



**Business Enterprise Council
COMPLIANCE SUBCOMMITTEE MEETING
Wednesday, July 29, 2020
1:30 pm – 3:30 pm
James R. Thompson Center
100 W. Randolph Street, JRTC
Chicago, IL 60601**

COUNCIL SUBCOMMITTEE MEMBERS IN ATTENDANCE

Sharla Roberts; Sharron Matthews; Jesse Martinez

COUNCIL SUBCOMMITTEE MEMBERS NOT IN ATTENDANCE

Denise Barreto; Larry Ivory; Edward McKinnie

COUNCIL SECRETARY

Mike Merchant

CMS STAFF IN ATTENDANCE

Radhika Lakhani; Nicole Mandeville; Harry Reinhard; Kori Acosta

OTHERS IN ATTENDANCE



**Business Enterprise Council
COMPLIANCE SUBCOMMITTEE MEETING**

Wednesday, July 29, 2020

1:30 pm – 3:30 pm

Location: Webex Videoconferencing

Webex Meeting Number (access code): 133 351 0609

Password: faPpwpEh536

Dial from a video system or app 1333510609@illinois.webex.com

Join by phone - +1-312-535-8110 United States Toll (Chicago)

AGENDA

- I. Welcome
- II. Call to Order
- III. Roll Call
- IV. Posted Business
 - Approval of February 21, 2020 Compliance Subcommittee Meeting Minutes
 - Update on Mandatory Pre-Bid Conferences
 - Update on the exception to the \$75 million exemption cap
 - Dispute Resolution Process
- V. Define Action Items
 - Discontinuation of allowing Exemptions
 - Helping Businesses Survive COVID
- VI. Upcoming Business Enterprise Council meeting dates
 - Next Council Meeting – Monday, August 24, 2020
 - Next Certification Subcommittee Meeting – Monday, September 28, 2020
 - Next Outreach Subcommittee Meeting – Tuesday, September 29, 2020
 - Next Compliance Subcommittee Meeting – Wednesday, September 30, 2020
- VII. Public / Vendor Testimony
- VIII. 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 Compliance Subcommittee**



MINUTES

I. Welcome

Chair Roberts welcomed everyone.

II. Call to Order

Chair Roberts called the meeting to order at 1:31 pm. Kori Acosta proceeded with roll call.

III. Roll Call

Roll call was conducted. Quorum was not established.

IV. Posted Business

a. Approval of February 21, 2020 Compliance Subcommittee Meeting Minutes

This item was skipped due to lack of quorum.

b. Update on Mandatory Pre-Bid Conferences

Mr. Reinhard, Compliance Manager stated that the Council Secretary was putting that process together and he is unclear as to the status of that process. Chair Roberts explained that they were following up on this topic to see whether they could hold more pre-bid meetings to discuss goals on solicitations put out for bid. She said the idea was to explore how they could leverage holding maybe not mandatory but more pre-bid meetings that have BEP goals to ensure they are creating the platform for minority, women owned firms to have access, be able to introduce their firms and create awareness in order to create more partnership with the idea of creating ore BEP participation or reaching that goal. Chair Roberts asked how they could ensure that they have diversity goals on contracts and that they are maximizing goals for diverse vendors.

Mr. Merchant responded that they have been trying to expand their pre-bid conferences especially now that they are in this virtual environment. He said he thinks they have been doing some adjustments and asked that Mr. Reinhard correct him if he is wrong, but they have increased pre-bid conferences. He noted they had discussed mandatory pre-bid conferences, but he believes they were limited and on that and would need to have a conversation with the Chief Procurement Office about it because they limit those to site-specific or with a reason that they would need to have vendors come in. Chair Roberts



pointed out that a lot of the construction projects do kind of have to hold more mandatory pre-bid conferences in the construction space and it is kind of relative to what he is saying. She conveyed that in order to increase the goals they were looking at what type of measures they were willing to take to ensure that minority, women owned businesses had the platform. Chair Roberts stated dislike for making them mandatory. She brought up that they were looking at doing something similar to the CMS pilot program they were thinking of doing for their types of contracts to see what the success rate would be.

Member Matthews pointed out she brought up this issue which is also an issue for the Outreach committee. She said they are thinking it is the best tool to use and it's great that CMS is doing it, but they have all these other agencies. Member Matthews stated that if they could not make things mandatory, unless they were site specific as Mr. Merchant was saying, that they could word very strongly in the procurement document that they anticipate high participation of those who are bidding as subcontractors or primes. She noted that the other thing that was said is that it would be easier to do virtually now that they are all used to virtual meetings and even when they get back to doing face-to-face they could continue to do virtual which gets rid of some of the issues folks were having such as travel and expense, and would open it up to many more folks to participate and get a listing of who was there so they could follow-up. Member Matthews acknowledged it's not as good as face-to-face but there would be documentation afterwards on who participated, what they are doing and how to reach them. She pointed out that is what they need, virtual or in-person. Member Matthews said they could word it stating the benefits, that they are looking to increase goals, that there is a gap in communication especially when there is no pre-bid conference for those who are newer to the process, smaller firms, and maybe those looking to become primes for the first time. She summarized they could word it as such, then send it out to everyone and they could follow-up in each of the procurement offerings that way and report on them. Member Matthews highlighted that they could request that agencies report back on which kind of pre-bid conferences they held and that kind of thing, so they could have some data to look at, see some better participation and what that leads to.

Chair Roberts asked Mr. Merchant if that is possible and stated that she believes the conversation has stemmed around what Member Matthews has said. Chair Roberts detailed that it is not just CMS but about the struggles she was having with her agency and other agencies that do not have pre-bid meetings and do not lend this opportunity. She asked if it were possible to do a quick turnaround and they could look at the last two fiscal years that they've had pre-bid meetings, especially the ones that had the BEP goals and send the send out a survey to the APOs and BEP liaisons to see what is done over the last fiscal year, then they could make the determination on the direction they need to go because one of the members stressed the help that her agency alone needed as this



platform to be able to educate minority and women owned firms as well as prime firm's expectations. She stated that not only is this a good platform that they have but people do not understand the process, what needs to be filled out by the minority, women owned vendors, it just lends that opportunity. Chair Roberts said that the more you educate and the more outreach you do helps them improve the program.

Mr. Merchant affirmed he agreed with that and may take it one step further. He pointed out that they have started engaging on a lot of different webinars, etc., trying to do different types of training programs. He stated that Mr. Reinhard has started putting together some new training materials as well. Mr. Merchant asserted that it is their absolute intent to do training with BEP liaisons and APOs so this will definitely be a part of that.

Chair Roberts requested that in 2 weeks, there are just some fundamental questions, over the last two fiscal years, what were the bids that had to have diversity goals, and for how many of these did they have pre-bid meetings. She said then they could look at those things, see what the opportunities were, and did they achieve them on these types of procurements. Chair Roberts said that will help guide them especially when they work with Member Matthews who she believes spoke very loudly and has been speaking very loudly and passionately about this, about the help that she needs, and some of the agencies need outside of CMS. She said CMS does a good job because they essentially manage the program but wondered about what the other agencies similar in size that spend a lot of money and are not having pre-bid meetings.

Chair Roberts said if they can collect the data that helps them drive policies and decisions, she doesn't want to call it mandatory but if they want different outcomes, they have will have to start doing different things and strongly encourage or however the language has to be that they put out to have these pre-bid meetings. Chair Roberts highlighted that it is a known fact and even one of the things that Colette Holt has given out when she performs a disparity study that pre-bid meetings are one of the things that help programs improve. She continued that if they could get surveys out asking the fundamental questions regarding the last fiscal years; how many contracts they had with diversity goals; how many of these had pre-bid meetings and for the ones that did, what were the opportunities on them, and did they meet these goals on these contracts or solicitations or did they request waivers.

Chair Roberts said they take that information and analyze it to help them make a decision because she has heard loud and clear in the passion of Member Matthews has spoken about the help that her agency needs and how pre-bid meetings and being a Council member she has given them some secret recipe that she needs their help with her agency,



so if they could do that they could have it as an agenda item to discuss in the Council meeting in August. Mr. Merchant agreed. Chair Roberts acknowledged that members may need more time, they could analyze it, have more time and have it as a topic on the agenda for September at the next Compliance Subcommittee meeting. Mr. Merchant agreed that would be better.

c. Update on the exception to the \$75 million exemption cap

Ms. Lakhani stated this item still pending. She added they have been discussing the concerns versus benefits and trying to weigh that and try collect as much data as possible to try to understand because on one hand they absolutely understand they don't want to limit the size of these businesses that are pushing the cap and they want them to succeed and in certain situations the next vendor up is a huge vendor and there are quite a large disparity between those two, at the same time they already have the high cap in the country for small businesses. She said they are discussing it internally and with the Governor's office and are just trying to get their input as well. Ms. Lakhani expressed their hope to have more information in the next few weeks.

Chair Roberts pointed out that this item is not just one that is discussed in the Business Enterprise Program. She stated having been a part of several meetings that when it comes to affirmative action not a small business program but an affirmative action program there are conversations in the black communities with all the recent challenges that are happening in the black community that light is shined on those challenges they have faced. She said some of these things discussed in these conversations are about the cap and in Chicago they were saying people were not discriminated on size but on being African American. Chair Roberts said this has come up in different discussions she has had outside of this group.

Chair Roberts advised that they could do some focus groups maybe with some firms or firms that may have not participated, because even if you look at the small business program when you say BEP is the largest in the nation, BEP is really not the largest in the nation, because if you look at the small business program it depends because they do theirs by category and may have some firms that are above \$75 million because in manufacturing and of some of those ancillary areas when you read about the small business program is not based upon cap it can be based on number of employees. Chair Roberts added that BEP does not look at number of employees but at number in caps but cannot just say as in small business programs and the City of Chicago we are probably the largest, but if you look at small business program they just don't look at cap, they look at size standard as well as if



you are manufacturing in certain areas they look at number of employees so you can have a high cap but be considered a small business based on the number of employees you have.

Ms. Lakhani stated that this is an excellent point that ties into one of the options they are exploring, which is to expand upon the exceptions in the rule-making for the cap an example would be potentially market sectors, employee makeup, things like that. She said the idea of a focus group is a good idea and they will definitely talk about it with their operation shop about trying to gather that kind of information and data and how they can utilize that to figure out how to best help these businesses who are being harmed by the cap.

Chair Roberts explained that what she finds out to just put it out there because she has been doing this for a number of years some of the businesses even when they outgrow the program end up returning because they do not get utilized and their size standard goes down. She pointed out that a lot of times if you study the industries, not wanting to use the term pass but a lot of those funds are for pharmaceuticals, automobiles, or utilities if buying gas they may seem like they are making a lot of money because their company's cap size is because the company is buying utilities and is \$65 or \$75 million and then you are out of the program but the net worth of the company may only be \$100,000, so it depends on the industry. Chair Roberts said then you have to compare the industry, even if you look at asset management. She stated minority women owned firms may be managing \$2 billion but firms that are non-minority in their industry are doing trillions and there is still a gap.

Chair Roberts outlined that she wants them to explore all those types of factors that have impact when you grow out of the program. She said when you look at the City of Chicago, they graduate you, but a lot people sometimes say they can't take another job because they will outgrow the program. Chair Roberts explained that doing a focus group, you will learn that from the vendors because they will tell you what has impacted them, and they will learn from people who are trying to do business in the area. She added that many times they don't hear from them and the focus group will allow this

Member Matthews offered that if is not possible to raise the cap across the board, then it could be raised by industry. She added that if the industry is such that they are typically in the billions then there is a case for saying what the Chairperson just said, that if they are doing well, don't have support and have hit the cap, they need to look at the cap per industry or business sector and make a case for making the cap higher in those instances because everything is relative, Einstein told us that. Member Matthews said they also need to support the small business program and is concerned because she has been seeing it can



go to almost a \$1 million. She pointed out that there is no ceiling there that she is aware of. Member Matthews stated that some of that may be a way to not deal with BEP. Chair Roberts responded she has seen that and there is no cap. She noted that a \$20 million contract could be in a small business set-aside. Member Matthews interjected that is a gap for them to fill. Chair Roberts stated she has seen it and it is done in CMS in some of their master contracts. She added that some agencies and units still put goals on those and that is what they should look at just as well. Member Matthews agreed and said that is a good way to do it. She asked if she may request that CMS staff look at that and put together a process to make that happen in terms of being able to place goals within that program also because she suspects it is one of the loopholes but if there is a goal there too then both programs in terms of gaps are filled.

d. Dispute Resolution Process

This item was moved to the September 30th Compliance Subcommittee meeting.

V. Define Action Items

e. Discontinuation of allowing Exemptions

Member Matthews indicated that at 3:30 she would be having the first internal meeting with her co-directors who are involved in putting together the BEP compliance plan. She pointed out that at the last meeting they wanted to discontinue allowing exemptions, however the compliance plan form does not reflect that, and she needs to know what she is supposed to do. Chair Roberts stated that if they voted on something that needs to have been reflected in the compliance plans and asked Mr. Reinhard when they are due. Mr. Reinhard replied that the FY2021 are due back to BEP August 28th. He asserted that the compliance plans cover all scenarios and said they will still record requested exemptions and whether they are utilized in calculation of the statewide goal, is dependent upon them. Mr. Merchant offered a point of clarification, that they held off on the vote regarding requested exemptions in the Council. He said that the caveat was that he would work with Colette Holt to come in and speak to the Council about what the alternative scenarios would be. Mr. Merchant stated he has not spoken to her yet. Chair Roberts recalled holding the vote in the BEP Council. She stated that it was Colette Holt's recommendation to get rid of exemptions according to her disparity study, stating that it was unheard of and that no other program does it. Chair Roberts affirmed this was taken from Colette Holt. She added that if it is unclear for Member Matthews how to complete her compliance report, they need to send a message out stating the Council voted on this.

Ms. Lakhani stated that in the last full council meeting it was the way to move forward that was voted rather than the elimination of exemptions. Chair Roberts countered that it does not disrupt the operation, it just may cause them to do more things related to



ensuring compliance or doing a goal setting review form at the time of solicitation. Member Matthews attested that it was voted on, although she abstained. Chair Roberts corroborated this. Member Matthews clarified that the compromise was they needed to find a way to do it on an operational level. She confirmed that both things that are being said are true. Chair Roberts followed that it was not that they did or didn't want to do it, but as Member Matthews stressed the importance of the need to know how to get it done.

Chair Roberts underscored that they need the compliance plans to reflect that exemptions are not allowed; however, they are going to work on a process detailing how to get it done, as Member Matthews has always stressed "tell me how to get it done, I can do it for you". Chair Roberts added that that was the issue because Member Matthews did abstain, and they discussed the process of getting it done. She said they need to send out a reminder about the vote they had at their last meeting and state they are working on a plan that will be provided to them. Chair Roberts stated they may need to push back the date compliance plans are due to ensure they are carrying out the mission of what was voted on.

Mr. Merchant offered another point of clarification, that the instance where Member Matthews abstained was at the full Council vote, where it was agreed to bring in an expert how to guide them in removing exemptions and Colette Holt was suggested as she was the person making the recommendation. Chair Roberts outlined that this is another cycle of compliance plans and they do not want another missed opportunity to ensure they are maximizing the participation of minority women owned vendors. Mr. Reinhard commented that the compliance plans are the tools that set the statewide goal, whether that goal is set at \$400, \$600 million or \$10 billion that's the utility of the compliance plan. He said increasing the amount of the goal is the duty of the council, but it is done through the exemptions through the Comptroller's Office, the line item detail code exemptions which is where the goal increase really needs to be addressed, the actual contractual level goal increases.

Chair Roberts replied that what happens is if one year you grayed out all the areas as not allowed; everything will be assessed for minority women owned goals. She stated it says to look at everything to achieve a goal and if that particular contract did not meet a goal when it goes out it will go through the assessment process. Chair Roberts noted that if they take the monies off the table before assessment no one even has to look at it for the goal. Mr. Reinhard said that is his point that if the council eliminates these allowable exemptions from the comptroller list., Chair Roberts interjected they are additional requests because they are not allowed but were the additionally requested ones. Mr. Reinhard stated that the initial requests fall under the category request for CMS master contract, sole source, proprietary vendors, things like that. Chair Roberts pointed out that the issue they were having was that it is not the will of the Council members that it's something they want to get away with. She said she



believes it was the will of the council was how to ensure agencies and institutions are completing compliance plans with the guidance. She stated they have working on this for a year and believes they voted 1, 2, 3 times in the same direction that they know it is the will of the council that is not what they wanted, and they are still at a standstill on the process and at this time they should be beyond this. Mr. Merchant agreed.

Member Matthews stated that they still didn't get approval of the plans from last year. Chair Roberts affirmed this was voted on and it appears the will of the body of the council that what they vote on is not., it did exercise because when Mr. Reinhard said this is the way you do it this year that should have been the same exercise that Mr. Reinhard should have done for this cycle. Mr. Reinhard stated it was identical.

Member Matthews stated they did two compliance plans last year, the first didn't go, the second one, they never heard about those. She detailed that here she is at 3:30 pm meeting with her internal co-partners in this process, and they are going to ask her how they are supposed to fill this one out. Member Matthews pointed out that this is the core of the program and if they don't have this settled then the program does not work in the way it is supposed to and at maximum level. She explained that if they can't get the goals together and what compliance is then how can they have BEP?

Member Martinez stated that exemptions are a huge issue in diversity, in procurement and they have to be very mindful and careful on what is and is not allowed. He acknowledged they went through an exhausting process to eliminate exemptions where possible. He requested a summary on this topic.

Chair Roberts stated there are two separate things; the subcommittee went through an arduous process identifying exemptions that would no longer be allowable. She said there are some that have been in JCAR and have never been changed. Chair Roberts noted they voted to change the rules to ensure that as the program changed and more minority women owned firms in different areas are able to participate they got the rules to say these should no longer be allowable, and that is one area. She added that they are talking about the rules or law that agencies and institutes of higher education who can request additional exemptions should be approved or denied by the Council.

Chair Roberts stated that they voted she believes at least twice to not have additional exemptions requested, that they all go through a goal setting process to determine at the time of bid or procurement that if there are no minority women owned vendors in that space. Member Martinez reiterated they went through this process and that anything beyond that he assumes that if an agency feels they cannot set a goal then there is a good faith effort process. He said he would believe agencies and institutions of higher education have a Good Faith Effort (GFE) process and request waivers. Member Martinez highlighted that CDB (Capitol Development Board) has a GFE process that when they set goals and they are not met there is documentation that went through some form of exercise that they at least attempted to set a goal and by the



time it gets to the Council it comes with justification, a write up, and he would like and assumes they went through some form of due diligence which he believes the Council is at least owed that justification. He said not to ride the fence but just have something to justify why the Council should consider it and he believes there are responsibilities on both sides.

Chair Roberts pointed out that is exactly what Member Matthews is saying. She detailed that if the money is not on the table, they don't even have to justify that a goal was set. Chair Roberts said they go through a process and in the process before they establish a goal they went through a process instead of just saying they are taking the money off the table and they can't do it right now. She stated they voted on no exemptions, and then the recommendations from Colette Holt said it is something that is unheard of and if they don't deem her the expert then they don't take her recommendations in this area because it is like they are cherry-picking what is and isn't good for the program. Chair Roberts demonstrated that someone may say Colette Holt said this, but Colette Holt also said get rid of exemptions immediately, not tomorrow, not 3 years, not 4 years, her terminology was "you should get rid of exemptions.., get rid of them immediately", so to bring her back to say what she has already recommended and she gave examples on how if you take money off the table prior to doing some type of assessment as Member Martinez said serves a disservice to minority women owned vendors who participated because they don't even have an opportunity because they allowed an agency or institution to take those dollars off the table before a fair assessment could be made.

Member Martinez emphasized he has been in the hot seat with legislature to justify waivers, exemptions and goals in the House and Senate. He outlined that opinions are one thing, but they are there to recommend and they as a Council have done the responsible thing in performing their due diligence. Member Martinez asserted that they should be told at least the justification, whether it was good faith or evaluation, why it merited exemption. He stated he believes they are more than common sense and fair in their evaluations in comparison to his experiences with legislature and that is not too much to ask.

Member Matthews stated she agreed with everything Member Martinez said and added that she knows they follow federal guidelines closely as they are mandated to do so. She explained that they were asked to provide explanation she believes the second time around last year and what happened was because the changes the Council wanted were voted on but never put in JCAR (Joint Committee on Administrative Rules), that was the out that was used. Member Matthews pointed out that everything they are doing now is written in JCAR. She added that the folks she works with including the budget director refer to JCAR and if it's not there he is not dealing with it. Member Matthews stated the 1st compliance plan looked a certain way, the 2nd one looked exactly the same, just a little bit more and gave explanations as to why. She declared they have to



fill that gap with JCAR, as well as provide support as to what the agencies need to do for waivers, explanations, all of that. Chair Roberts proclaimed she respects everything that she said.

Chair Roberts stated she blames themselves, the Council for not communicating better with agencies and institutes of higher education. She cited a statute of limitations that the law states, not in the rules, for allowing exemptions and it is a year. Chair Roberts said the Council has a right to vote on those and the things that are voted on should be communicated, the statute of limitations is a year on those exemptions. She asked Ms. Lakhani if this was correct. Ms. Lakhani stated yes. Chair Roberts reiterated look at the law, look at the rules in the allowable exemptions and they need to communicate that in writing to the agencies and universities.

Mr. Reinhard commented back to the exemptions and compliance plan stating everything Member Martinez said is correct regarding contractual goal setting, GFEs, waivers, they handle all that. He emphasized that the compliance plan is based for setting the statewide goal. Mr. Reinhard said if for FY20 they want to consider allowable exemptions only there is goal is roughly \$15 billion and if they want to consider requested exemptions the goal is almost \$1 billion but as far as the compliance plan, that just sets the target, that just sets the goal. He added that as far as the Council review of exemptions there are roughly 350 object codes from the comptroller's office that they pay out of and the Council has looked at for years and years and years. Mr. Reinhard pronounced that the Council have pretty much exhausted 95% of all these account line items, and the only ones really left open is some 4400 series for grants and awards. He declared they can't really do much more there and based on those exemptions, every request for exemption is out of money that is already subject to the goal but their reasons for the requests are again CMS statewide master contract. He said they have to buy from them, they've got a sole source, they have a proprietary contract, or they could be small business set-asides.

Mr. Reinhard outlined that in order to target requested exemptions, you do them at the contractual level. He stated that is what they do on a daily basis, reviewing the plans that come in. Mr. Reinhard suggested a better focus might be, what's impeding our contract goal setting process now. He said the money is there but it's being spent on sole proprietors, CMS master contracts, etc., Mr. Reinhard explained that the compliance that they've made allowances for those items voted on by the Council, that never made it to JCAR, so the plan was modified last year to identify those specific exemptions that the Council mentioned. He added they are the ones placed into the plan, even though technically they are exempt they still give the agency and institution the opportunity to say why they can't spend this money. Mr. Reinhard concluded that whether or not the Council finds that information useful, doing exemptions through the act, this is important information. He asserted it lets them know where the state spend is, where the impedance to goal setting is, and that was the primary option for leaving



the availability in the compliance plan. Mr. Reinhard said whether they count it or not that's up to the Council, and if the Council doesn't want to count them, your goal is \$15 billion, if you do want to count them it's like \$900 million.

Chair Roberts thanked Mr. Reinhard for the clarification. She reported she did bring this up with Mr. Merchant at one of the meeting that people were listing CMS as one of the reasons. Chair Roberts described that if CMS has a master contract and a department has used it, how do they get the goal that was achieved on that goal when they spent money. She said if it is a master contract it had a diversity goal. Chair Roberts continued that if you had a goal and the department had a spend on that master contract how do you give them their credit for their diversity spend. She said it's a master contract but it was still paid for by the agency so if the vendor has a goal and has a minority partner they still have to meet the overall 20% goal but how does CMS now link and give each department for putting their dollars in that master contract meet the goal on that contract. Chair Roberts stated she and Mr. Merchant had a conversation about this because it was one of the big things that was brought up in their subcommittee meeting that there has got to be a way that CMS is going to be the master contract holder and most of your contracts have goals on them how do you then give the agency their credit for buying off that master contract.

Mr. Merchant recalled the conversation but not what the actual issue or concern was. Chair Roberts suggested they look at those master contracts, which some of those could be held by a minority vendor and look at that spend that some of the agencies who purchased off the master contract should be able to get credit for their spend, so CMS just has to put something in place whether it's an owner or whether it's DoIT of a master contract or whether it's CMS of a master contract those agencies that have master contracts. She outlined they need put a system in place where the money isn't exempt, but they have to get credit to their spend on those master contracts.

Mr. Reinhard stated that simply put it depends on how the contracts are billed. He said a couple years ago they had an office contract where CMS was the major payor, but they had their prime break out by agency what their purchases where. Mr. Reinhard continued that just because CMS, DoIT, a lot of people have master contracts, it depends on how they are paid. He explained CMS has the master contract on gloves if the Illinois Department of Public Health (IDPH) needs some gloves they just order off the master contract but pay themselves. Mr. Reinhard noted the payments are recorded on the annual expenditure report submitted by you, the universities, and the agencies. He added if they tell them then they know about it.

Chair Roberts stated just as Mr. Reinhard demonstrated that although there is a master contract the monies are still spent by the individual department and they should be able to count and report that spend. She offered that in their system for example Office Mat knows each individual department that particular procurement came from and when



they report their spend it should be reported to a particular department or we will just have to figure that out. Chair Roberts recommended having a working group to work out the process on these master contracts and how to ensure departments are getting credit on reported spend. She pointed out that even on exemption requests a lot of them frequently report "master contract". Chair Roberts stated it is not that the funds have to be exempted, they just have to figure out the process. Mr. Reinhard chimed in that that is the reason for the adjustment sheet sent to all agencies and universities for their annual report. He affirmed that's where those payments get recorded on master contracts. He said they are adjustments to their budget that they need to specify for BEP participation.

Member Matthews highlighted that she was the one who brought up this issue in an effort to make sure each agency, partner and also CMS was getting credit. She reported that however when she addressed this with her budget director he stated to her if she recalls that they don't know when those procurements or contracts, those purchases are made would need information from CMS about the master contracts when they start making purchases, how much and such. Member Matthews said that proportionately, if you've got 5, 1/5th, 1/25th or whatever it is, but he told her there is no way for him to get that data to be able to provide that information on the adjustment form. She asserted there is a report that needs to come from CMS to keep them abreast of the agencies that are involved on the master contract so they can have that for their adjustment sheet.

Chair Roberts announced she would take all their recommendations for discussion and asked that Mr. Reinhard put together a working group and send it to the subcommittee for discussion on a process to ensure that anyone who leverages master contracts are given credit for their spend. She added that with allowable exemptions she would like to continue that subject at the next subcommittee meeting.

f. Helping Businesses Survive COVID

Mr. Merchant stated that in general they wanted to discuss some of the measures they have put together to try to help support the businesses during COVID. He said they realize that specifically with black businesses, it is estimated that 40% are not even going to be able to open their doors and it's affecting all the programs. He said there were definitely some procedures they had put in place. Mr. Merchant reported they began putting out a weekly message to try to help keep BEP vendors up to speed on what help is out there and asked if Chair Roberts receives those.

Chair Roberts replied that she does and mentioned she also has participated in Ms. Lopez' weekly outreach for purchasing conversations in which they participated and had a really good turnout with the University of Illinois. She added they had a lot of feedback with the vendors because they are eager. She emphasized that 40% of black businesses will go under and won't return, but they can return if they look at ways on



how more can become prime vendors, get rid of exemptions, and added that they have to do things differently if they want different results. Chair Roberts reiterated that 40% of those minority especially black vendors will go under and if they want to see those businesses thrive the opportunities have to be there, and they have to create the platform if they want to see those businesses come back and thrive. She told Mr. Merchant they are doing an excellent job with Outreach and different things of that nature, but if they exempt all of those monies, that does away with those opportunities that they will be able to have. Chair Roberts stated they have done some phenomenal things educating and demonstrating how to do business with departments. She asked what are some of the things they are putting into place to make minority women owned firms especially black businesses prime vendors and have the opportunities to thrive.

VI. Upcoming Business Enterprise Council meeting date

- Next Council Meeting – Monday, August 24, 2020
- Next Certification Subcommittee Meeting – Monday, September 28, 2020
- Next Outreach Subcommittee Meeting – Tuesday, September 29, 2020
- Next Compliance Subcommittee Meeting – Wednesday, September 30, 2020

Chair Roberts took this moment to give a warm welcome to Nicole Mandeville, the new Associate Deputy Director of BEP.

VII. Public / Vendor Testimony

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

Member Matthews asked where they were on the Mentor Protégé program and what can they do to get that on a faster track for those that need to stay open. Secondly she requested clarification on what is to happen on the issue of exemptions and compliance. Chair Roberts stated she and Mr. Merchant discussed the Mentor Protégé program and offered that they may need to have an emergency meeting to discuss the crisis in the black community. She said one of the things they did not discuss in this meeting but can do is the sheltered market and how they can look at categories and maybe these are some of the things they can use that are procurement vehicles that are already out there. She noted that earlier in the year they were going to study the process and do the UIC Capstone, but she believes they didn't have enough information. Mr. Merchant confirmed this.

Chair Roberts suggested they hold another meeting where they can have quorum to discuss the items Member Matthews brought up, Mentor Protégé, the sheltered market, and the exemptions, prior to the next Council meeting on August 24th. She asked Member Matthews if this would be sufficient. Member Matthews thanked Chair Roberts and also thanked the CMS/BEP staff for all their hard work and executive leadership for everything



they are doing to improve the program. She said it is great, the marketing, write-ups, all of that.

Member Matthews brought up another issue, the uPlan (utilization plan) is wonderful but they need a little more explanation as far as the goal being reported annually and some exceptions to that which the chair and herself talked about today. She said that meeting the goals on the individual contracts that they are reported annually is not as clear in the uPlans. Member Matthews stated that she says that because they have a big procurement now from potential primes the same question about that and she has had to spend about 30 minutes trying to explain to each of them. She pointed out it is a very sizeable contract and it is as a result of not having understood that which was not covered in the pre-bid conference and they didn't know to ask it because they were new to the process. Chair Roberts requested Ms. Acosta schedule another Compliance meeting to discuss how to combat the recent challenges not only to black businesses but all businesses and have an agenda to discuss the Mentor Protégé, the sheltered market, exemptions and the utilization plan. Ms. Acosta confirmed this.

VIII. Adjournment

Chair Roberts thanked everyone and adjourned the meeting at 3:37 pm.