



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

Monday, December 2, 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

Sharla Roberts; Jaime DiPaulo; Beth Doria; Karen Eng; Edward McKinnie; Sharron Matthews;

SUBCOMMITTEE COUNCIL MEMBERS NOT IN ATTENDANCE

Bola Delano; Larry Ivory; Shelia Hill Morgan

OTHERS IN ATTENDANCE

Aaron Carter; Reginald Lampkin

COUNCIL SECRETARY

Radhika Lakhani

CMS STAFF IN ATTENDANCE

Steve Booth; Carlos Gutierrez;



**Business Enterprise Program Council
CERTIFICATION SUBCOMMITTEE MEETING**

Monday, December 2, 2019

1:30 pm – 3:30 pm

Chicago (JRTC Room 4-404);

Via Teleconference Number - 888-494-4032

Access Number - 25872132.722

AGENDA

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Posted Business
 - Approvals of Minutes for the September 23, 2019 Meeting Minutes
 - Appeal:
 - DCC Marketing, LLC.
 - South Coast Paper
 - Jennings Painting Inc.
 - District 23 Boutique
 - Advanced Supply Company Incorporated
 - TotalMed Staffing
- V. Suggestions for BEP Council meeting agenda
 - Next BEP Council Meeting – December 9, 2019
 - Next Subcommittee Meeting – January 27, 2019
- VI. Public / Vendor Testimony
- VII. Adjournment



I. Welcome

Chair Roberts welcomed everyone to the meeting.

II. Call to Order

Chair Roberts called the meeting to order at 1:44 pm and proceeded with roll call.

III. Roll Call

Roll call conducted. Quorum was established.

IV. Posted Business

- Approvals of Minutes for the September 23, 2019 Meeting Minutes
 - This item was skipped.
- Appeal:
 - DCC Marketing, LLC.
 - Chair Roberts introduced herself, welcomed Mrs. Cara Huss and explained the proceedings. Mrs. Huss thanked the subcommittee, expressed this is an exciting time for her company and staff, which includes ten women and two minority males. She stated she started the company almost 20 years ago come March as founder and has been running it from day one. Mrs. Huss described how between 1994 and 2000 she had hired several advertising agencies while she was working for her father and the real estate company, DiMarco Properties which she launched as President, and it became evident to her that there was a gap of advertising agencies with a business background in the marketplace. She ran DCC Marketing underneath DiMarco Properties, then in 2006 set it up as an LLC, but it remained a member managed company with control and the operations.

Mrs. Huss detailed that as President and Founder from the beginning has 100% control over operations, finances, payroll, signs all the checks and contracts, and is the lead business developer. She highlighted that she has considerable University and State work and they ask her if she is BEP certified. Therefore looking towards the next ten years, she decided she should become officially BEP certified as is her sister who sits on her board of directors. Mrs. Huss explained that she along with her sister and brother, who is their corporate family attorney, attended one of the BEP seminars to learn how best to prepare for certification, knowing that they may have to change some of the structure of the company. She stated that both an operating and voting agreement were set-up and she did a cash transaction which gave her 32.7% and her sister 18.4% of the shares, so that together they hold over the required 51% ownership. Mrs. Huss concluded by summarizing her work and stating that her hope for the next ten years is to do more work with her sister and her architectural firm.

Chair Roberts thanked Mrs. Huss and asked the subcommittee if there were any questions. Member Doria requested clarification on the structure of the family trusts. Charles explained that DCC was separated out as its own standalone entity



and that the shares are held in trusts historically set-up by their father for their benefit as an estate planning device, but that from a control standpoint, DCC is a manager managed LLC, meaning that the managers hold all the power and the shareholders have none which is outlined in the operating agreement, therefore Mrs. Huss has complete control, meaning she could run the business as she sees fit or sell it in an asset deal.

Member Doria asked about the check copies that came out of the Cara Family Trust that were signed by Richard to purchase DCC shares in 2019 pointing out that the application stated that there are no stocks for the firm. Charles answered that technically there are no shares because DCC is an LLC and explained that a nomenclature issue was encountered when answering some of the questions in the online application and that what Richard signed for are legally called membership interests or shares of equity, which is what was purchased by Mrs. Huss. Mrs. Huss stated that her trust purchased \$10,000 worth of shares from the other trusts to get to the 32.7%. David Spanner showed the schedule to Member Doria. Mrs. Huss explained that the trust was a way to get her business started, but emphasized that it is her company and that the Universities and State entities she does business with encouraged her to certify.

Chair Roberts asked for an explanation of the shares as applies to the family and three brothers. Mrs. Huss said there are five trusts for the five children, herself, brothers David, Charles, Richard and sister, Simone. She explained that the shares she purchased were from the shares her father and mother originally held under DiMarco Properties and shares from her brothers trusts to give her the 32.7%. She stated that ownership is set-up through the trusts and that the shares were transferred from DiMarco Properties to the trusts.

Chair Roberts asked if there were any further questions. There were none. She opened the floor to Mrs. Huss for any final remarks. Mrs. Huss stated she is excited about taking this step to formalize her business as a Woman Owned Business entity, that she has put a lot of time and energy into her company and is excited to move it forward. She mentioned the voting agreement that was submitted with her last appeal to satisfy any control concerns.

- South Coast Paper
 - Mr. Gutierrez provided a summary of to the subcommittee. He stated that the company submitted an audited financial document to support the change in their former standing from being over the \$75,000,00 cap to just under the cap. Chair Roberts asked Mr. Gutierrez for further clarification of the issue. Mr. Gutierrez explained that the applicant only provided audited financials. Member Matthews offered that the applicant did not submit the actual un-audited tax documents. Mr. Gutierrez confirmed this adding that what was required by statute were copies of the actual 2018 federal income tax return. He stated that the document submitted was a consolidated financial report and not the required federal income tax return. Chair Roberts asked that the applicant be brought in.



Chair Roberts introduced herself, welcomed Mr. James Metcalf and explained the proceedings. Mr. Metcalf thanked the subcommittee and introduced himself as the Sales Manager for South Coast Paper, managing the Optech program from the start, as well as being very involved in the Minority Council in Chicago and with investing many educational programs around the city. Mr. Metcalf explained that South Coast Paper has been operating under the exception rule supplying paper to the universities and adding employees to continue servicing the current contract which expires in June 2020. He stated that notification of the denial was received October 4th. Mr. Metcalf related that since that time the company received their audited financials which he then sent to Mr. Gutierrez to demonstrate that they are now under the \$75,000,000 cap, therefore they are seeking full certification.

Chair Roberts asked the members if they had any questions. Member Matthews related to Mr. Metcalf that one of the documents requested by BEP had not been submitted and asked if he was aware of which document was missing. Mr. Metcalf responded that he was not aware of which document that was. Mr. Gutierrez explained that it was the federal income tax documents which are essential and form the basis for review and validation of the certification application that were missing. Mr. Metcalf took note of this and confirmed with Mr. Gutierrez that these were the only documents missing and were required by rule to substantiate being under the cap. Chair Roberts requested from Mr. Gutierrez a clarification on the certification process logistics which Mr. Gutierrez delineated. Mr. Carter from the Illinois Public Higher Education Cooperative interjected that Boise, a company that made 7 billion in profits last year, is taking all of the spend throughout the state, while South Coast Paper, an African American firm that works very hard to beat Boise's rates, meets the spirit of the (BEP) program and asked that regardless of the type of certification requested from South Coast Paper that the subcommittee re-establish them as a BEP vendor for next year. Member DiPaulo and Member Matthews spoke to clarify the items on the table. Chair Roberts responded that the items on the table are for South Coast Paper to be certified within the program for hiring minorities and to evaluate the matter on which they were denied, being over the cap. Chair Roberts asked if the members have any further questions. There were none. Chair Roberts opened the floor for Mr. Metcalf's closing remarks.

Mr. Metcalf thanked the subcommittee for hearing him out. He declared that firstly, the company did not want to be penalized for being a successful business, secondly, that they realize the importance of the program not only for how it affects their employees in moving forward, but also with their relationship with the State of Illinois. Mr. Metcalf concluded that Aaron (Mr. Carter) has been a great supporter of the program and that there is no other program in the country one can go to obtain this certification. He asked that the company be given a special exception until they are able to get the 2018 income taxes submitted to receive full certification. Chair Roberts thanked Mr. Metcalf and let him know that he would receive notification from Mr. Gutierrez at a later date. Member Matthews offered thanks to the universities for identifying this particular vendor which is a rarity. Mr. Carter



thanked her and stated that it is difficult for a company to compete with a billion dollar company with the cap.

- Jennings Painting Inc.
 - Mr. Gutierrez stated that the owner of Jennings Painting, Inc. is 51% shareholder. He explained that when he spoke to Mrs. Jennings, she stated that she did not understand (the denial), she is the owner and her husband is President, he has been the President, she is the Vice President/Treasurer and controls the company, running the day to day operations. Member Doria recalled the company and that the owner seemed to not have much familiarity about the painting industry. Mr. Gutierrez added that the only other documentation submitted was one letter. Chair Roberts affirmed that the aforementioned letter was submitted for a previously held certification subcommittee meeting.
- District 23 Boutique
 - Mr. Gutierrez related that ownership and control are in terms of a 50/50 purchaser agreement where Joel and Michele are collectively buyers of the real estate at 830 S. Grand Avenue in Springfield Illinois. He said that three names appear on the bank account, Joel, Michele and Laurie, demonstrating the involvement of a non participant. Mr. Gutierrez stated that in her appeal letter the vendor attests that she is 100% sole owner and that there are three names on the bank account and business bank signature card for efficiency and do not indicate ownership and control. Member Doria asked if Joel and Michele are jointly liable on the loan. Mr. Gutierrez confirmed that both had signed for the loan. Member Doria asked if there were issues with her management. Mr. Gutierrez stated there were issues with ownership and financials. He added that throughout the application some of her answers gaged her involvement at 50% while other answers indicated 100%.

Member Matthews asked Mr. Gutierrez if there is a process where the applicant is called for follow up during application review. Mr. Gutierrez stated that it varies case by case but that yes certification staff can call applicants regarding any question. He informed the subcommittee that the applicant is also applying as PBE which has been verified.

Chair Roberts asked who is Joel and if he worked for the company because normally there would be a resume requested for him and his name appears as a signatory for the checking account. Mr. Gutierrez affirmed that the only information they had about Joel were the aforementioned documents containing his signature. Chair Roberts stated that if there are no signature restrictions in place for either Joel or Laurie that either one could indebt the company. Mr. Gutierrez also pointed out that there is an asset purchase agreement dated October 6, 2017 between Joel and Michele and that both signed throughout the document. Chair Roberts announced that they had enough information to go to closed session with this case.
- Advanced Supply Company Incorporated
 - Member Doria summarized that this was the case where the mother owned the company, she passed away, there was a trust involved that went to the father, but



that the father was really not involved in the company, and the daughter who was involved in the company purchased it and took over.

Chair Roberts asked if additional information was provided regarding the trust and the true owner of the trust. Mr. Gutierrez said yes and continued. He directed members to page 18 which he stated detailed that the initial promissory note of 2 million came from the Michael Leonard Trust of Leonard Family Trust dated 2009 and nothing further. He added that the attorney provided documents demonstrating that the trust relinquished its ownership of the company, making Ms. Leonard the sole owner. Mr. Gutierrez read another document stating that Michael Leonard resigned as Director, President and Secretary of the company effective December 31, 2018 which was approved, accepted and confirmed, naming Colleen Thompson as sole owner of the company. Chair Roberts stated that they had enough information to go to closed session with this case.

- TotalMed Staffing
 - Mr. Gutierrez announced that the items requested were a summary of placement, list of employees, four Letters of Intent and signed contracts. Chair Roberts clarified with Mr. Gutierrez that they had enough information to go to closed session with this case.

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

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

- **DCC Marketing, LLC.** – Recommended overturning the denial
- **South Coast Paper** - Recommendation extend the exception and table full certification pending review of further documentation
- **Jennings Painting, Inc.** – Recommended upholding the denial
- **District 23 Boutique** - Recommended upholding the denial
- **Advanced Supply Company Inc.** - Recommended overturning the denial
- **Totalmed Staffing** – Recommended overturning the denial

Member Eng motioned to end the closed session; Member Matthews seconded the motion; Vote taken; The Motion passed.

V. Suggestions for full Business Enterprise Council meeting agenda item(s)

- Next Council Meeting – Monday, February 24, 2020
- Next Subcommittee Meeting – Monday, January 27, 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 3:41 pm.