

WHEREAS, in the opinion of the County Auditor, the public interests required that the Lake County Council, should be called to meet in special session at this time, for the purpose of considering RFQ Proposals for Guaranteed Savings and Facility Improvement Program, a written notice was sent to each member of the Council, and proper advertisement made, and all other acts performed in accordance with the laws governing such matters.

And now in obedience to such call, come Christine Cid, President, Ernie Dillon, Elsie Franklin, Jerome A. Prince, Thomas O'Donnell, Ted Bilski and Larry Blanchard, County Councilpersons, together with Ray Szarmach, County Council Attorney.

President Christine Cid explained that this meeting is for discussion/action on a RFQ for a Guaranteed Savings and Facility Improvement Program. Cid said at this time, there will be a presentation from Johnson Controls.

Brian Gilliland who is the Branch Manager made the introductions.

He introduced George Gower, who is the Performance Contracting Account Manager. Mr. Gower will have the privilege to focus just on the performance contract in Northwest Indiana, and the Chicagoland area, more specifically for local government and School Corporations.

He introduced Rick Renner, their Account Executive who manages and maintains relationships, the one's in Lake County.

Dale Misch the on-site Supervisor who essentially runs the day to day operations, and Larry Clemmons, who is one of their specialists who takes care of things in the evenings.

Mr. Gower explained that Johnson Controls is a \$38 Billion dollar company. They are financially stable. They have 120 plus years of history. They are the largest performance contractors in North America. He said that they currently guarantee more than 751 million in performance contract savings with State and local, but with k through 12 in healthcare, we guarantee 6 billion dollars in savings.

He said they have nearly 3,000 employees in Indiana and Illinois alone. A lot of companies can help you with mean green, but what makes us unique is our

leadership and experience, with our leading technology. He said they have 24/7 monitoring service.

Mr. Gower stated that Johnson's Controls has been named Corporation of the Year for a second time by National Minority Supplier Development Council in recognition of our achievement in Minority Business. We are very serious about working with minority companies.

Mr. Renner said that Lake County and Johnson Controls have a history of about 25 years. He said Johnson Controls did the very first guaranteed savings contract here in Lake County 25 years ago. At that time they called it Shared Savings. He said that there was a time when Lake County almost shut their doors because they couldn't afford to pay their utilities.

Johnson Controls came in and did an audit of the facility, the equipment, and the analysis, and we replaced equipment that was so inefficient with brand new more efficient equipment that saved so much money, we didn't send you an invoice, we didn't pull money out of your pocket, you paid us through the savings. You took a share, and then we took a share.

Several years after that, when more energy equipment came out, we did it again. We did a second phase. With the exception of the Phase I that you are just now completing, we have done every other performance contract or energy related contract for Lake County. In fact, for the Phase I that you are currently under, we are the sub-contractor doing all the mechanical work for you. So what that really tells me is that Phase I, they think highly enough of us to let us do all of the work.

He said that they have 2 full-time employees on site, Larry and Dale. He said that Dale starts here at 6:00 A.M. He is making sure that everything is running the way it should be. Larry is here in the evenings. He said there has always been 2 guys working at this facility.

Having 25 years of experience in performance contracting, and 25 years of being on site here, tells me one thing, if there is one thing that you get out of this presentation, let it be this, nobody understands your facility better than Johnson Controls, nobody.

He said that they are similar to their competitor in that they both are in the performance contracting business. We both do the same thing. We both are project managers. What makes us different is, we sell performance. Of course we engineer it, but we also manufacture equipment ourselves. We install the equipment. We maintain the equipment, and we guarantee it.

Franklin said that when this first went out for bid, she doesn't recall seeing Johnson' Controls bidding on the 1st Phase of this, and Franklin asked why?

Mr. Gilliland said that he wishes he had an answer to that because he and everyone asked why Johnson Controls didn't get on Phase I. Unfortunately, the person who was responsible for this account, before he started with Johnson Controls, is no longer with the Company. He also said that he is willing to bet that we wouldn't be standing here today had we done the first phase, I am that confident.

O'Donnell said that he didn't remember putting out an RFQ for the first phase.

Attorney Szarmach said that we did. There were at least three or four companies that requested the packet, and only Ameresco responded, and in this case, we have the 2 who responded.

Bilski said you stated that you owned York, and he said that out of curiosity, he wanted to ask, where are they based out of, where is their manufacturing plant at?

Mr. Renner said in Pennsylvania.

Bilski asked, if we decide to look at splitting this contract up, possibly separating the HVAC, out of this Phase II project, if I'm wording this right?

Attorney Szarmach said, first of all, you need an answer to that question, and with what they've presented, can they do a portion of the work, or can they not? Can they only do the whole package as we're looking at it?

Mr. Renner said, if there is even the possibility that we split it, say at \$10 million, or \$14 million, you can give both companies half. Let us focus on our core business, the fire side the (inaudible) that needs to be replaced, again we manufacture those, we service and maintain those and test them. Let us do what we know best, and if they are good at infrastructures and elevators, we could split it that way. We could come to an agreement of this is what you will focus on, and we are going to work with you any way we can.

Prince said that it was mentioned that you have been sub-contractors on the project that that the current company worked on.

Mr. Renner answered, that's right.

Prince asked if he thinks it's necessary, if you are successful with receiving Phase II, for you to hire them as sub-contractors, or can you just kind of take over. Do you see a need to include them in your scope of the work?

Mr. Renner answered, without knowing what their scope included in the first phase,(inaudible).

O'Donnell said my perception is that Ameresco is more of a project manager, than a worker, and what Mr. Renner sounds like he is saying is we do both,

manager, and we work.

Mr. Renner said for example, on the sub-contract that we did on mechanical work, we have our own project managers, and they knew that we knew what we were doing, and they did come by once every so often. It wasn't a whole lot, they knew we knew what we were doing. It worked out well.

Franklin said that if she heard right, the former person who was in charged, really didn't do his job, as it relates to a lot of things that I see around here that has deteriorated, that was supposed to be controlled by Johnson Controls.

Mr. Renner said it was the salesperson who had this account when you did the first RFQ.

Cid said I think part of Franklin's question is one of the questions that I had, why are we in the situation that we are in? When we started Phase I, was that if you've had this for 25 years, why wasn't the maintenance kept up? We saw some horrific pictures of situations here in this building. Why wasn't it maintained, kept up?

O'Donnell said my recollections of the worst stuff was in the old buildings across the street, and there were exposed, and I don't know if you guys just do mechanical stuff, or if you just do HVAC stuff right now for us, but it was exposed wires and big transformers with huge wires coming out, and didn't go anywhere and we were afraid that if you touched them, it would "blow your head off" somehow. They just looked scary over there.

Mr. Renner said that was a question he asked about a year and a half ago as well. He was shown pictures of that and said that they've addressed that. He said they don't get involved with electrical systems, what they do at that point is, bring it to the attention of the customer. If there is insulation falling, again we don't tackle that, we bring it back to your attention, but not part of our scope of work, it's part of our contract.

Cid asked have you met the goals of Lake County? I know you do with Minority Groups. Have you met those goals here with Lake County, with MBE, and MWE. Have you met those goals with Lake County? You have met those goals in other places, you've gotten very high ratings, which I commended you on, but have you done that here in Lake County?

(Could not hear the answer - inaudible)

Cid asked in the past 25 years the contract that you had with the project manager, with the Commissioners, have you met those goals?

Can not hear - (inaudible)

Franklin asked if Larry is the only African American that Johnson Controls has

working here in Lake County, in this facility?

Mr. Renner said they have 2 employees here.

The Council decided that there wouldn't be a vote today. They will put this on Monday' (11-10-08) agenda.

Mark Heirbrandt Sr. thanked the Council for trusting Ameresco with Phase I. He said he believes that together, they have learned a lot as they went along with this in how to build a successful project. He said they are starting to see some of the fruits right now, some of the hard labor, especially with some of the renovations that we are doing. They are moving the Health Department out right now.

He said that about 2 years ago, they sat down with the building committee and talked about what we wanted to accomplish with this. He said one of the things that was said was that we wanted to be pro-active, and we did not want to be re-active. He said that this is something that Council lady Franklin preached in the last Council meetings because you were being "hit" with surprising emergency costs for equipment all of the time.

The other thing was you wanted to make sure that you involved Lake County Companies in this, you had goals for minorities, and women owned businesses to have participation in this project.

You wanted an effective communication plan put into place, in where you had the Commissioner' involved, we had a building committee where we were communicating effectively, from the Council to the Commissioners, and that is one of the things that we have done.

He said with the budget crisis the way that it is, you've got a tight budget, you are looking for all of the savings opportunities you can try to get right now and minimizing your risks right now is something that is real important to us.

He said that some of the achievements that they have had with Phase I are the asbestos issue.

Mark said that they had Lake County companies involved in this since the beginning. We signed a union labor agreement, and we have all union labor. We also had a goal for minority and women owned business participation in this project we've exceeded that goal.

He said that we are one of the only companies that ever exceeded this. He said that we've worked real hard to make sure that we've accomplished this for you.

Mark said that the re-location of trying to get the Health Clinic out of here was something that was real important. We just finished, within the last week getting the Health Clinic, and getting them moved. Marked commended the Council for their help in getting it done.

Mark said that most importantly, is the communication process that we have in place is a lot better now, than when we first came here. Since the building committee was formed, it seems like more communication is taking place.

Mark said that there is a lot of work to be done, and they are just starting to get into it, and that's why Jeff is going to speak a little bit about Phase II, and where we are going with this.

Jeff said that they have greatly appreciated the opportunity to be here doing this project, Phase I. It's a big project, there's a lot of scope here, a lot of complicated things there that we had to do, we had to shut down facilities, and do electrical work, we had a lot of things to manage in Phase I, and that project has come out very successful. Jeff said that he believes that a lot of that is because of the spirit of cooperation that was generated here in the community, with all of you who are the decision makers here.

Jeff said that that same focus on communication is going to be critical in this Phase II because there is still a lot of work to get done.

He said that if we are fortunate enough to be selective, we have to sit down now, and talk through the priorities of that because we are faced with hurdles that are different in Phase II, than we were faced with in Phase I. The hurdle of that \$12 million dollar ceiling that if we go, now with the new change in the law, if we go over that, now we are going to have to go out for referendum, and none of us want to go out for referendum, so we have to manage that process. We have to manage how do we go out and capture savings in a project where there's been a lot of savings captured already. How do we structure that project so that it's accomplishing the task that you guys want to get done in that pro-active approach.

Jeff said that the only way that this is successful is with your input.

Jeff went through the book that was passed out which included the Potential Phase II Priorities.

He said in reference to the Juvenile Detention Center, there is a lot of work to be done, there are savings to be captured there, there are opportunities for improvements, I think we all agree that should be somewhere on this list how many wings we fix, how big it's going to be, how extensive we do of a renovation. Those are things we are going to work out together in order to make good decisions and put whatever that scope is going to be in this proposal.

He spoke of other areas that were of concern that he believes should be on the list of priorities.

He said that Lake County has some significant electrical issues.

They did an extensive electrical analysis in Phase I of the electrical systems, in the Government Center, and there were significant issues in the electrical distribution system here. He said they solved some in Phase I. They have done a significant amount of electrical work, but there is a lot more to be done. He

pointed out places that were potential fire hazards.

Jeff said that he believes that Ameresco has proven their results. Our project has been a success. We've bought it in on time, on budget, it's not 100% done. This renovation work is just the final stages of Phase I project. Most of the other work has been completed, they still have some commissioning of some systems that they have to do, but they want to get all of the systems done so they can commission at once, and make sure that it's all functioning the way that it should. He said, I think we have a really good handle on your needs, and your priorities. We've had a lot of conversation, we've learned a lot about you and your needs, and wants, and kind of what your expectations are. I think that's unique. I think we're the only one that brings that to the table right now. I think we understand the funding options, we've talked through some of those of whether we use bonding, whether we use tax-exempt lease purchases. There are a number of different options because we're using a different source for money in this project than we did in Phase I. We have our communication process in place we've been a very candid company to work with, sometimes maybe too candid. I think we just come and tell you what we think we need to do, and it's been a process of work, and we've really focuses on making sure that the people that need to be involved, are involved, and that's important because you have to live here in the community and involve all the folks that work here. We are going to do that same thing in Phase II, like we did in Phase I.

Dillon said that he was prepared to make a motion for discussion purposes and see where this ends.

Dillon made a motion to accept the Ameresco proposal.

Prince said I thought we were going to do that on Monday.

Dillon said I didn't hear that.

Cid answered we did tell the other Team that we would make it on Monday because some of the other members wanted to wait and put it on our agenda for Monday

Dillon said, I'm sorry I withdraw my motion. I didn't know that.

Cid said we have heard both sides, and we will make our decision on Monday.

Bilski asked about the HVAC work that Johnson Controls specializes in, if we were to pull that out of Phase II and throw the HVAC mechanical stuff just to them, would you guys be able to work with that, and what you've presented us in here?

Jeff answered, I think what's important is to understand how you execute something like that. Part of the struggle is we go in and do the asbestos abatement work. It takes a tremendous amount of coordination, a tremendous

amount of communication. You have to make sure that it's being executed correctly, and there's a lot of companies out here that do that. I mean, Johnson subs almost all of that mechanical work. It's under the Johnson label, but it's not Johnson Controls executing that physical work. The sub-contractors are doing it. Those same sub-contractors can work directly for us in a process to do it, or if Johnson's needs to be involved, we were asked in Phase I to make sure that Johnson's is involved, we want them involved, that was something that the Commissioners wanted. So we made sure that Johnson was involved. I'm sure in that same dialogue they wanted the folks that are continuing the maintenance to be a huge part of this so they know step by step, what's going on.

Jeff said I think there is a large maintenance savings opportunity here in Lake County. In Phase II, we'd like to pursue and have conversations with you about how do you save some money on this. I think that should be part of the dialogue.

Jeff also said, one thing that I think is important, we've never been a company that excludes. We are a Company that includes, and I think you've seen, and we've demonstrated that when we sat down with you, we've listened to you, we've taken your list of contractors, we've taken your list of who you want to have involved and we will do the same in Phase II. In my mind, if it's something that we are responsible for the performance of, I definitely want it under our contract, and I want us to be managing that work because somebody has to be responsible for the performance, and if you get interjecting a couple of companies in there, that's when finger pointing really happens, and there's a lot of integration in there, which can become a mess.

Jeff said, in the end, it's up to you guys how you want to handle it, but our preference would certainly be, let us control the job, if we're going to be selected, let us run it, and if you have subs that you want to involve, we will definitely entertain it as long as they're competitive, and they can do the work, and they do it well, and I think that we've proven that we will do that.

Cid said I have a question that I asked the other Team was about the minority businesses, but I see that you've already answered my questions. I know that there are not that many women, women businesses just don't get into this field, that's probably why.

Jeff said that one of the things that we're also trying to do on this, it's our goal, is the amount of man hours, work, we are attracting the minority man hours in the women, and we do have some women man hours on the job, but that's been about the extent of what we've been able to accomplish.

Cid said and the work that you, because I find now that sometimes we have to, ... a project will be done, and we have to, for the rest of our lives rely on this one company to do things, but that's not the case here, you pretty much make it so that our maintenance staff can work with the equipment that you repair?

Jeff answered, if there is service required, then we can provide the service, or we

can provide an avenue to get the service done, if it's needed, and if it's something that's a training issue, we do provide training.

Cid said one concern of mine is, I work in the East Chicago Courthouse and I don't understand why we can't, well I understand now that it's controlled over here, that's always been a question to me. I have to call out here to get heat on, or air on, and we also have it where we have the heat and the air running at the same time, it's something that I just don't understand why we have to rely on someone else to do that.

Jeff said right now, what we'd like to bring to the table is flexibility, and you don't have that, you don't have it.

Dillon commented that in support of his motion, and we are going to re-visit this issue Monday, but in my perspective, and from what I've seen that you've done in Phase I, and what I've seen, that you're doing and continuing in Phase II, and the quality of the work, also the networking between what you're doing in the Council and the Council Committee members, and the other presentation from Johnson, and your presentation in the book, it gives me briefly, is why I would like to entertain this motion again Monday.

There being no further business to come before the Council, it was moved and seconded that the Council does now adjourn to meet again, as required by law.

Lake County Council

President,

ATTEST:

Peggy Holinga Katona,
Lake County Auditor

