

Lansing, Michigan

November 21, 2000

A regular meeting of the State Administrative Board was held in the State Capitol, Senate Appropriations Room, 3rd Floor, on Tuesday, November 21, 2000, at 11:00 a.m.

Present: Brian DeBano, Director of State Government Affairs, representing
John Engler, Governor, Chairperson
Theodore Hughes, Assistant Attorney General for Law, representing
Jennifer M. Granholm, Attorney General
Julie Croll, Deputy State Treasurer, representing Mark A. Murray,
State Treasurer
A. Edwin Dore, Deputy Secretary of State, representing Candice
Miller, Secretary of State
Carol Wolenberg, Deputy Superintendent, representing Arthur Ellis,
Superintendent of Public Instruction

Arlene Oisten, Secretary

Absent: Dick Posthumus, Lt. Governor

Others Present: Deborah A. Devine, Anne-Marie Voice of the Attorney General's Office; David Ancell, Sherry Bond, James Burris, Kathryn Jones, Joette Yauk, of the Department of Management and Budget; Randy J. Knapp of the Department of Transportation; Mark Heusel and Lisa Robinson of Wise & Marsac; W. Alan Wilk of Dykema Gossett; James E. Hughes and Joe Edwards of SRI, Inc.; Patricia Pallares of Cogent Systems, Inc.; Joe Smalley of Muchmore, Harrington, Smalley and Associates, Inc.; Paul Egan of the Lansing State Journal; Jerry Crandall of MIRS

1. CALL TO ORDER:

The meeting was called to order by Mr. DeBano. Reverend Alan Kamens of Grace Lutheran Church in Lansing gave the invocation. Mr. DeBano led the Pledge of Allegiance to the Flag.

2. READING OF MINUTES OF PRECEDING MEETING AND APPROVAL THEREOF:

Ms. Wolenberg moved that the minutes of the State Administrative Board for the regular meeting of November 7, 2000 be approved as distributed. Mr. Hughes supported the motion, and it was unanimously adopted.

3. HEARING OF CITIZENS ON MATTERS FALLING UNDER JURISDICTION OF THE BOARD:

Before the Board was to hear speakers, Ms. Wolenberg moved that the speakers be limited to three minutes to address the Board. The motion was supported by Mr. Hughes, and unanimously adopted.

Mr. James Hughes, president of SRI, commented on the bid process for the title search contract because he did not feel it met the test of fairness and that substantive errors were apparent in the bid process. His company has provided services to county governments for many years. The award was given to a new company with an up front payment of \$1,039,000 before evidence of contract performance. He is concerned that county treasurers will not be able to perform their jobs appropriately if this contract does not work.

Mr. Allen Wilk of Dykema Gossett, representing SRI, expressed his concern about due process with the award of the title search contract. They have filed two appeals on behalf of SRI, Inc. He felt the ITB was unclear and rushed to be implemented, then delayed due to lack of appropriations. The Joint Evaluation Committee (JEC) met on June 7 and no final summary was done by the JEC until September 20. No notes were maintained. However, it appeared that one bid may have been changed.

DMB Purchasing agreed with the issue that there could have been problems and formed a second JEC. Mr. Wilk felt there was no independent review of the second JEC. They have filed for various FOIA requests and received one response 41 days after the request.

Dykema Gossett has filed four complaints, three for FOIA and one under Article 1 Section 17 of the Constitution for fair and just treatment. Based upon the information presented they request a reconsideration by the Board. Mr. Hughes asked if Mr. Wilk had given the Finance and Claims Committee this information. Mr. Wilk responded that SRI had been represented at two

Finance and Claims Committee meetings, but the FOIA information was not received until November 6, 2000.

Mr. Ancell, of DMB Purchasing responded to the comments made by Mr. Hughes and Mr. Wilk. There were two appeals filed by SRI, Inc. The second JEC was convened. The members of the JEC had no previous knowledge of the past JEC. They arrived at their own decision based on the technical merits of the proposal as being the best proposal and in the State's best interest.

Mr. Hughes asked if the late response to the FOIA request prejudiced the disappointed bidder.

Mr. Ancell felt that the notes that a JEC member wrote along side of a page did not influence the outcome of the award recommendation. The award was made based on technical responses and how the winning bidder would perform.

Mr. Mark Heusel of Wise and Marsac spoke, representing Cogent Systems. He stated that the Finance and Claims Committee had approved the recommendation of Sagem-Morpho, Inc. contingent upon a Temporary Restraining Order (TRO) not being served on the State Administrative Board. A TRO was delivered during the meeting restraining the defendants – Department of Management and Budget, Janet Phipps, and David Ancell – from recommending the fingerprint imaging contract with Sagem-Morpho, Inc. to the Finance and Claims Committee or the State Administrative Board.

Mr. Hughes asked if the State Administrative Board or the Finance and Claims Committee were named as parties in the law suit, or if there was any language at the end that makes the TRO binding on any person served. It did not. Mr. Heusel gave Mr. Hughes a copy of the TRO and the members of the Board took a few minutes to review the TRO.

4. COMMUNICATIONS:

The correspondence from Alan H. Van Noord of the Department of Treasury, was presented with the detail of investment holdings report and the investment transaction report for the Veterans Benefit Trust Fund as of September 30, 2000.

Mr. DeBano accepted the correspondence.

5. UNFINISHED BUSINESS:

None

6. NEW BUSINESS:

Retention and Disposal Schedules:

Consumer and Industry Services, Corporations, Securities, Land
Development, Corporations Division, 8/2/00

Department of Environmental Quality, Drinking Water and Radiological
Protection, 10/20/00

Ms. Wolenberg moved that the Retention and Disposal Schedules be
approved. The motion was supported by Mr. Dore, and unanimously
adopted.

7. REPORTS AND RECOMMENDATIONS OF COMMITTEES:

(Please see the following pages)

Ms. Croll presented the Finance and Claims Committee Reports covering the regular meeting held November 14, 2000 and the special meeting held November 21, 2000. After presentation and review of the forgoing Committee Reports, Ms. Croll moved that the regular Finance and Claims Committee Report of November 14, 2000 be approved and adopted with the withdrawal of item 14 (1) at the request of the Department of Natural Resources and that the special Finance and Claims Committee Report of November 21, 2000 be approved and adopted. The motion was supported with a friendly amendment by Mr. Hughes.

Mr. Hughes moved that item 1 of the Special Finance and Claims agenda of November 21, 2000 be tabled until such a time that the TRO by Judge William E. Collette be removed. Ms. Wolenberg supported this motion and it was unanimously adopted.

Mr. Hughes then moved that the balance of the original motion be supported. The motion was unanimously adopted.

Ms. Croll presented the Building Committee Report covering the regular meeting held November 15, 2000. After presentation and review of the forgoing Committee Report, Ms. Croll moved that the regular Building Committee Report of November 15, 2000 be approved and adopted with the withdrawal of item 1 of the agenda. The motion was supported by Mr. Hughes and unanimously approved.

Mr. Dore gave the presentation of the Transportation and Natural Resources Committee Report for the regular meeting of November 15, 2000. After presentation and review of the forgoing Transportation and Natural Resources Committee Report, Mr. Dore moved that the Transportation and Natural Resources Committee Report covering the regular meeting held November 15, 2000 be approved and adopted. The motion was supported by Ms. Wolenberg and unanimously approved.

8. MOTIONS AND RESOLUTIONS:

None

9. ADJOURNMENT:

Mr. Dore moved the meeting be adjourned. The motion was supported by Mr. Hughes and unanimously approved. Mr. DeBano adjourned the meeting.

SECRETARY

CHAIRPERSON