



# STATE OF ILLINOIS PROCUREMENT POLICY BOARD

Terrence Healy, Chairman

Members: Michael Bass, Ed Bedore, Ricardo Morales, Carmen Triche-Colvin

## Minutes – February 28, 2008 Meeting

Room 500½ at the Stratton Building in Springfield

Connected via video to

Room 9-036 at James R. Thompson Center in Chicago

Present in Springfield: Terry Healy  
Mike Bass  
Rick Morales  
Present in Chicago: Carmen Triche-Colvin  
Present via teleconference: Ed Bedore

The Board started the meeting by confirming attendance at 12:05 p.m.

Approval of the minutes of the January 15, 2008 meeting were moved for approval by Member Triche-Colvin and seconded by Member Bass. The minutes were unanimously approved.

Chairman Healy stated that he was going to make a change to the agenda and have the Department of Transportation start off first.

In attendance for Department of Transportation (DOT) were Rules Coordinator Christine Caronna-Bear and Prequalification Engineer Michael Copp. Ms. Caronna-Bear stated that much of what was done was housekeeping and very little substantive change; Mr. Copp would explain. Mr. Copp responded that adoption of a new specification book as of January 1, 2007 required rules for prequalification to match. He stated that different references to hot mix asphalt are being combined into one and called HMA. There were a couple of clarifications through the removal of some form letters, which are no longer applicable, from the appendix portion. Also the submittal of a pre-qualification revision needs to be in 21 days prior to the scheduled bid date. The Rule was last amended October 2006 and to keep current the un-audited status is now being expanded to \$1.5 million with a reviewed or compiled financial statement. No questions were asked. A motion was made to not object to any of the rule changes by Member Morales and seconded by Member Bass. The motion was unanimously approved.

Next on the agenda was CMS – In attendance was Chief Operations Officer Marcia Armstrong who wanted to present lease #4166 and Colonel Greg Mueller with the Illinois State Police to discuss lease #5311. Ms. Armstrong stated that lease #4166 at 406 E. Monroe in Springfield is a lease that will be in place April 1, 2008 through the end of March 2013. This lease is 60 months and has a termination option, which is firm for the first year and 120 day notice after the first 12 months. The total rent value is approximately \$2.2 million for the five years. This space is the main headquarters for DCFS including the administration and Director's office along with the child protection hotline, which operates 24/7. There are 23 parking spaces that are included in this lease in the rear of the building. The square footage is 44,789 and CMS was able to negotiate

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a flat rate from the existing space at \$10.12 and \$2.71 for storage with small increases in year two and four equaling about 2% and was also able to negotiate out the tax escalation. Ms. Armstrong asked if the Board had any questions. A motion was made to approve lease #4166 by Member Morales and seconded by Member Triche-Colvin. The motion was unanimously approved.

Colonel Mueller with the Illinois State Police gave a brief explanation for lease #5311 at 2060 Hill Meadows in Springfield. Col. Mueller stated that the reasoning for staying at this location for now was because the cost to buy land and build a new lab would exceed \$650 per square foot. If construction would start today, it would still be about three years before the building was complete. The State Police is moving part of its Hill Meadows lab to the Springfield Medical District in partnership with SIU School of Medicine. That space at SIU-SM is not large enough to relocate the entire Springfield lab operation. Staying at the current location for a few years with hopes of space opening up in the medical district would be in the best interest of the State. Col. Mueller stated that the end goal is to have labs co-located. Ms. Armstrong also stated that CMS went back and re-negotiated a new term of five years with a five year renewal. The lease previously had been a 10 year lease with a three year out clause. Member Bedore stated that he was happy to hear that Col. Mueller is working with the medical district and trying to get the labs located in one area. Col. Mueller stated that he would be happy to come and discuss any other leases that come up in the future. Member Bedore made a motion to accept this lease and was seconded by Member Morales. The motion was unanimously approved. Member Bedore asked that ISP provide an update in six months on whether additional development in the medical district is available for ISP. Col. Mueller stated that he would follow up in six months.

Chairman Healy stated that the Board returned to the scheduled agenda to discuss parking. Chairman Healy applauded CMS on the number of parking leases terminated in Chicago, Springfield and other locations. Ms. Armstrong stated that parking has been reduced in Chicago and they will be looking at the issue in Springfield soon, which has more integrated labor relation issues. CMS also went out for bid for the parking spaces that are being retained and have established master contracts for the vehicles with an estimated savings of about \$300,000 on an annual basis. Member Bedore wanted to commend Acting Director O'Donnell and her staff at CMS for their efforts with the parking issue. Director O'Donnell thanked Member Bedore for the kind words.

Next on the agenda was CDB on notification to incorporate design/build at Camp Lincoln – Director Matt Brown stated that statute requires when CDB enters into agreements to enact design/build programs for construction that they notify the Procurement Policy Board in writing of their intent and specifics involved. This notification is for the Department of Military Affairs with a \$7.3 million estimated expense for a 41,000 square foot maintenance shop as well as construction of administrative space. This is an action that does not require the PPB approval. Member Bass asked Fred Hahn, legal counsel for CDB, how many design/builds had he done. Mr. Hahn responded that this would be their second one. Member Bass wanted to know once Sunset closes on this how many could be done. Mr. Hahn replied maybe 10. Member Bass wanted to know if they were going to try to extend the law. Mr. Hahn replied that CDB is going to see how these projects go, but anticipate seeking extension since the construction industry is moving more towards the design build model for delivering projects. No further questions were asked.

Member Bedore wanted to ask a question off the agenda regarding lease # 6105 for Criminal Justice Authority. He wanted to know why they have such an expensive property for an

emergency solution and how long would this lease be in effect. Ms. Armstrong stated that this lease was necessary because the landlord of the property originally sought passed away before the contract was fully negotiated and executed. Since the estate is in probate CMS was not able to pursue that arrangement. CMS agreed to withdraw for 30 days allowing the estate to work through some of the issues and also in respect for the family. This substitute is a 364 day lease that will stage CJA to move out of one of the most expensive leases in the Chicago area, which would save the State about \$250,000 even with the 364 day \$27 rate in the interim. Although this rate is high it is in near move-in condition and the State did not have to pay any substantial improvement costs to move them in. Ms. Armstrong also stated that CJA will be in entirely State owned space before the end of the lease term. Member Bedore asked CMS to confirm that CJA would be out in less than a year. CMS replied affirmatively. No further questions were asked.

Next on the agenda was Chicago State University – In attendance were Bob Baker, Chief Executive Officer, IPHEC, Richard Parker Vice President for Administration, Financial Affairs and Facilities at CSU and Director of Purchasing for CSU Nate Tindall. Mr. Parker apologized for not being able to attend the Board meeting in January and that this simply got past them. Mr. Parker stated that he just took over the role of VP for Administration, Financial Affairs and Facilities in January and inherited this situation. Chairman Healy wanted to know what steps have been taken to correct the specific fraudulent situation at CSU and what changes for the future are expected. Mr. Parker stated that the school is working with the State's Attorney and they believe at this point, not official yet, that they plan to pursue prosecution. He stated Chicago State is a struggling school that depends on federal grants. The grant people became very independent and there was some confusion between administration and the grant department that the State Procurement Rules did not apply to them because it was federal grant money. This environment created the possibility for what did actually happen, because the normal bidding process was circumvented. The man in question set up a dummy company, which bought equipment at the regular price from a vendor then inflated it back to the school. Mr. Parker stated that since this has happened President Daniel made a statement that bidding policies apply to everybody regardless of which department they are in. Chairman Healy asked if there have been any training sessions so that those that have not been doing this through the regular procurement system now will know what this system is. Mr. Parker replied that he could not answer that question and deferred to Mr. Tindall.

Mr. Tindall stated that at the beginning of every fiscal year Chicago State will go through the purchasing processes and implement any new processes as outlined from bid analysis, various steps that will be taken and there will be documentation that will be submitted to the President to be signed off on. Member Bedore asked if Chicago State attended IPHEC meetings. Mr. Parker responded that in the past their attendance has not be good, but the Chief Financial Officer will be in attendance at future meetings. Member Bedore asked if Mr. Parker was an employee of Chicago State or a consultant and how long is his term. Mr. Parker stated that he is legally an employee now and his term is initially to end on March 31, CSU hopes to have a permanent financial officer in place by that date but he cannot respond whether that will be possible or not. Member Bedore asked if he would provide a final report on these issues and if it would be made public. Mr. Parker stated yes he would have a final report and could not answer if it would be public. Chairman Healy asked Mr. Baker if he could provide the Board with information from those IPHEC meetings he conducts and give attendance reports of who is attending and who is not from each of the Universities. Member Bass asked if any of the Board staff attend his meetings. Mr. Baker replied that he has invited Director Matt Brown and Will Blount from the PPB to attend the March 13 & 14 meeting. No further questions we asked.

Next on the agenda was Department of Natural Resources on Rules for Concessions, Farm leases, Sales and Demolition – Director Brown stated that this is a rule change now requiring solicitation for competitive selection of concessions to be advertised on the Procurement Bulletin. It changes the name of the division at DNR that administers concessions and allows agricultural management leases on tracts of 50 acres or less to be negotiated rather than competitively bid. When DNR is considering selection of a lessee or concessionaire, they may consider prior transaction history with the State during the selection process. The cash value related to transactions for agriculture management leases in the category is anticipated not to exceed \$5,000 annually on each occurrence. Currently there are only two such leases. DNR says this is an uncommon event. Director Brown recommended a couple of technical changes which DNR has accepted and has already submitted to JCAR through their amendment process and expect JCAR will have approval of those changes once moved through their process. Member Bass asked if DNR had agreed to the changes. Director Brown replied affirmatively. No further questions were asked.

Next on the agenda was legislation – Director Brown stated that there is a current legislative list in the meeting packets. There are several new pieces of procurement legislation available this year for the General Assembly to vote on. There is also several shell bills as is typical of Procurement Code legislation. Three pieces of legislation are note worthy: SB2203 is a master contract proposal that creates a prequalification environment that would allow vendors to come into that area and those vendors can be selected and shopped inside that prequalification for those items they are selling. The other two are HB 4723 and SB2887 these are identical Bills that deal with specifically the term referencing the Procurement Code to contracts as well as leases limiting that 10 years to be inclusive of renewals. Chairman Healy stated that it is helpful of the State legislature to have a more specific guideline on those lease terms. No further questions were asked.

In other business Director Brown stated that the PPB staff has been working closely with CMS technical staff from their computer division. They are providing the services to the PPB for the development of the procurement bulletin clearinghouse. There is a tentative test date of April 1 when they will try to receive data from all four bulletins and have some type of mock up of how this clearinghouse will work and how information will be displayed. Also, CMS is absorbing the development costs, but the PPB still has concerns about out-year funding. Director Brown continued by stating that there was a Senate Appropriation hearing and it was mentioned that the PPB would like to see direct funding for those out-years.

Chairman Healy stated he wanted to discuss future meetings. He stated that the Board needs to follow their selected date, which is the first Thursday of each month.

As no other items of business were to be considered, a motion was made to go to executive session by Member Bass to discuss personnel and seconded by Member Morales. The motion was unanimously approved. The executive session for personnel began at 1:10 p.m.