

1 BEFORE THE GOVERNOR'S COMMISSION ON
2 MINORITY AND WOMEN'S BUSINESS ENTERPRISES

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4 PUBLIC MEETING
5 DECEMBER 12, 2011

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9 PROCEEDINGS

10 before the Governor's Commission on Minority and
11 Women's Business Enterprises, Jamal Smith,
12 Chairman, taken before me, Lindy L. Meyer, Jr., a
13 Notary Public in and for the State of Indiana,
14 County of Shelby, at the Indiana Government
15 Center South, Conference Center, Room A, 402 West
16 Washington Street, Indianapolis, Indiana, on
17 Monday, December 12, 2011 at 1:12 o'clock p.m.

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20
21 William F. Daniels, RPR/CP CM d/b/a
22 ACCURATE REPORTING OF INDIANA
23 12922 Brighton Avenue
Carmel, Indiana 46032
(317) 848-0088

1 APPEARANCES:

2 COMMISSION MEMBERS:

- 3 Jamal Smith, Chairman
- 3 Heather Kennedy
- 3 Sylvia Trotter
- 4 Alfonso Vidal
- 4 Sarah Taylor
- 5 Marcia Duncan
- 5 Lani Chuang
- 6 Jesse Moore
- 6 Robert Wynkoop, IDOA Commissioner
- 7 Felecia Roseburgh, IDOA Dep. Comm.
- 7 Lisa Spalding, Proxy, Indiana
- 8 Secretary of Commerce
- 8 Sen. Jean Breaux
- 9 Sen. Ron Alting
- 9 Rep. Mara Candelaria-Reardon
- 10 Rep. Rebecca Kubacki

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11 IDOA STAFF MEMBERS:

- 12 Charles Hill
- 12 Nate Lofton
- 13 Luther Taylor, Jr.
- 13 Megan Lawson
- 14 Tracy Barnes
- 14 Jocelyn Williams
- 15 Vickie Scott

16

16 ALSO PRESENT:

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- 17 Erin Kremer
- 18 Rob Halter
- 18 Paula Barnett

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1 1:12 o'clock p.m.
December 12, 2011

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3 CHAIRMAN SMITH: Good afternoon. We
4 will begin the meeting here in a few minutes.

5 We're waiting on our Deputy Director. I
6 apologize for the delay. We will begin shortly.

7 Thank you.

8 (Pause in proceedings.)

9 CHAIRMAN SMITH: Again, good
10 afternoon. I'd like to bring the meeting to
11 order, and we'll kick things off and get rolling
12 starting with the roll call.

13 Paula, if you wouldn't mind.

14 MS. BARNETT: Jamal Smith?

15 CHAIRMAN SMITH: Here.

16 MS. BARNETT: Mara Reardon?

17 (No response.)

18 MS. BARNETT: Rebecca Kubacki?

19 (No response.)

20 MS. BARNETT: Rob Wynkoop?

21 MR. WYNKOOP: Here.

22 MS. BARNETT: Felecia Roseburgh?

23 MS. ROSEBURGH: Present.

1 MS. BARNETT: Dan Hasler?

2 MS. SPALDING: Lisa Spalding for Dan
3 Hasler.

4 MS. BARNETT: Sarah Taylor?

5 MS. TAYLOR: Present.

6 MS. BARNETT: Sylvia Trotter?

7 MS. TROTTER: Present.

8 MS. BARNETT: Angela Faulkner?

9 (No response.)

10 MS. BARNETT: Jesse Moore?

11 MR. MOORE: Here.

12 MS. BARNETT: Rae Pearson?

13 (No response.)

14 MS. BARNETT: Lani Chuang?

15 MS. CHUANG: Here.

16 MS. BARNETT: Marcia Duncan?

17 MS. DUNCAN: Present.

18 MS. BARNETT: Alfonso Vidal?

19 MR. VIDAL: Present.

20 MS. BARNETT: Tiffany Mulligan?

21 MS. KENNEDY: Heather Kennedy for
22 Tiffany Mulligan.

23 MS. BARNETT: Ron Alting?

1 (No response.)

2 MS. BARNETT: And Jean Breaux?

3 (No response.)

4 CHAIRMAN SMITH: Thank you for that.

5 Having the roll call and taking a head
6 count, it looks like we have enough to establish
7 a quorum, so hoping that the Commission's had an
8 opportunity to review the minutes from last --
9 the last meeting, and if so, I'd like to
10 entertain a motion to adopt the minutes from the
11 September --

12 MS. DUNCAN: I make a motion.

13 CHAIRMAN SMITH: -- meeting.

14 MS. TAYLOR: Second.

15 CHAIRMAN SMITH: All those in favor?

16 MS. KENNEDY: Aye.

17 MR. VIDAL: Aye.

18 MS. TROTTER: Aye.

19 MS. TAYLOR: Aye.

20 MS. SPALDING: Aye.

21 MS. CHUANG: Aye.

22 MS. DUNCAN: Aye.

23 MR. WYNKOOP: Aye.

1 MR. MOORE: Aye.

2 CHAIRMAN SMITH: Any opposed?

3 (No response.)

4 CHAIRMAN SMITH: So moved.

5 Moving right along to the welcome, so

6 welcome.

7 (Laughter.)

8 CHAIRMAN SMITH: And good afternoon

9 again to everyone. I want to publicly thank our

10 Deputy Commissioner, Felecia Roseburgh, and her

11 team for putting together the training that we

12 had prior to this meeting that covered quite a

13 few things, everything from attendance

14 obligations to statutory responsibilities for the

15 Commission.

16 Just a few things to note. One of the

17 things for the Commissioner is -- Commissioners

18 is that if you did not know, you have parking

19 validation in south garage parking lot, and we

20 will make sure that for the Commission meeting

21 when you come in, that your parking is handled

22 and taken care of, but for that parking lot.

23 So, feel free, if you have any questions

1 in that regard, to ask, but we'll talk about that
2 off-line. But that was one of the things that
3 was covered in the training that we had prior to
4 this meeting.

5 The other piece is that everyone should --
6 all of the Commissioners should have a binder
7 that kind of outlines not only what we do, why we
8 are here, but the roles and responsibilities as
9 well as kind of an attendance or a roster, if you
10 will, of the Commission.

11 Please take a moment to look at that and
12 review it, and if there are any -- we noticed,
13 doing the training piece, that there were a few
14 mistakes, whether it be address or e-mail or what
15 have you, and so take an opportunity to review
16 that, and if there are any changes that need to
17 be made, please let us know, and we should have
18 you update that quarterly.

19 With that, I want to keep the meeting
20 moving along. I apologize not only to the
21 audience, but the Commissioners, we're about 10,
22 15 minutes behind, and we'll do our best to make
23 sure that we recoup that time lost, so I'll pass

1 the over to our Deputy Commissioner and -- for
2 the report, Felecia Roseburgh.

3 MS. ROSEBURGH: Good afternoon. I
4 will be making the Deputy Commissioner's Report
5 for December 12th, 2011, which recaps activity in
6 the MWBE Department since our last meeting, which
7 would be a period from September 13, 2011 to
8 December 9th of 2011.

9 The Pay Audit System, which is our primary
10 area of interest and our most engaging area of
11 focus for our department for the last several
12 months, was actually moved into the production
13 environment in mid-November.

14 We're going to talk a little bit more
15 about the Pay Audit System a little bit later on,
16 but we are really excited to report that the
17 system that has been an area of focus for at
18 least a couple of years through the entire
19 process, that it is into production and we are
20 working feverishly to move the entire state's
21 procurement system, especially where it touches
22 M&WBE Spend into using the system.

23 Internal stakeholder communication has

1 been key for us, and so what we've done since
2 about the spring of the year is reach out to the
3 top 15 agencies with MWBE Spend to let them know
4 that the system was coming. Like Paul Revere
5 says, the system is coming, it's coming. Well,
6 the system is now here.

7 Meetings were competed in July, and they
8 were a great way to introduce the agency leaders
9 to the procurement -- and procurement teams to
10 the system and to receive feedback, and to
11 additionally get additional information that
12 would help us maybe identify some potential
13 challenges and get those corrected before the
14 system went live. So, the system is in
15 production.

16 We have actually identified or developed a
17 staggered schedule in which to migrate each
18 agency with MWBE Spend into using the system, and
19 this -- this schedule will be rolled out over the
20 next six months, so by the end of the fiscal
21 year, which ends June 30th, we will have all of
22 our state agencies using the Pay Audit System.

23 Over the next three months, we will

1 actually deploy the system to the agencies with
2 the top spend, and we will be able to capture at
3 least 99 percent of the new contracts coming out,
4 so we'll be touching most of the contracts coming
5 through. The agencies with the largest spend
6 will be on the system within the next three
7 months, and so we'll move the smaller ones into
8 using the system after that.

9 Data migration will be a simple process of
10 just letting us know from a technical perspective
11 to begin picking up contracts from various
12 agencies, but what we will also do is those
13 contracts with dollar values greater than
14 \$250,000 and contracts with 12 or more months
15 remaining on them will also be moved into the
16 system manually.

17 The process that I just described means
18 that we will pick up syst -- we will pick up
19 contracts that are new, and moving forward with
20 those contracts that are already in process will
21 be moved over manually, that have a large span of
22 time remaining on them.

23 Training is a quick process that we're

1 actually working on with INTAP to assure that our

2 prime contractors as well as our subcontractors
3 will be prepared and ready to use the system, and
4 we also have a collection of reports that are
5 being developed that would allow us to better
6 manage and to respond to monitoring of our MWBE
7 Spend.

8 The communications plan continues, as I
9 indicated earlier, on -- we have been meeting
10 with agencies since the spring of the year.
11 Those meetings will continue, to let them know
12 that the system is available, it is being used,
13 we are monitoring contracts, and we will continue
14 to do so and be available to answer their
15 questions as they need it.

16 And so, with that, a little bit later on
17 we'll talk a little bit more about the Pay Audit
18 System, but just to let you know that the system
19 we've been waiting for, it is currently in the
20 production environment.

21 The next point I'd like to report on is
22 our progress with the Ohio River Bridges Project,
23 which will probably be our area of focus over the

1 next several months. The MWBE has served on the

2 Ohio Bridges Project work group along with INDOT
3 to assure that DPE's, MBE's and WBE's are
4 actively informed and engaged in the Ohio River
5 Bridges Project, which is still in the stages of
6 planning, the planning stage.

7 The work group was -- was formed to assure
8 that diversity recommendations were forwarded to
9 the project's steering committee, advisory
10 committee, such that -- to assure that MBE's and
11 WBE's and DBE's were actively included in the
12 project.

13 The Indiana-Kentucky -- the
14 Indiana-Kentucky Bridge Authority, they are still
15 analyzing the financing and construction methods
16 and the supplemental environmental impact
17 statement is currently still being considered.

18 The work group, we've met eight times
19 since the early summer. We are currently waiting
20 for our final meeting, where the recommendations
21 that we have placed before the Advisory Committee
22 will be finalized, and then hopefully adopted as
23 guiding -- as guidelines for them as they move

1 forward in considering how to engage DBE's, MBE's
2 and WBE's in the project.

3 A third point of interest has been, those
4 of you may be aware that the Minority Business
5 Center was formerly housed here at state
6 government, and our grant expired at the end of
7 February, and because we found that the services
8 of the Minority Business Center were not best
9 aligned with the client base that we have in the
10 MWBE Division, the Center was actually relocated
11 at the Indiana Minority Supplier Development
12 Council, a short distance away.

13 What we have done is we have formed a
14 memo -- we have a memo of agreement with the
15 Minority Business State Development Center or
16 Agency, and they will actually be working with
17 us. We'll be working together on programming to
18 assure that that particular part of our program
19 that was meeting the needs of a certain group of
20 our clients, that we would be able to continue
21 providing some level of service to those clients
22 through the MBDA Center, which is still open, but
23 relocated in another location.

14

1 Finally, I'd like to give a brief update
2 on our metrics that we have captured from -- we

3 do a cumulative metric reporting. We have
4 metrics captured from July 1, beginning of the
5 fiscal year. Our last reporting period was in
6 November, so they are numbers that include
7 September -- I'm sorry -- through October 31st.

8 At the end of our reporting period, the
9 first five months or so, first four months of the
10 reporting period, there were 882 certified
11 minority business enterprises, there were 1,445
12 certified WBE enterprises.

13 We have a total of -- we have a total
14 of 2,079 certified firms in 2011, the fiscal
15 year. Compared to what we have now, those two
16 numbers totaled together, the 882 and the 1445,
17 is 2327. So, we saw an increase of 12 percent
18 from the previous reporting period regarding the
19 number of firms that we had certified with the
20 MWBE Division. What we found is that most of
21 that -- most of that increase was due to an
22 increase in the number of WBE's that were
23 certified for our Division.

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1 In terms of our MWBE utilization on state
2 contracts, our weighted-average goal for the
3 utilization of MBE's is six percent, and we show

4 a total committed spend of \$981,862, on a total
5 spend of 197.3 million dollars. For our WBE
6 spend, we show a total participation of 6.5
7 million dollars in commitments, with a total --
8 on a total spend of 197.3 million dollars.

9 In terms of our compliance, as I stated,
10 the Pay Audit System is a compliance system that
11 we will be rolling -- that has been rolling into
12 production, and we will be using that to monitor
13 our compliance. However, some of our compliance
14 monitoring, for a period of time we will have to
15 run a dual monitoring process to look at both
16 commitments and spend until we get all of our
17 agencies fully on the Pay Audit System.

18 And at the current date, as of 10-31-2011,
19 we had audited manually 21 contracts, and just to
20 let you know, that may sound like a small number,
21 but when you're doing it manually, last year, for
22 the entire year, we were only able to audit 107
23 contracts for the entire year.

16

1 And so, year to date we've done 21
2 contracts manually, and the planned spend for MBE
3 was 14.18 percent. The actual spend for MBE's

4 was at 21.35 percent in term of the contracts
5 that we had monitored, so we were above what was
6 planned. The planned spend for WBE's was 16.15
7 percent, and the actual spend was 11.07 percent.

8 And that is the end of my report.

9 MR. MOORE: Felecia, is this an area
10 of concern, the -- on the utilization chart, the
11 lower amount for the first quarter of this year
12 vis-a-vis the lower -- the same quarter of last
13 year? I'm looking at the MBE utilization --

14 MS. ROSEBURGH: Right.

15 MR. MOORE: -- 981,000 over last year
16 was 11 million. Is that indicative of just a
17 spending trend for the whole state, or is this an
18 indication that we need to pay attention to here?

19 MS. ROSEBURGH: Well, I mean I would
20 say that we need to look into -- find out where
21 the spend was, because there could have been some
22 larger contracts last year that allowed us to
23 have a larger spend around MBE's, so the analysis

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1 would have to be what contracts have been let
2 this year, what contracts were let last year, and
3 then evaluate -- evaluate the spend based upon
4 that.

5 MR. WYNKOOP: Comm. Moore, I would
6 agree. It's a little concerning, and we will
7 commit to do -- what we will do for the
8 Commission is to get into the numbers a little
9 bit more and break them down and kind of give you
10 where we are specifically. If there -- my -- I
11 agree with -- which there probably are some
12 market contracts that came to contract end in the
13 beginning of this year.

14 MR. MOORE: Okay.

15 MR. WYNKOOP: So, we don't see that,
16 but I would like to give you a little more
17 specifics on that, as well as what we expect the
18 pipeline to be in the coming year, because there
19 are several large RFP's that are getting ready to
20 go out with FSSA and DCS that I think will help
21 us overall with the participation in that.

22 MR. MOORE: Okay. I would agree,
23 because I know it should apply to both MBE's and

18

1 WBE's.

2 MR. WYNKOOP: Correct.

3 MR. MOORE: Okay. Thank you. I like
4 this format, Deputy Commissioner. It's very easy

5 to understand, very easy to ask questions from,

6 so I'd like to continue this format.

7 MS. ROSEBURGH: Uh-huh. Great.

8 CHAIRMAN SMITH: I'll give the

9 Commissioners a few minutes to look over what

10 you've shown us these numbers are. If there's

11 concern -- if there's any other questions or

12 comments or concerns, I'll give you a few minutes

13 to address those as well.

14 (No response.)

15 CHAIRMAN SMITH: Hearing none --

16 MR. MOORE: I make a motion that we

17 accept the Deputy Commissioner's report, if

18 that's in order.

19 MS. DUNCAN: Second. I seconded.

20 CHAIRMAN SMITH: Did we get a second?

21 Okay. Hearing a second, all those in favor of

22 accepting the Deputy Commissioner's report?

23 MS. KENNEDY: Aye.

19

1 MR. VIDAL: Aye.

2 MS. TROTTER: Aye.

3 MS. TAYLOR: Aye.

4 MS. SPALDING: Aye.

5 MS. CHUANG: Aye.

6 MS. DUNCAN: Aye.

7 MR. WYNKOOP: Aye.

8 MR. MOORE: Aye.

9 (Sen. Breau arrived.)

10 CHAIRMAN SMITH: Any opposed?

11 (No response.)

12 CHAIRMAN SMITH: Hearing none, so

13 moved. The report is accepted. I think we are

14 noting, though, that we will -- we're going to

15 pull out some of that information about the

16 utilization. Obviously we can have some great

17 conversation about why the numbers are where they

18 are today versus this time last year. We can

19 have some conversation and make a decision on

20 that part.

21 This pushes us up to the discussion or

22 presentation on the Pay Audit System, which I

23 think I will actually give this back to Felecia

20

1 to kind of introduce -- I think we have INTAP in

2 the house who will be able to add some to that

3 discussion.

4 But Felecia?

5 (Discussion off the record.)

6 MS. ROSEBURGH: Okay. We are
7 excited, as I indicated a little earlier, to be
8 able to say that the Pay Audit System is in
9 production, so that has been a major -- a major
10 effort.

11 Go to the next slide.

12 The Pay Audit System went live on
13 November 14th, and we are actually loading
14 agencies into the system with a staggered
15 schedule, and we actually began loading agencies
16 on December 1st. The first agency that we loaded
17 was actually the Indiana Department of
18 Administration, which is our Department.

19 And over the next several months, as I
20 indicated, we will have agencies that probably
21 cover 90 -- approximately 90 percent or more of
22 state contracts will be actually using -- using
23 the Pay Audit System for new contracts. So, for

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1 those of you that --

2 You can go to the next slide.

3 Those of you that may not be familiar with
4 the Pay Audit System and what it is, it is just
5 what the name says. It is a system that will
6 allow us to audit payments of our prime

7 contractors, the payments that they've made to
8 subcontractors on the contracts that they
9 actually have with us, with the Indiana
10 Department of -- with Indiana State Government.

11 How does the system work? At a very, very
12 high level, the way the system works is that
13 we're using the People Soft platform, which is
14 the state government's procurement system, and
15 from there we are actually going in and
16 identifying those contracts that have MWBE spend
17 on them.

18 At -- once a month our plan is to send an
19 e-mail reminder to prime contractors, asking them
20 or reminding them to actually go into the Pay
21 Audit System and to record the payments they have
22 actually received from the State of Indiana.
23 After they do that, we will then remind our

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1 subcontractors that they should also go into the
2 Pay Audit System and record the payments that
3 they have received from their prime contractors.

4 And it sounds very, very simplified. I
5 wasn't the developer on the back end and I know
6 it was a little bit more complicated than that,

7 but at the end of the day we should have the
8 ability to do a matching, to see if what we paid
9 the prime and what they said they paid the subs
10 and what the subs said that they received are
11 actually indeed one and the same. So, at a very
12 simplistic level, it's a matching system that
13 allows us to verify the payments that were made
14 from us to the prime and in between the prime and
15 to the sub.

16 So, what are the benefits? Currently the
17 way we actually do our monitoring, as I just
18 indicated before -- and last year we were only
19 able to audit about 107 contracts. Thus far this
20 year we've only been able to audit 21 because
21 we're doing it manually, and we're actually
22 looking at commitments rather than actual spend.

23 So, the Benefits of having this system is

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1 actually that we have improved data accuracy and
2 reliability. We're not going off of commitments,
3 we're going off of actual spend and looking at
4 that. We'll have the ability to have enhanced
5 reporting on state spend with minority and women
6 business enterprises as well as comparing that to
7 our overall spend with prime vendors who have

8 contracts that include subcontracting goals with
9 M&WBE's.

10 We could also have an increased
11 effectiveness, so Jesse, some of the questions
12 that you asked, we would probably be able to get
13 that a lot faster with this system than we will
14 be able to get without it, being able to go in
15 and see where is that difference and find those
16 contracts that were -- that were let, and then go
17 back and compare that to the previous year,
18 because it's electronic.

19 So, where are we at? I talked earlier
20 about pointing that across state government.
21 Where we are now is, December 1 we deployed with
22 the Indiana Department of Administration, in
23 January we're going to deploy with one to two

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1 agencies, in February we've got about five to ten
2 agencies listed, and so on and so forth.

3 And the reason why we're able to load more
4 agencies as we progress forward is because -- we
5 would have done it before. If there are any
6 challenges with the loads, we will be more
7 proactive and can get in front of that with the

8 agencies, and then we're also loading agencies,
9 the smaller agencies with smaller spend. So,
10 we're able to load more of those, those contracts
11 and expect them to come over and be able to
12 manage that process.

13 And so, by -- by June 1st, any agencies
14 with spend, it's probably going to be a very,
15 very minute amount and we'll be able to load
16 those in by the end of the fiscal year. So, the
17 idea is that by the end of the fiscal year, we
18 will have all of the agencies that actively
19 procure goods and services with MWBE
20 subcontractor spend, they will be using the Pay
21 Audit System, and we will be able to track that
22 information electronically.

23 How are we going to handle training? We

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1 actually have -- we're looking at Web -- doing it
2 using something called UPK, which is pretty much
3 the standard of how we're doing some of our
4 training here at state government, which is an
5 on-line electronic tool that our primes and
6 subs -- and they're the only ones that are going
7 to need training.

8 The primes and subs can easily log into

9 the system and they can do UPK training on-line,
10 don't have to come in, don't have to tell us,
11 they can do it whenever they'd like to do that.
12 And we'll also have some quick guides that --
13 it's just a very, very simple process of what the
14 vendors need to do.

15 In terms of our communications, what are
16 we doing? We've been using e-mail, we've been
17 using newsletters, we've been using the Web site,
18 we've been doing all of that for a number of
19 months to try assure that those stakeholders who
20 are touching the system, whether they're touching
21 it on the state side or whether they're a vendor,
22 the prime or the sub, then everyone is adequately
23 informed. I think we've done a pretty good --

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1 pretty good job with that.

2 And then our 16 key agency presentations
3 were done, like I said, between July -- were done
4 between May and the end of the summer, and
5 additional communications are currently available
6 through one-on-one sessions and going back -- and
7 going back to some of those agencies a second
8 time to say, "Now it's here," and answering any

9 questions they may have. It's a pretty seamless
10 process for the agencies.

11 Luther, if you can -- if you can flip over
12 to the other presentation. Actually this
13 schedule -- yeah, can you put that one back up
14 right there? Yeah.

15 So, here is our deployment schedule, and
16 there's one change on that. The Department of
17 Health is on -- which month?

18 MS. KREMER: The -- February.

19 MS. ROSEBURGH: Okay.

20 MS. KREMER: January would be the
21 Department of Correction and Department of
22 Environmental Management.

23 MS. ROSEBURGH: Okay. Great. So,

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1 our schedule is: In January it's going to be
2 Department of Corrections and Environmental
3 Management, and then February FSSA, Education and
4 Health, and then March we've got a large group of
5 agencies with smaller spend in terms of the
6 number of contracts, and then Transportation in
7 April, and all others in May.

8 Okay. Next presentation.

9 So, how does this work -- does this work?

10 Do we have a slide in there that talks
11 about the agencies? We don't? Okay.
12 Basically how it works for the agencies is
13 they're not asked to do anything that they're
14 currently not doing. The way agencies will use
15 the system is: There is what we call a Tier 2
16 page that they enter in Tier 2 spend on. It's
17 part of their current process, and we're just
18 reminding them to make sure that they do that.
19 That has been our message to the agencies, to
20 make sure that they go into that Tier 2 page and
21 they make sure that they enter in what their
22 commitments are with MBE's and WBE's.
23 But what we're showing you here -- and for

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1 Commissioners, you should have some of this
2 information in your binders. If you don't, we'll
3 make sure that you get it. What we're basically
4 asking our suppliers to do, our prime vendors to
5 do so, is to go in, to log in, to pull up any
6 contracts that they have MWBE spend on, find it,
7 identify what that spend is, and then this is the
8 place where they will go once a month to report
9 what that spend actually is.

10 Next slide, Luther.
11 And then our --
12 On the next -- let's have the next slide.
13 And then our subs will also go --
14 And go to the next slide. Right.
15 Our subs will do the same thing. They
16 will go in, they will pick the contract that
17 they're a sub on, and they will enter their
18 payment against that particular contract, and
19 it's tied all together by the document I.D. in
20 the DDS. And I think that's basically it. That
21 should be all of it. That's just another piece
22 there. And that's basically how the system goes.
23 So, currently what does it mean for the

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1 agencies? Keep doing what you're always doing.
2 What does it mean for our primes and our subs?
3 It means we're just asking them once a month to
4 go in and to document their payments that they
5 receive on their various contracts with state
6 government. That's basically it.
7 Yes, Sen. Breaux.
8 SEN. BREAU: Are there -- so, you're
9 going to go in once a month and remind the primes
10 and remind the subs?

11 MS. ROSEBURGH: Uh-huh.

12 SEN. BREAUX: So, what happens if one

13 or both do not adhere to those reminders? Is

14 there any --

15 MS. ROSEBURGH: Yes, we do actually

16 have the guidelines. One of the -- one of the

17 wonderful parts of the project that actually came

18 out of this all is that we had to look at our

19 entire business processes related to procurement,

20 and we had to look at all of these guidelines,

21 policies, the code, all of that that had anything

22 in them to do with MWBE spend.

23 And from that, we were assured that our

30

1 regulations stipulate that prime contractors who

2 have MWBE spend on those contracts, that at any

3 time our agency -- and in any way -- we can ask

4 them to report that spend.

5 And so, it can be everything from "We

6 haven't heard from you. Here's a letter. We

7 need you to go into the system to actually update

8 your information," to -- all of way to preventing

9 them from having a future contract with state

10 government. So, there's an entire -- an entire

11 spectrum of sanctions that can be -- sanctions or
12 notices that can be implemented to remind primes
13 and subs to report their spend.

14 SEN. BREAUX: And there's a time line
15 for the maximum -- if they haven't completed it
16 by, you know, once you've sent a letter and once
17 you've delayed any contracts, I mean is there an
18 absolute time line it must be met or you're out
19 of luck with any more additional --

20 MS. ROSEBURGH: I'm not quite sure
21 that we have an absolute time line. Megan's
22 going to write that down and we're going to
23 follow up on that.

31

1 SEN. BREAUX: But there needs to be a
2 progressive discipline.

3 MS. ROSEBURGH: But what we do with
4 each -- if we don't have a time line in place, as
5 you state, for all contracts, when we do
6 correspond with them, beginning from the first
7 correspondence, we say, "Within 15 days we need
8 to hear from you."

9 SEN. BREAUX: Uh-huh.

10 MS. ROSEBURGH: "And if we do not
11 hear from you within 15 days, then we will take

12 the next step to reach out again, or the next
13 step." So, we do make sure that there is a
14 defined expectation of when to respond.

15 SEN. BREAUX: And there just needs to
16 be a defined end to all of this, at which point
17 you say, "We've reached --"

18 MS. ROSEBURGH: We'll check on that.

19 SEN. BREAUX: So, what happens if
20 there's no reconciliation, if everyone inputs
21 their information and it doesn't reconcile?

22 MS. ROSEBURGH: Then we will begin to
23 do more compliance monitoring to find out what

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1 the problem is. So, it's a case-by-case basis,
2 finding out as we do the analysis where is the
3 problem. Is it that the MBE says that they
4 weren't paid? Is it that the WBE who's on the
5 contract did no work, but the prime is not -- I
6 mean we have to do the investigation to find out
7 where the discrepancy is, and that could be
8 different in every case. But we will do the due
9 diligence to identify where the problems are.

10 SEN. BREAUX: And so, is there a
11 defined time line for that event as well,

12 particularly if it appears over and over again
13 that this same prime has a dif -- or the same sub
14 has a difficult time putting the correct
15 information in there so that it reconciles and,
16 you know, it happens repeatedly -- or even if it
17 doesn't happen repeatedly, is there a defined
18 time line at which you stop the investigation and
19 say, "This is -- this stinks. You guys aren't --
20 there's something that's inappropriate going on
21 here, and we've reconcile -- we've investigated
22 it as far as we can. You're out of this game
23 now, because you clearly don't know how to play

33

1 fair"?

2 MS. ROSEBURGH: To my knowledge, it's
3 a case-by-case basis, but when we do communicate,
4 we do communicate with the expectation --

5 SEN. BREAUX: Well, there typically
6 should be a real time line there so you're not --

7 MS. ROSEBURGH: We will check --
8 Megan's going to check that.

9 SEN. BREAUX: -- you're not
10 reconciling for days and days and days. And then
11 where are the teeth in this whole thing? If
12 there is a problem, if there's something that's

13 not happening appropriately, where -- where do

14 the teeth come in? Where's the actual --

15 MR. WYNKOOP: I think there's a

16 couple of things there I want to address. I

17 think your question is a good one about setting

18 up a time line. I think there does need to be a

19 general time line that we're looking at setting

20 up. However, it will be a case-by-case basis.

21 SEN. BREAUX: And I understand that,

22 but you can go on forever.

23 MR. WYNKOOP: As we look at -- I --

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1 you can go on forever, you're certainly right,

2 but keep in mind and please remember that this

3 system keeps us from being in the position that

4 we have been in for years and years and years,

5 the he-said-she-said, the prime says this, the

6 subcontractor says this, then the prime says

7 this, and the subcontractor says this.

8 I'm sure there are many folks who have

9 businesses that have done business with the state

10 and a subcontractor in this room that have been

11 stuck at the mercy of the prime because the prime

12 keeps saying this, this, this, this and this, and

13 they have to have a certain amount of money left
14 over to keep that process going just as long as
15 they possibly can.

16 Now we have record. We'll know you
17 actually didn't pay. You said you did, but it's
18 not in the system. And it will allow us to move
19 a lot faster forward in getting them where we
20 need them to be. What is the time line? I don't
21 know if we have one right now. We'll set one up.
22 We'll take a look at some options for that.

23 But yes, there is a point where it ends

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1 and that potential vendor is either removed from
2 being a prime contractor for the State of Indiana
3 or they find a way to make the payment that they
4 say they're going to make.

5 SEN. BREAU: And I definitely think
6 that this is much better and we're moving in
7 absolutely the right direction. I just want to
8 make sure that there really are teeth in this
9 process, because I just had a constituent contact
10 me and say that they were a sub on a prime
11 contract, and then once the contract was won or
12 granted to the prime, this sub was left out of
13 the process, that the -- she got absolutely

14 nothing or -- she was an MBE/WBE company and she
15 actually got nothing.
16 So, I'm sure that this will be a way to
17 make sure that, again, if there's not a
18 reconciliation process, that that will identify
19 where the error is and who's doing what wrong,
20 but there's got to be some teeth in there if
21 there are fraudulent or inappropriate activities
22 happening.
23 And then my last question -- or not my

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1 last, but I'll make it my last -- is: What's the
2 role of this Board in identifying -- and I'm
3 sorry I missed training. It was not on my
4 calendar. I want you all to give me a private
5 training. You have to give me -- I'm going to
6 talk to my LA. I don't know why it wasn't on my
7 calendar.
8 CHAIRMAN SMITH: This was your
9 recommendation --
10 SEN. BREAUX: I know, and I'm --
11 CHAIRMAN SMITH: -- this training.
12 SEN. BREAUX: -- upset. This was the
13 first one. I had the -- I asked for training for

14 this one and I asked for training for the Choice
15 Board. Both of them were done, and neither of
16 them was on my calendar, so I missed both of
17 them. But I got a private one there. If you'll
18 give me a private one, I would appreciate it.

19 But where -- what's the role of this Board
20 in this Pay Audit System? Where do we come in,
21 and can we be the teeth, and if so, how are we
22 going to be -- which -- how do you see us as a
23 Board fitting into the system?

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1 CHAIRMAN SMITH: Well, keep in mind
2 that the Board, about a year ago now, right,
3 updated the policy from a compliance standpoint
4 that said the reaction to a prime being
5 noncompliant was every -- something as small as,
6 you know, maybe a letter reaching out and an
7 attempt at mediation to removing or withholding
8 payment for them from their contract.

9 Obviously we'd hate to go to that extreme,
10 and that would be an absolute worst case, but
11 assuming that they decided not to do what they
12 were contractually obligated to do, then we would
13 have to pursue that piece. The Board, in and of
14 itself, doesn't enforce that piece. IDOA and its

15 procurement team enforces that component.
16 We as the Board are the unit that, number
17 one, administer -- or recommended the policy
18 change. It is the conduit for -- an outlet
19 for -- the voice for the folks that come from the
20 parts of the state that we represent and voices
21 the concerns and issues, like you're sitting
22 right here doing right now, to implement changes
23 in the said policy make sure things like that

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1 take place.
2 I think the Pay Audit System will give us
3 an opportunity to accurately, more consistently
4 track that piece whenever or if ever that
5 happens, and so we make sure that -- you know,
6 we're lucky that on this Board the Commissioner
7 of IDOA actually sits on the Commission.
8 SEN. BREAUX: Yes.
9 CHAIRMAN SMITH: And so, you know,
10 it's not an overly extended piece of
11 communication. He or she would actually be here
12 and be able to help enforce that component.
13 SEN. BREAUX: What will we get at
14 least initially to start off with, because, you

15 know, we might -- as a board, we might need to
16 make our presence a little bit more known, but at
17 least initially, will we get some reports that
18 are generated from the Pay Audit so we can see
19 how it's working and how --

20 MS. ROSEBURGH: What kind of report?

21 SEN. BREAUX: What kind of report?

22 MS. ROSEBURGH: Yeah, what kind of
23 report would you like?

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1 CHAIRMAN SMITH: Or most -- well, I
2 guess we should say, "What should be added to,"
3 because the Deputy Director gives that report.
4 So, what -- what should be or would you like to
5 be added to that piece?

6 SEN. BREAUX: Well, I don't know
7 what's currently on there, but I would like to
8 know how many -- how many primes are reporting
9 and what -- the amount of spend that they are
10 reporting in the subcontracting community.

11 And when we look at subcontractors, are we
12 looking at all subcontractors or are we only
13 looking at minority subcontractors? How are we
14 doing that? If a prime is -- if a prime
15 registers all of their subs, and then the Pay

16 Audit System -- is the Pay Audit System just
17 looking at all of the minority subs that have
18 been receiving -- or that are slated to receive
19 payment, or are they looking at all of the
20 subs --

21 CHAIRMAN SMITH: Right.

22 SEN. BREAUX: -- that that prime
23 deals with, so we can see overall the percentage

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1 of spend in the minority community versus the --

2 CHAIRMAN SMITH: Versus the majority.

3 SEN. BREAUX: -- versus the majority,
4 or just versus the entire prime-sub --

5 CHAIRMAN SMITH: Certainly.

6 SEN. BREAUX: -- subcontracting
7 community overall?

8 MR. WYNKOOP: The focus right now is
9 minority and women owned businesses, as that's an
10 area that we've had most of an issue and that was
11 what we needed to address. However, going
12 forward, we're definitely looking at all
13 subcontractors. There may be some clarifications
14 that will be --

15 SEN. BREAUX: Okay.

16 MR. WYNKOOP: -- justified with the
17 training that Purdue is experiencing right now,
18 so we want to make sure that we don't have other
19 subcontractors come back and say, "Hey, well, if
20 you're doing this on this side, you need to be
21 doing it on all sides," and so we do want to
22 address that. It's important, but right now we
23 want to get as much historical data from the

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1 minority and women business perspective in the
2 system as we can, and we look forward --

3 SEN. BREAUX: So, then will we be
4 able to get a report of how much the primes are
5 spending and how much they're spending in the
6 subcontracting arena so we can see what that
7 percentage is and how -- how are they being
8 reconciled? Are subs, MBE/WBE subs, really
9 getting what the primes say that they're getting
10 based on a big contract?

11 CHAIRMAN SMITH: Well, the idea is
12 for those numbers to match.

13 SEN. BREAUX: Right. So, we --

14 CHAIRMAN SMITH: So, both the prime
15 and --

16 SEN. BREAUX: -- can plainly see --

17 CHAIRMAN SMITH: -- the sub, right,
18 should be able to compare, and that's where the
19 red flag comes up, if those numbers aren't --

20 SEN. BREAUX: But can we get those
21 reports as a board, to see that all of that's
22 happening?

23 MR. WYNKOOP: Yeah, I mean we report

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1 that data right now based on commitment, and this
2 is a system that would allow us to report that
3 data based on --

4 SEN. BREAUX: Yeah, on commitment.

5 CHAIRMAN SMITH: That's actual --

6 SEN. BREAUX: And that's better. I
7 like that we're going beyond commitment, but will
8 we as a board be able to get those numbers?

9 MS. ROSEBURGH: Yeah. As Rob just
10 said, we're currently reporting them, and there
11 should be a copy of my report there. It's going
12 to be the same kind of report once we get all of
13 the agencies on. Instead of reporting
14 commitments, we're going to report actual spend,
15 so --

16 CHAIRMAN SMITH: The answer to your

17 question is yes.

18 MS. ROSEBURGH: Yes.

19 SEN. BREAUX: Okay.

20 CHAIRMAN SMITH: So, now we don't

21 have that opportunity or that ability; we just

22 report the commitment. Now we'll be able to

23 report a commitment versus the actual spend.

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1 But I also think it's important to note,

2 too, that the system, although the initial piece,

3 the idea is to make sure that we capture the

4 commitment and the actual for the MWBE

5 subcontractor, what we're calling it, but the

6 system itself is set up to capture all subs.

7 And with that -- with the concern that's

8 been brought up by Sen. Breaux as well as Jesse

9 and some others in the training, as well as in a

10 prior meeting, because this is not the first time

11 this has come up, those conversations about what

12 policy changes and what work needs to be set in

13 place to make sure that we capture them all.

14 That's going to have to -- as I said before, we

15 continue to have that conversation so that we can

16 handle that piece. Does that make sense?

17 SEN. BREAUX: Yes, sir. Thank you.

18 And like transportation in April, how
19 come -- aren't they a huge agency with a lot of
20 contracting? So, you're trying to get it all --
21 all of the bugs worked out before you put the big
22 one on; is that it?

23 MS. ROSEBURGH: Actually there's some

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1 challenges in terms of -- I'm not going to say in
2 terms of getting the information, but in being
3 able to pull that out. A lot of the INDOT spend
4 is DBE spend, and some of it's all bundled
5 together, so we have got to figure out a way to
6 be able to pull that apart -- if I'm saying that
7 correctly, to be able to pull that apart to get
8 at the state spend.

9 DBE spend is a little bit different than
10 MBE/WBE spend because it's federal. It's a --
11 the DBE program is a federal program, and
12 anything that has at least one dollar of federal
13 funding on it goes by the DBE guidelines. And
14 so, while INDOT reports that and has access to
15 that information -- and we will be making that
16 information available to the Commission.

17 And I've had a conversation with Tiffany,

18 and she will be working with me to make sure that
19 we report that. She does two reports a year.
20 But we will pull out the MBE spend from INDOT and
21 be able to report that as well.

22 SEN. BREAUX: So, that will be --

23 MS. ROSEBURGH: Yeah. So, it's a

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1 little bit trickier to get at, but we will get at
2 it.

3 SEN. BREAUX: And so, you think
4 you'll have that ready by April? You'll have
5 figured it all out by April? That's --

6 MS. ROSEBURGH: Yes, yes, that's what
7 we anticipate.

8 SEN. BREAUX: Okay.

9 MS. ROSEBURGH: That's what we
10 anticipate. We'll keep up on that one.

11 MR. VIDAL: Felecia?

12 MS. ROSEBURGH: Yes.

13 MR. VIDAL: If I may, can we have
14 maybe an accumulated year-to-date release
15 reporting, instead of only --

16 MS. ROSEBURGH: This is --

17 MR. VIDAL: -- quarterly?

18 MS. ROSEBURGH: No, this is actually

19 through -- through the end of October, because
20 the November report is going to be calculated
21 this month, so we don't have the November numbers
22 yet. This is December, so we're going to -- so,
23 yeah, I'm giving you the most recent numbers that

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1 we have available.

2 MR. VIDAL: Right, but I mean a
3 year-to-date --

4 MR. MOORE: For the year.

5 MS. ROSEBURGH: So, you want calendar
6 year to date --

7 MR. VIDAL: Yeah.

8 MS. ROSEBURGH: -- as opposed to
9 fiscal year?

10 MR. VIDAL: Yeah.

11 CHAIRMAN SMITH: That might be a
12 little bit harder --

13 MR. MOORE: Right.

14 MS. ROSEBURGH: Yeah.

15 MR. VIDAL: Okay.

16 CHAIRMAN SMITH: -- because the
17 fiscal year starts July 1, and --

18 MR. MOORE: This just happens to be

19 the first quarter of --

20 MR. VIDAL: The first quarter, yeah.

21 MS. ROSEBURGH: Exactly.

22 CHAIRMAN SMITH: So, it is the year

23 to date. November's included because it won't

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1 show up until this time next year.

2 MR. VIDAL: Okay.

3 CHAIRMAN SMITH: So, we've got the

4 year to date.

5 MS. TAYLOR: I'm just curious. I'm

6 presuming that the e-mail that goes out to the

7 primes and the subs to fulfill their

8 requirements, is it staggered, so many on this

9 day, so many on the next day, or how does that

10 work? We're not asking everyone to report on the

11 same day, are we?

12 MS. ROSEBURGH: We're going to --

13 actually Megan Lawson -- we've got a few people

14 in the room who are key to this process, and I

15 want to introduce them. Megan Lawson is our

16 Compliance Manager, and she's the one that was

17 doing those contracts manually, those auditings,

18 so she's the one, and this will be her system

19 that will be her number one tool.

20 We've also got INTAP. Tracy Barnes is the
21 owner of INTAP, and they're an MBE firm that has
22 developed the application for us, and they can
23 give you all of the technical details, and that's

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1 why we have them here today, to answer any of
2 those technical things.

3 So, Megan or Tracy, could you respond to
4 that question?

5 MS. LAWSON: The monthly e-mail
6 reminder does go out to everybody on the same
7 day, but that doesn't mean that everybody has to
8 go in on that day. They have a certain period of
9 time that they can go in and report that previous
10 month.

11 MS. TAYLOR: Okay.

12 CHAIRMAN SMITH: Right. It should be
13 fairly -- she was doing it by hand before, so
14 this being automated, you should be able to pull
15 it up quicker and reduce the amount of legwork,
16 if you will, that she had go to through before,
17 which will give her the opportunity to kind of
18 survey this, you know, more information. So,
19 we're not so much worried about the amount that

20 comes through at this point, considering she was
21 a one-man -- or a one-woman show, doing it all
22 long-hand. I'm sure she's done with it that way,
23 so --

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1 MS. ROSEBURGH: Yes.

2 CHAIRMAN SMITH: Any other questions
3 regarding the Pay Audit System, suggestions,
4 concerns, feedback?

5 (No response.)

6 CHAIRMAN SMITH: All of this is good
7 as we continue to kind of roll this thing out and
8 get it the way that it should be.

9 Anything else?

10 (No response.)

11 CHAIRMAN SMITH: I know a few of you
12 that --

13 SEN. BREAUX: I just want to say
14 congratulations on getting it this far, and I
15 know as a Commission member I'm very supportive.
16 I just want to make sure that in the end it
17 really encapsulates all of the information that
18 we need, but this is a great start, and we thank
19 you for that.

20 CHAIRMAN SMITH: I think we should

21 note, too, that -- all of these questions are
22 good, the feedback is great, plus rolling this
23 out doesn't mean that we're at its end. We've

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1 obviously got some work to do and a ways to go,
2 but -- and Sen. Breaux makes a good point. It's
3 great to see us at this point in this phase, to
4 be able to -- to collect the data in a way that
5 we're doing so now and alleviate a lot of -- as
6 Comm. Wynkoop so eloquently phrased, a lot of the
7 issues that -- in our MWBE community.

8 So, we're very excited to see that piece
9 of it, and as you guys leave the Commission
10 meeting and go back to your respective
11 communities, as you hear some things that we need
12 to address and you want to bring back to the
13 Commission via Felecia, please do so, so that we
14 can make sure that we address those things and
15 look -- you know, take a strong look at the
16 viability of implementing any suggestions that
17 you guys have, definitely.

18 Anything else about the Pay Audit System?
19 We want to make sure that we don't leave out,
20 skip over, or not address anything as it relates

21 to that piece, because it is a work in progress.

22 (No response.)

23 CHAIRMAN SMITH: All right. So,

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1 moving on, hearing no discussion, and I think the

2 next Commission meeting is -- March?

3 MS. ROSEBURGH: March.

4 CHAIRMAN SMITH: March. We'll

5 obviously have some follow-up in moving on with

6 the Pay Audit System, and we'll have some

7 discussion about where things exist for that.

8 SEN. BREAUX: So, in March we'll have

9 a report, a Pay Audit report?

10 CHAIRMAN SMITH: For all of the

11 information that we've been able to collect --

12 SEN. BREAUX: Up to that point.

13 CHAIRMAN SMITH: -- up to that point.

14 SEN. BREAUX: Yes.

15 CHAIRMAN SMITH: Yes, ma'am.

16 SEN. BREAUX: Okay.

17 CHAIRMAN SMITH: Yes, ma'am.

18 Any other questions?

19 (No response.)

20 CHAIRMAN SMITH: Well, let's move on.

21 One of the -- we're down to our New Business

22 piece of the agenda, and one of our
23 Commissioners, Mr. Jesse Moore, brought some

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1 things to the Commission's attention. In light
2 of the Disparity Study, which is also -- and
3 Sen. Breaux, make sure you get your binder. It
4 has a lot of great, great information in it, a
5 lot of the --

6 SEN. BREAUX: You won't even give me
7 a one-on-one.

8 CHAIRMAN SMITH: Yes, ma'am.

9 But the Executive Summary of the Disparity
10 Study that came out is also included, and part of
11 that was some discussion about the involvement of
12 the SEI's, for the education of the state's seven
13 educational institutions and some concern that
14 they raised about not having had much say in
15 their involvement as related to MWBE spend.

16 And a large part of their concern was the
17 fact that the universities were so different in
18 so many areas, and the example that always comes
19 out is, you know, the Southern Indiana --
20 University of Southern Indiana versus IUPUI, for
21 example, and having a consistent set of MWBE

22 goals that could be different.

23 You know, so if they have the same goal,

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1 that goal might be too high for Southern Indiana,
2 and conversely, too low for IUPUI, just based off
3 of the demographic makeup of the communities that
4 they exist in as well as the contracts that are
5 being let out.

6 And so, the idea was to have the SEI's
7 come in, and some of them have supply chains,
8 diversity groups and initiatives and programs
9 already in place, others do not, but to have them
10 come in and give us some of their thoughts and
11 ideas about what their objectives and goals
12 should be, and for us as a Commission to weigh in
13 on that and also may help them achieve that
14 overall goal of MWBE involvement at their
15 respective institutions.

16 And so, we wanted to bring that up for
17 discussion, and I'll have Jesse kind of give some
18 more insight into that thought, and wanted the
19 Commission to weigh in as to what they thought
20 about that idea and involving SEI's.

21 So, Jesse, do you want to --

22 MR. MOORE: Thank you, Mr. Chairman.

23 The whole idea stems from the fact that

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1 all seven of the schools in the State of Indiana
2 are located in different geographic locations
3 throughout the state, and it also stems from the
4 fact that when you look at the Disparity Study
5 itself, it draws different findings for each of
6 the universities.

7 And I thought it would be inappropriate
8 for the Commission to set one goal, one set of
9 goals, that would apply to all of the schools;
10 that they needed to set different goals, if they
11 were going to set goals, based upon the Disparity
12 Study.

13 And if that's the fact, then why have the
14 Commission do that? Why not have the schools
15 take a look at the Disparity Study and put
16 together what they were going to do in
17 approaching and addressing those issues, and then
18 have the Commission take a look at it?

19 I think that way the schools -- you're not
20 mandating to the schools what they should and
21 should not do, and you're allowing the schools
22 to, based upon their own environment and the

1 their plans in addressing those issues.

2 So, it just seems to me like it's a normal
3 progression if we're going to kind of monitor
4 what's going on without really having a heavy
5 hand in what the universities -- or the state
6 supported schools. So, that was basically the
7 thought.

8 What do the other Commissioners feel about
9 that?

10 CHAIRMAN SMITH: Yes, we'll open that
11 up for discussion.

12 Sen. Breaux?

13 SEN. BREAUX: Well, you know, I
14 understand that to a certain extent, but I also
15 know that those seven univer -- or those seven
16 schools play a huge role in their communities,
17 and in particular in this program, and I think
18 sometimes it's a heavy hand that keeps them
19 honest.

20 Now, I think probably it's not a bad idea
21 to hear back from each one of those entities as
22 it relates to what the Disparity Study indicates
23 they should be doing and what they think is the

1 reality and how that reality meshes with the

2 Study.

3 But at the end I think we need to look at

4 that, and I think one goal probably is the way we

5 need to go to keep down confusion, and maybe we

6 just need to make sure that that one goal is a

7 valid and a realistic one and not one that --

8 but, you know, I think that's our role is to be a

9 heavy hand and to make sure that those entities

10 which are huge and have a huge amount of spend

11 are really doing the max that they can in this

12 arena.

13 CHAIRMAN SMITH: Alfonso?

14 MR. VIDAL: I'm -- you know, I really

15 like the deal. You know, I mean you really want

16 to move forward on bringing everybody to the

17 table. That really, you know, is a positive

18 step, I think, in bringing everybody together and

19 understanding what the goals are going to be and,

20 you know, getting a commitment from the different

21 institutions.

22 SEN. BREAUX: Uh-huh.

23 MR. VIDAL: But I think also we

1 should -- and I agree with what you're proposing.
2 I think we should also keep in mind that we need
3 to maybe have encouragement or have the -- push
4 the institutions to do better and to strive to do
5 better and -- within the minority community,
6 because -- which it's true that the composition
7 of the communities across the state are quite
8 different.

9 I think the growth rates are also quite
10 different, and what we said maybe this year, next
11 year is going to be quite different as well. So,
12 I think that we need to also keep in mind that we
13 need to encourage those institutions to always do
14 better.

15 SEN. BREAUX: And to do more, yeah, I
16 agree. I think that's a great idea, to pull all
17 of them together and let's have a discussion and
18 let's see what makes sense, but at the same time,
19 let's not give them a pass to do only what's
20 easiest, but let's see what really make sense
21 universally and then push them to do more.

22 CHAIRMAN SMITH: I was going to say,
23 I don't -- I don't think the idea with the

1 proposition was to let them get off with not --

2 SEN. BREAUX: No, no.

3 CHAIRMAN SMITH: -- applying at all,

4 but just more of a realistic conversation about

5 how whatever the suggested goals play into what

6 every community composition looks like and

7 whether that's a realistic piece for them to do.

8 It could be too low, to be honest, in all

9 fairness, and we as the Commission could suggest

10 that it's higher; and conversely, if it's too

11 high and they suggest that it's too low, we take

12 a strong look at whether that's realistic or not,

13 as a Commission. But I think by no means -- or

14 would I like to see -- us allow them to just

15 skate by with no --

16 SEN. BREAUX: No, for sure.

17 CHAIRMAN SMITH: -- or very little,

18 MWBE representation moving forward.

19 Jesse, do you want to follow up with that?

20 MR. MOORE: Yeah. Well, it's been my

21 experience in working with all of the

22 universities that they have all been committed in

23 their own way. There's only two of the schools

1 that have a supplier diversity staff person, and
2 that's IU and Purdue. The rest are using
3 purchasing or other staff people, and they are
4 doing, I think, a heck of a job. They submit to
5 IDOA, to this Commission, on an annual basis,
6 what -- they report what their utilization and
7 spend has been for the year. So, it's not like
8 we're asking for a pass.

9 SEN. BREAUX: Uh-huh.

10 MR. MOORE: I'm just suggesting that
11 instead of being heavy handed, let's first ask
12 them for their plan and see what their plans are,
13 rather than just putting a number out there
14 across the board and applying it to all of the
15 universities, because I don't think that, even by
16 law, would be allowable, because there's a
17 different dynamic there. You have to take that
18 into consideration.

19 SEN. BREAUX: Well --

20 MS. DUNCAN: Well, I think, based
21 on --

22 CHAIRMAN SMITH: Commissioner?

23 MS. DUNCAN: I think, based on what

1 he said, like there's different environments, and
2 so I think that it -- I think it's a good idea to
3 create their own disparity study and let the
4 Commission look at it, because, like he said, I
5 don't think it's a pass, but I think there's
6 different environments for different schools,
7 like he said.

8 MS. ROSEBURGH: But I will say,
9 Comm. Duncan, that the Disparity Study that was
10 done does have pieces in there for each of the
11 seven -- the seven educational institutions.

12 MS. DUNCAN: Okay.

13 MS. ROSEBURGH: So, their evaluation
14 has been done. I think after the evaluation, how
15 do we move forward with the SEI --

16 MS. DUNCAN: Uh-huh.

17 MS. ROSEBURGH: -- given that
18 information. So, we've got the information, so
19 what's the best approach?

20 MS. DUNCAN: Uh-huh.

21 MS. ROSEBURGH: You know, do we say
22 use the state's -- IDOA goal --

23 MS. DUNCAN: Uh-huh.

1 CHAIRMAN SMITH: -- goals that we
2 have identified, and the response has been, "Hmm,
3 that may not be the best approach." So, I think
4 what Jesse is proposing is that we identify an
5 approach that's going to work, and it may not be
6 all of us on the same goals. It may be --

7 MS. DUNCAN: Uh-huh. Right.

8 MS. ROSEBURGH: -- something that's
9 achievable for those given institutions, but
10 that's a great point.

11 Yes.

12 SEN. BREAUX: Could we -- could we
13 stick with what our goals are for the SEI's,
14 don't change it, and tell -- and then give Jesse
15 an opportunity to organize those seven SEIU's and
16 bring them before us and let them tell us what
17 they believe is incorrect or, you know, not
18 accurate about the stated goals across the board
19 for all SEIU's, and then we can talk about
20 changing or adjusting it. But for right now
21 let's leave it as it is until we get additional
22 information that tells us otherwise.

23 CHAIRMAN SMITH: Well, in line with

1 that, we're not -- it would be not changing the
2 goals.

3 SEN. BREAUX: Okay.

4 CHAIRMAN SMITH: It would not be --

5 SEN. BREAUX: Well, then I say we put
6 forward that he be the one to organize bringing
7 all of those SEIU's together.

8 MR. MOORE: Did I say that?

9 (Laughter.)

10 MR. VIDAL: Point of --

11 MR. WYNKOOP: It's SEI's not SEIU's.

12 SEN. BREAUX: Oh, I'm sorry. SEIU's,
13 that would be very wrong, and I apologize.

14 CHAIRMAN SMITH: But Sen. Breaux, to
15 your point, I mean we voted to maintain the goals
16 as they are, I want to say at the meeting before
17 last, so that is --

18 SEN. BREAUX: Okay.

19 CHAIRMAN SMITH: -- what it is. I
20 think the overall piece of this discussion is
21 about the involvement, because let's be honest,
22 in the midst of all of this goal setting and
23 pieces, not many of us, especially as a

1 Commission, have had much, if any, conversation
2 with the SEI's, outside of Jesse himself,
3 arguably.

4 MS. ROSEBURGH: He's actually met
5 with IU, so we've done --

6 CHAIRMAN SMITH: I was going to say,
7 as a follow-up, maybe IU, but outside of that,
8 how much conversation have we had? And I think
9 if nothing else, this engages them so that we can
10 start to hold them accountable for, if nothing
11 else, what's already been said.

12 SEN. BREAUX: So, can he organize
13 that?

14 MR. MOORE: Go over there and sit.

15 (Laughter.)

16 CHAIRMAN SMITH: Additional
17 discussion on that?

18 (No response.)

19 CHAIRMAN SMITH: Rob, did you have
20 something?

21 MR. WYNKOOP: (Shook head no.)

22 MS. ROSEBURGH: But I think we can
23 work out who's going to spearhead that effort and

1 work together to make that happen. You know,
2 there has been conversation with Jesse, with
3 Loretta Gurnell from IU. I had a conversation
4 with someone from Ivy Tech. I think the IU and
5 Purdue situations are unique in that they do have
6 dedicated --

7 CHAIRMAN SMITH: Right.

8 MS. ROSEBURGH: -- supplier diversity
9 leaders in their areas, and the other ones are
10 pretty much procurement leaders who are trying to
11 do the right thing, but, you know, having that
12 dedicated person does make a difference, and so
13 we'll figure out how best to bring them to the
14 table and review that with the Commission.

15 MR. MOORE: And like I said, those
16 dedicated procurement folks -- I know we've got
17 one here, with Rob Halter, who's been dedicated
18 to supplier diversity for years and years and
19 years and serving on the Board of IMSDC and the
20 national organization, and he is, without a
21 doubt, committed to supplier diversity, as is the
22 other individuals at the other schools.

23 So, don't walk away from this discussion

1 thinking that only Purdue and only IU has that

2 commitment to supplier diversity. That's not
3 accurate. They all have. What we're trying to do
4 now is figure out how do we engage the SEI's so
5 that they, too, can have the best leverage
6 possible in reaching the goals that they set
7 forth for themselves with regards to meeting
8 those goals.

9 CHAIRMAN SMITH: Yeah, I think that's
10 an important note, and if I gave that impression,
11 I certainly rescind that, but the point was,
12 outside of yourself and Loretta at IU here
13 recently, if I took a poll of the Commission
14 right now, I'm not sure any of us could name
15 anyone else at any of the other universities.

16 And part of that, as a Commission, I think
17 the idea is if we can bring them in collectively
18 and have that conversation, then that'll go a
19 long way, if nothing else, for us to know who's
20 responsible at these universities for supplier
21 diversity, but also an opportunity to
22 collectively hold each of us accountable so we
23 can start dealing with the agencies as well

1 about, you know, attaining the goals that we set

2 forward. So, a good point of clarification on
3 that piece.

4 Sen. Breaux?

5 SEN. BREAUX: And I'd just like --
6 yeah, the point of contention I have with what
7 you just said is the goals they set for
8 themselves. You know, I think that we need to
9 work together to set those goals, and it's not
10 the universities' task to do what's best for them
11 and the most convenient for them. It's to do
12 what's best for the state, and so we -- those
13 goals have to be elevated and we have to, as a
14 Commission, see to it that we push them beyond
15 their comfort zone, beyond what's best -- what
16 they do for themselves.

17 MR. MOORE: Well, I think there's an
18 opportunity for us to work together to --

19 SEN. BREAUX: Yes, it's a --

20 MR. MOORE: -- maximize --

21 SEN. BREAUX: -- good conversation.

22 MR. MOORE: -- the opportunities for
23 women and minority businesses, because that's

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1 what we're here for. That's the bottom line.

2 SEN. BREAUX: Uh-huh.

3 CHAIRMAN SMITH: Additional comments

4 on this discussion?

5 MR. MOORE: And I would work with

6 Felecia with that conversation, pulling the

7 universities together, and not because you said

8 so.

9 SEN. BREAUX: I didn't --

10 (Laughter.)

11 SEN. BREAUX: I didn't say that.

12 CHAIRMAN SMITH: Well, just to --

13 just for -- just to make sure we have some

14 clarification as to what this next step is going

15 to be, and we'll pull from one of the

16 Commissioners as to what we're getting ready to

17 do, I know we're talking about pulling them in,

18 pulling the SEI's in to do what, specifically?

19 SEN. BREAUX: You want me to make

20 that?

21 CHAIRMAN SMITH: Sure. I mean I want

22 us to --

23 MR. MOORE: Oh, maybe I should make

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1 it.

2 CHAIRMAN SMITH: The idea here is I

3 want us to collectively, not only, number one,
4 understand what it is we're getting ready to do,
5 but also have a pretty good consensus on what it
6 is that our overall objective here is, so --

7 MR. MOORE: Well, I would like to
8 make a motion -- offer a motion that the
9 Commission initiate a strategy to include the
10 SEI's in the State of Indiana in finding out how
11 we can work with those SEI's to maximize their
12 utilization of women and minority businesses.

13 MR. VIDAL: I second that.

14 CHAIRMAN SMITH: Do we have a second?
15 Any further discussion on that piece as we
16 thought about that -- do we need to have that
17 reread?

18 MS. DUNCAN: Yeah, I'd like to hear
19 it over.

20 MR. MOORE: I can't say it over; I'm
21 sorry.

22 MS. DUNCAN: You can't say that?

23 MR. MOORE: Can you read it back --

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1 CHAIRMAN SMITH: Can you read that?

2 MR. MOORE: -- the motion?

3 (Record read back as requested.)

4 CHAIRMAN SMITH: Everybody good with

5 that?

6 (No response.)

7 CHAIRMAN SMITH: Any further

8 discussion?

9 (No response.)

10 CHAIRMAN SMITH: I heard a second.

11 MR. VIDAL: Second.

12 CHAIRMAN SMITH: Second. All those

13 in favor?

14 MS. KENNEDY: Aye.

15 MR. VIDAL: Aye.

16 MS. TROTTER: Aye.

17 MS. TAYLOR: Aye.

18 MS. SPALDING: Aye.

19 SEN. BREAUX: Aye.

20 MS. CHUANG: Aye.

21 MS. DUNCAN: Aye.

22 MR. WYNKOOP: Aye.

23 MR. MOORE: Aye.

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1 CHAIRMAN SMITH: Anyone opposed?

2 (No response.)

3 CHAIRMAN SMITH: Great. So, with

4 that, we'll move forward. Felecia will kind of
5 spearhead that, with the assistance of
6 Comm. Moore, with rounding up the SEI's for that
7 conversation. I think that's a good -- a great
8 suggestion. I'm glad we got some feedback on
9 both sides, as well as some of the concerns, and
10 discussing those goals, so I think that's a good
11 thing, a very good thing.

12 I think we moved through fairly -- fairly
13 well here to the point for public comments. We
14 have no one signed up for public comments?

15 (No response.)

16 CHAIRMAN SMITH: Wow.

17 SEN. BREAUX: We must be doing
18 something right or it's a Christmas present.

19 MR. MOORE: Mr. Chairman?

20 CHAIRMAN SMITH: Yes, sir.

21 MR. MOORE: If it's in order, I'd
22 like to offer, under New Business --

23 CHAIRMAN SMITH: Uh-huh.

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1 MR. MOORE: -- there seems to be, and
2 it's not just Indiana, it's across the country,
3 but I think it's a discussion that we need to
4 engage in, but there seems to be a movement

5 toward placing more value on certifications.

6 And I'll give you an example of what I
7 mean. We're in the process now at Purdue of
8 separating our reports so that we can give our
9 reports and show those companies that are
10 certified vis-a-vis those companies that are not
11 certified. Right now we can't mandate
12 certification.

13 I would like the Commission to take a look
14 at how do we add value to certification and what
15 can we do in the State of Indiana to place more
16 value on the certification? For instance, we had
17 a good discussion this morning about the rating
18 system that we have in awarding contracts at the
19 state.

20 I would like to maybe have a discussion
21 around placing some value in the rating system of
22 using certified firms vis-a-vis noncertified
23 firms. I don't believe that state law will allow

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1 us to mandate utilizing certification --
2 certified firms, but we need to look at a way of
3 adding value to certification.

4 It's -- it's going to work in our behalf,

5 because if we're using firms that are not
6 certified and there's a legislator or a media
7 person that does an investigation to find out
8 that we've included in our report a company that
9 has claimed to be an MBE or WBE and that they're
10 not, then I think we're exposed.

11 So, what I'm doing is looking at
12 separating our reports so that we can report,
13 like the Disparity Study, those firms that were
14 certified -- in the Disparity Study, it only used
15 state certification, but separate those firms
16 that are certified from those firms that are
17 self-certified.

18 CHAIRMAN SMITH: Okay.

19 MR. MOORE: So, I'd like the
20 Commission to, at some point in the future, take
21 a look at figuring out just how do we place the
22 value on certification, since we can't mandate
23 it, so that we are using more firms that are

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1 certified, both prime and subs.

2 MS. ROSEBURGH: I had a question, and
3 maybe it was packed in there. So, are you saying
4 place value on the use of certified firms, adding
5 up the value comes to the prime, or in both?

6 MR. MOORE: I don't know.

7 MS. ROSEBURGH: Sometimes you have --

8 MR. MOORE: I don't know the answer

9 to it.

10 MS. ROSEBURGH: -- information that

11 says -- okay.

12 MR. MOORE: I just -- I just know

13 that it's important that somebody certifies that

14 this company is a woman-owned business or a

15 minority-owned business, and if there is no one

16 that has certified that, then there's an exposure

17 that we're using a firm that is not what they say

18 they are.

19 So, somehow we have to find a way to place

20 value and strongly encourage those minority- and

21 women-owned businesses to be certified, whether

22 it's with the state or IMSDC or the City of

23 Indianapolis. I feel as though if someone is

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1 willing to place their name on the line saying,

2 "Yes, this company is who they say they are,"

3 then I'll accept it.

4 MS. ROSEBURGH: And I know the

5 state's list, the firms that are on our list, all

6 of them, we can --

7 MR. MOORE: Right.

8 MS. ROSEBURGH: -- confirm that they
9 are. So, that may be a broader conversation we
10 can have when we talk to the SEI's as well.

11 MR. MOORE: So, when you do business
12 with minority firms, they have to be certified?

13 MS. ROSEBURGH: In terms of state
14 contracts through our office, yes.

15 MR. MOORE: Well, see, with the
16 schools, we don't.

17 MS. ROSEBURGH: We don't, right.
18 Exactly. Okay.

19 CHAIRMAN SMITH: But to get credit
20 for it -- I think there's a point of
21 clarification.

22 SEN. BREAUX: Right. Yeah, I think
23 he's trying to say that --

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1 CHAIRMAN SMITH: To get credit for
2 being in business --

3 SEN. BREAUX: You get higher
4 rankings.

5 CHAIRMAN SMITH: -- that business has
6 to be certified; right?

7 MS. ROSEBURGH: To actually -- yes,
8 yes, for us to use a firm and say that firm is an
9 MBE or a WBE firm --

10 CHAIRMAN SMITH: They have to be
11 certified.

12 MS. ROSEBURGH: -- they have to be
13 certified through our office. So, for instance,
14 the Pay Audit System, all of those firms that say
15 they're being used as subcontractors, they are
16 certifiably -- through our Department, that our
17 team confirmed to be owned and controlled by MBE,
18 owned and controlled -- or -- and/or by WBE.

19 CHAIRMAN SMITH: To your point,
20 though, a prime could do business with a
21 minority-owned firm that's not certified if they
22 so chose.

23 MR. MOORE: Right.

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1 CHAIRMAN SMITH: The catch is --
2 Felecia, correct me if I'm wrong -- they would --
3 those dollars would not be.

4 MR. MOORE: Counted.

5 CHAIRMAN SMITH: -- counted, number
6 one, and then what I do have a question on, and

7 I'm hoping that Felecia or somebody on your team
8 can clarify this -- in the RFP piece, because
9 being a member of this Commission also changes
10 the way that that pointing structure is --

11 MR. MOORE: Right.

12 CHAIRMAN SMITH: -- is -- goes. If
13 you claim an MWBE on your RFP, with the idea to
14 get points for them --

15 MR. MOORE: They have to be
16 certified.

17 CHAIRMAN SMITH: -- then they have --

18 MS. KREMER: We check it.

19 CHAIRMAN SMITH: -- to be
20 certified --

21 MS. KREMER: We check it.

22 CHAIRMAN SMITH: -- for those points
23 to count; is that correct?

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1 MS. KREMER: Yes, yes.

2 CHAIRMAN SMITH: Okay.

3 MS. KENNEDY: And we double-check
4 that.

5 MR. WYNKOOP: One of the reasons the
6 RFP process, while not slow, is not as fast as
7 some would hope, meaning those that respond to

8 our RFP's, is because we actually do do quite a
9 bit of due diligence and going through each of
10 the respondents, the firms that they've agreed to
11 contract with that are minority and women owned,
12 to make sure that they are indeed commercially
13 useful in the services or the products that they
14 provide, and are they certified with Felecia's
15 office, and that typically takes several days of
16 back and forth trying to figure that out. So,
17 we -- before we make an award on a request for
18 proposal, we make sure those contracted folks are
19 indeed certified with the State of Indiana.

20 CHAIRMAN SMITH: So -- Sen. Breaux?

21 SEN. BREAUX: So, I thought what I
22 was hearing you say, and it sounds like you're
23 already doing this, is that if there is a prime

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1 that uses an MBE/WBE and they are certified
2 MBE/WBE, they actually get additional points
3 because they're using a certified MBE/WBE versus
4 a noncertified? There's greater value to them to
5 be certified than not?

6 MR. WYNKOOP: Either you're certified
7 or you're not. You don't get the points if

8 you're not certified.

9 SEN. BREAUX: Okay. So, if you're
10 certified, then you get additional points for
11 using a certified vendor?

12 MR. WYNKOOP: Yeah. We don't --

13 SEN. BREAUX: Is that what you're --

14 MR. MOORE: Yeah.

15 MR. WYNKOOP: Yeah, we don't have to
16 have a difference between noncertified and
17 certified.

18 SEN. BREAUX: You already do that.

19 MR. MOORE: Yeah, they're

20 certified --

21 SEN. BREAUX: But you don't do it for
22 SEI's, do you?

23 MR. MOORE: No.

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1 MS. SPALDING: Well, maybe that's
2 something to add to the conversation with SEI's
3 is this whole issue.

4 MR. MOORE: On certification?

5 MS. SPALDING: Uh-huh.

6 MR. MOORE: Sure.

7 CHAIRMAN SMITH: So, there is -- and
8 maybe -- I don't know if there are some other

9 ways that we can incentivize others to make -- to
10 ensure that they are certified, but that is one,
11 and making sure you're certified so that prime
12 holds that as a valuable piece in their bidding
13 of a contract, to make sure that they get the
14 points on that.

15 Because the other reason we changed it to
16 say if you have no representation on your RFP at
17 all, whereas before, nothing really happened,
18 you're now penalized for that and you lose
19 points, you lose possible points that you could
20 have gotten in that process now. So, there is
21 some value, especially through the eyes of a
22 prime, looking to make sure that they comply with
23 that sub piece of that RFP, to have you certified

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1 as an MWBE.

2 MR. MOORE: Okay.

3 CHAIRMAN SMITH: Does that make
4 sense?

5 SEN. BREAUX: Yes.

6 MR. MOORE: Yes.

7 CHAIRMAN SMITH: Any other thoughts
8 or suggestions from the Commissioners by way of

9 New Business? I didn't mean to sail over you.

10 Is there anything else that we want to bring to
11 the attention of the Commission from the public
12 here today?

13 (No response.)

14 CHAIRMAN SMITH: No? And having
15 heard no public comment, I will entertain a
16 motion to adjourn the meeting.

17 MS. TROTTER: So moved.

18 CHAIRMAN SMITH: Anyone opposed to
19 adjournment?

20 (No response.)

21 CHAIRMAN SMITH: With that said, I
22 certainly thank the Commission for being here
23 today, especially those that attended the

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1 training this morning. See you guys in March.

2 Thank you.

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4 Thereupon, the proceedings of
5 December 12, 2011 were concluded
6 at 2:28 o'clock p.m.

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1 **CERTIFICATE**

2 I, Lindy L. Meyer, Jr., the undersigned
3 Court Reporter and Notary Public residing in the
4 City of Shelbyville, Shelby County, Indiana, do
5 hereby certify that the foregoing is a true and
6 correct transcript of the proceedings taken by me
7 on Monday, December 12, 2011 in this matter and
8 transcribed by me.

9

10

Lindy L. Meyer, Jr.,

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12

Notary Public in and

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for the State of Indiana.

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15 My Commission expires October 27, 2016.

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