



Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING MINUTES

Monday, January 22, 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

Larry Ivory, Sharla Roberts, Edward McKinnie, Beth Doria, Sheila Hill Morgan, Karen Eng

SUBCOMMITTEE COUNCIL MEMBERS NOT IN ATTENDANCE

Charisse Witherspoon

OTHERS IN ATTENDANCE

Ngozi Okorafor

COUNCIL SECRETARY

J. Marcos Peterson

CMS STAFF IN ATTENDANCE

Carlos Gutierrez



**Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING
Monday, January 22, 2018
1:30 pm – 3:30 pm
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
 - Appeal Hearing for Protack, LLC
 - Update on Legislative Agenda
 - Operations Review
 - Subcommittee Meetings Calendar Review
- V. Define Action Items
- VI. Suggestions for BEP Council meeting agenda
 - Next BEP Council Meeting – February 26, 2018
 - Next Subcommittee Meeting – March 26, 2018
- VII. Public / Vendor Testimony
- VIII. 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

- **Update on the Legislative Agenda**

Assistant Director Harper gave the subcommittee an update on funding for the BEP program. He said they have found that 1,400 contracts qualified at 15 dollars apiece which came up to \$21,000 raised from that agreement. He reminded the subcommittee that one of his proposals for the legislative agenda is to take that money from the Comptroller's administrative fund and transfer it to the BEP outreach fund. He said the second part is to raise the delay payment fee from fifteen dollars to fifty dollars. He said he has an inquiry to see if 1,400 is the norm from prior years. He said there were some open questions about which contracts go toward the agreement. He said he has a meeting with a representative from the Comptroller's office just before the end of the year to figure out what is going on. He said he had asked what was done in the past but has not gotten a clear answer yet.

Member Ivory asked about the person from the comptroller's office that Assistant Director Harper had spoken with. Assistant Director said it was Bola Delano.

Member Doria wants to know whether Assistant Director Harper sensed some resistance. Assistant Director Harper said they were not super excited about being audited about the money. He said with that money, BEP will have ample support financially for outreach purposes.

Member Ivory said he did get a call from several people in the comptroller's office. They were looking for information in terms of documentations based on the comptroller's report what were our real numbers. He said they wanted to come to the council meeting. He said they thought the information would be helpful to them in tracking the real numbers. He said he needed some information to get back to the people that called him. Assistant Director Harper said that will be

addressed in the Compliance meeting because there will be a lot more information at that meeting.

Member Roberts said it would be good to have them at the council meeting because most council members would be interested in their answer regarding those funds. Assistant Director Harper said that will be fine but regarding what member Ivory wants, it can be obtained at the compliance meeting.

Member Ivory wants to have them come to the compliance meeting and then if it needs to be extended to the full council meeting that can be done.

Member Roberts said they should put their request in writing and then the council would entertain their request.

Counsel Jones respectfully advised the council to move the discussion to the end of the meeting in order to accommodate the vendor that is appealing.

- **Appeal Hearing for Protack, LLC**

Chair Roberts welcome the owner of Protack and explained the procedures of the meeting. Each one at the meeting introduced themselves.

Attorney Kate Trigasaw introduced herself and said she was representing Dawn Weiss. She said Dawn started the company a little over two years ago. She said she believes some discriminatory assumptions were made against because she was a female and grew up in the company being around her a male figure who happens to be her husband. She said Dawn learned a lot by doing a lot of research, joining industry groups, attending trades shows, and working alongside her husband. Attorney Trigasaw said Dawn saw a niche within the industry that her husband had not done and wanted to do something of her own but now it is being held against her. She explained that Dawn sought funding through the loan process.

Dawn, the owner explained to the subcommittee how she founded her own company and that her husband's company purchased the trucks for her because she was still in underwriting. She said according to industry standard, it takes 6 to 8 months to get a truck upon request. She said as soon as her loans were available, her loans were paid back.

Member Doria wants to know who is the suppliers she purchases from. She said she buys from her husband's business. She said she has cease

and desist letters from two companies. She it makes her ability to get this products from other manufacturer is very hard.

Chair Roberts thanked Mrs. Weiss and opened the floor to members for questions they have.

Member Doria wants to know why she feels she was blackballed. Mrs. Weiss said she it was two folds: One is pricing and the other is fear of their recipe being divulged.

Member Doria wants to know how that situation would change by being certified by BEP. Mrs. Weiss said she does not think it changes any of that. She said there is no benefit to anyone except Protack, LLC for her to be certified.

Member Doria said she noticed during the review of the applicant's file that she said she got her experienced from working alongside her husband in the construction industry. She said her husband business is quite different from what she is doing and he does not know what she is doing. Member Doris asked Mrs. Weiss where did she learned her knowledge about what she is doing. Mrs. Weiss said she did a ton of research and talked to manufacturers of trucks. She also talked to her future customers. She also said she does not need to know chemistry. She said she need to know how to get her trucks to the position where her customers need it to be. She said the state had already inspected the products and knew what it had to do. She also said she buys the products already made exactly to IDOT's specification.

Member Doria is concerned about the loans the company applied for. She recounted for the subcommittee that Mrs. Weiss started the company in June 2016. She applied for her first loan (\$350,000.00) July 5, 2016; She said there is a separate one for \$307,000; On August 8, 2016 there is another loan for \$185,884; On September 1, 2016 there is a loan for \$128,000. These amount to \$970,884. Member Doria wants to know how Mrs. Weiss obtained these loans being a new company without any collaterals. Mrs. Weiss responded that she sold them on potential. She said her collaterals were her trucks.

Chair Roberts wants to know at what point did Tri-State buy the equipment for Protack and what did was that. She also wants to know where the \$40,000 came from that was used as down payment. Mrs. Weiss said the \$40,000 came from her line of credit with the bank.

Member McKinnie asked whether the bank gave her \$40,000 line of credit and money for equipment that she does not know how to operate. Mrs. Weiss said that was true. Member McKinnie asked who does her estimating. Mrs. Weiss said she does.

Member McKinnie wants to know how she estimates. Mrs. Weiss said she only estimates the LJS products because they are in bids. She said 85 to 95 percent of her work is done from her price sheet.

Member McKinnie wants to know how she estimates quantity. Mrs. Weiss said her customer calls her and tells her how much quantity they need at a location.

Member McKinnie wants to know how does she predicts how much gallon to put out a minutes or hour. Mrs. Weiss said for each job she does, she estimates based on the amount of time to get to the job site, the time to spray, and the time to get back. Additionally, she adds the gallon price plus a predetermined number that she makes up that will cover her truck, insurance, driver, and union expenses.

Member McKinnie asked Mrs. Weiss whether her main focus is spraying just before the asphalt. She said yes. Then he said that is not what her certification application is for. According to him, it is for paving when in fact she does not do paving.

Assistant Director Harper asked Mrs. Weiss whether her company was going to be able to make it without her husband's assistance. She said no.

Counsel Jones wants to know who held the title of the trucks before Tri-state was reimbursed for the money to buy the trucks. She said the bank. She stressed Tri-state was never on any of the paperwork for the trucks.

Member Ivory wants to know if Mr. Weiss had a relationship with the bank that loaned Protack the money. She said he has a relationship but was not present for any of the meetings and made no phone conversation or phone contacts. Member Ivory went on to say that if he had intervened to help you get the loan, it would be a plus for you because it would help him understand why the bank give you the loan. He said coming from the investment banking business, it is hard for him to see a banker loaning you money without someone else who has a business helping.

Assistant Director Harper wants to know how Tri-state differs from Protack. Mrs. Weiss said he is a manufacturer He manufactures an asphalt product by getting the raw products from BP and Exxon and adds chemicals which forms a new product. Her company sprays the glue chemical that binds the new pavement to the old surface.

Assistant Director Harper asked Mrs. Weiss what her total sale was. She said 2 million dollars. He further asked her what her cost was. She

said 1.6 million. He asked her about the breakdown of the total cost. She said loan payments, pay roll, insurance (\$40,000), fuel, etc. Assistant Director Harper asked Mrs. Weiss who does her bookkeeping. She said she has a CPA who does that for her company. She said they talk once a month after the CPA does her reconciliation. He further asked her how does she know the profitable numbers when she is bidding out jobs. She said she uses one of her competitor's pricing sheet. She said the teamster drives under her authority.

Member Doria wants to know whether Mrs. Weiss has applied to any other certifying entity. She said she applied to the City of Chicago about two weeks ago and she was denied.

Member McKinnie wants to know when she got her first job. She said August. He wants to know when she got the loan from the bank. She said September. He asked how could the bank give you a loan for the full value of the trucks when they were already being used. She said they did and without depreciation. She said she had a relationship with the bank for 9 years.

In her closing remarks, Mrs. Weiss said she feels that this process has been humiliating. She said she felt people were questioning her intelligence level. She said it felt like this for the past 18 months since she applied.

Member Doria responded by saying the subcommittee has been provided with lots of paperwork and have gone through them thoroughly to prevent people taking advantage of the system. She said they have tried to understand what makes a stay-at-home woman take the leap from home to go into the asphalt business. She said they are just properly vetting the people who are applying for the program.

Assistant Director Harper said he does not want Mrs. Weiss to walk away thinking this is personal. He said as stewards of the program, they got to keep the integrity of the program intact by being thorough.

Meeting with vendor adjourn. Meeting goes into closed session.

Member Doria motion to go into closed meeting pursuant to section 2C4 of the Open Meetings Act. Member McKinnie seconded. Vote taken, motion passes.

Member Eng feels that the vendor understood her business and answered the questions the best she could.

Member McKinnie said he heard a different conversation because the one he heard she knew little about the business. He said she knew very little about the accounting.

Assistant Director Harper said she does not seem to understand the business subject matter. He said it appears every piece of the business is being outsourced to someone else.

Chair Roberts said she struggled with some of the same things as everyone one else.

Member Hill-Morgan agrees with Assistant Director Harper that she simply lacks the business acumen.

Member McKinnie is concerned about Mrs. Weiss not having knowledge about anything.

Member Doria motioned to move from closed session into open session. Member Ivory seconded. Vote taken, motion passes.

Member Ivory motioned to uphold the denial. Seconded by member Hill-Morgan. Vote taken, denial upheld.

- **Operations Review**

Assistant Director Harper informed the subcommittee about an audit finding about not completing the certification process in 60 days. He said we have 4% of our applications not completed in 60 days. He also said we are down two people in certification. He discussed this with the Director and the legal team about getting back to our full capacity.

Chair Roberts talked about contracting files to CMBDC and WBDC in the past. Assistant Director Harper said it is not back logged. It is just taking more than 660 days to process. He said it is a management issue.

Assistant Director Harper talked about the members looking at the 2018 meeting calendar.

Member Doria said since members are also on compliance subcommittees, she recommended that they do back to back meetings instead of making additional trips.

Chair Roberts said if the meeting could be limited to an hour each, that would be fine. Member Hill-Morgan concurs.

Assistant Director Harper said he will work with Carlos and Elias to work out the logistics to have both meeting on the same day.

Member Ivory talked about the lobby day.

V. Define Action Items

Chair Roberts asked that the subcommittee be updated on the rules at the next meeting as it relates to certification.

VI. Suggestions for BEP Council Meeting Agenda

- Next BEP Council Meeting – February 26, 2018
- Next Subcommittee Meeting – March 26, 2018

VII. Public vendor testimony

None

VIII. Adjournment

Member Hill-Morgan motioned for adjournment. Member Ivory seconded. Vote taken and motion to adjourn passed. Meeting adjourned at 3:00pm.