition, "Joint tenancy consists of two or more people owning equal undivided shares in property. A joint tenancy requires unity of time, title interest and possession. Unity of time means that the interest is acquired by all of the tenants at the same time, for example two parties may receive tenancy upon a deeded transfer after an inheritance at the grantor's death. Unity of title means the same must provide the joint tenant with the property, unity of interest means that the joint tenant shares the same interest in the property, and unity of possession refers to the ability of all the tenants to possess the entirety of the process".

Ms. Seelande stated that based on those principles as applies to a bank account in joint tenancy any individual joint owner of the account shares undivided ownership of the property and has the equal undivided rights to use the money in the account. She declared that to that effect she exercises her individual right as co-joint tenant to utilize money in the account to purchase Banner. Ms. Seelande said in addition she was at the time she used it to purchase Banner stock in her individual name and is still an active participant in



earing the money contributed to the joint account in question. She said regarding the transfer of money from one account to the other, the previous owner wanted the purchase completed expeditiously prior to the end of the year and the wire transfers were to be sent paid a.s.a.p. Ms. Seelande stated that Chase bank was minutes away and provided the necessary in person service. She said the denial also goes against established law that joint tenancy property is used to purchase by either joint tenant in her or his own name severs the joint tenancy with respect to the asset used to purchase the individual asset. She restated in other words that the attribute of joint tenancy does not attach to any asset so purchased unless the asset is labeled as being held in joint tenancy.

Ms. Seelande continued that the denial jeopardized Banner's relationship with clients who use their services based on that status and while it should not affect their City of Chicago WBE, it does remain a distinct possibility, the effect of which would be devastating. She stated her employees and their families, talent they employ, and the clients they provide those candidates to now and in the future depend on Banner for their livelihood even more so today due to the economic uncertainty of the coronavirus and in the past few months her teams have had to pivot and readjust how they find business. She said with that, the WBE status is an important factor in finding that business. Ms. Seelande stated that to that end she requests reconsideration of the denial and thanked the council. Chair Roberts thanked Ms. Seelande for her response and time. She opened the floor to questions.

Member Doria asked if the joint account was held with a spouse. Ms. Seelande confirmed this. Member Doria asked if he was involved in the business at all. Ms. Seelande responded that he was not and this was an individual purchase. Member Matthews asked if her husband has been involved in the company since it's purchase. Ms. Seelande responded he does not. Member Matthews asked if he has received any resources such as stock. Ms. Seelande responded he has not. Chair Roberts asked if there were further questions. There were none. Chair Roberts gave the floor to Ms. Seelande for closing remarks.

Ms. Seelande stated she purchased Banner at the end of 2012, and it remains a women owned business in which she has been extremely active in all parts of the business. She said they have a reputation with their client's and candidates. Ms. Seelande pointed out that there was no question with the City of Chicago, with BEP in 2018 and would like to ask they reverse the denial so they can continue to work as a WBE to provide their experience to their candidates and their clients. Chair Roberts asked Mr. Gutierrez if the 2018 certification was through Recognition in which they only the received taxes and their



current documents. Mr. Gutierrez confirmed this. She thanked Ms. Seelande for her closing remarks and explained the proceedings.

- Marucco, Stoddart, Ferenbach & Walsh, Inc, (decision pending)

Member Eng motioned to move to executive session to discuss the appeals presented today. Member Doria seconded the motion. All agreed.

Deliberations were held, votes taken, and the following recommendations were made:

- **Fausto Morbidelli Stone &Tile, Inc.** – Recommended overturning the denial
- **Central Illinois Painting & Decorating** - Recommendation upholding the denial
- **Banner Personnel Service, Inc.** – Recommended overturning the denial
- **Marucco, Stoddart, Ferenbach & Walsh, Inc.** - Recommended overturning the denial

Member Matthews brought up the decision made on Boswell Pharmacy Services. Chair Roberts commented she would like to bring the matter before the council. There is was nothing in the law stating the exception only applies to Illinois business.

Member Doria stated that in other cases it may have been an out of state firm, but she did not personally recall where they made the exception where they were not hiring people in Illinois. She noted that even the law states that businesses can provide evidence that would have an impact on hiring of minority and women or minority and women suppliers.

Member Matthews pointed out if the intent was for workforce development in Illinois... Chair Roberts requested Mr. Gutierrez bring up the legal section up on the screen. Chair Roberts added that not all BEP vendors are located in the state of Illinois. She pointed out that was not the intent, but it is not what the law reflects.

Mr. Gutierrez pointed out that the Council can overturn their own decision and reissue the letter, but only for that particular contract. Member Doria proposed the over \$75MM cap be discussed at full Council for a broader conversation. Mr. Gutierrez informed the subcommittee that Boswell Pharmacy did submit an appeal to the full Council and the applicant is not allowed to be present.

Member Delano stated that she was glad they got to this stage in order to see the wider picture and said Texas and Georgia have stricter rules. She stated that they had a similar discussion in Outreach and pointed out that they should have some involvement in shaping some of the legislation. She noted they have out of state business taking Illinois business contracts and creating jobs in the state of Georgia. Member Delano said these exclusions might call for some amendment to the legislation. Chair Roberts stated she will update that in her report. She said this item will be heard before the full Council.



Member Doria stated that Indiana used to accept BEP certification and said that is an issue to discuss at Council. She added that, they should have a meeting on the impact of accepting Fast Track and its impact at full Council. Mr. Gutierrez interjected that Missouri is willing to come back to them, Indiana is looking to return, and that he is getting their position in writing. Chair Roberts noted that they will have to look at the facts and thoroughly research.

Member Matthews stated that the anticipation of getting all these applications has been discussed already and proposed they possibly meet sooner based on how quickly they can get some of the facts. Mr. Gutierrez affirmed he will follow up with Indiana today.

V. Upcoming Business Enterprise Council and Subcommittee Meeting dates:

- Next Council Meeting – Monday, August 24, 2020
- Next Subcommittee Meeting – Monday, September 28, 2020

VI. Public /Vendor Testimony

Chair Roberts asked if there was public/vendor testimony. There was none.

VII. Adjournment

Member Doria moved to adjourn. Member Matthews seconded. Meeting adjourned at 12:17 pm.