

Chairman: David Vaught

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

Minutes – May 7, 2009 Meeting

Present in Springfield: David Vaught
Ed Bedore
Mike Bass

Present in Chicago: Carmen Triche-Colvin
Rick Morales

The Board started the meeting by confirming attendance at 11:30 a.m.

A motion to approve the minutes for April 2nd was made by Member Triche-Colvin and seconded by Member Morales. The motion was unanimous.

First on the agenda was CMS Bureau of Strategic Sourcing and Procurement update. In attendance was Deputy Director of BOSSAP John Donato. Mr. Donato first started with a brief background on himself to the Board. Mr. Donato stated that he and Director Sledge have had several meetings on how to strengthen procurement in Illinois. After those meetings, Mr. Donato stated that he convened a group within CMS which consisted of other members of BOSSAP, CMS legal counsel and other CMS staff employees. The group collectively did research and had several discussions focused on strengthening procurement. The group has identified three core principles – enhancing confidence and professionalism, increased transparency and increased competition and price competitiveness. Of these three items, Mr. Donato stated that enhancing confidence and professionalism is the topic of focus for today, specifically the training component. Mr. Donato stated that currently there are three ways in which CMS trains procurement staff. First is through BOSSAP, the Illinois Procurement Bulletin, and the Illinois Center for Procurement Resources, which is an encyclopedia of procurement. Second would be legal training. CMS would provide training to the procurement staff and make sure that the procurement staff is up to date on current Procurement Code and Rules and how they tie in together with the procurement process. The third is external training. Outside groups, such as NIGP, help provide industry standard training into the organization. Mr. Donato stated that these tie in together so CMS has well trained and certified and competent professionals within the organization. Mr. Donato stated the CMS is reaching out to the Board for opinions to help on how to expand courses and train staff.

Mr. Donato stated that one of the problems they have come across is the time to obtain certifications, especially for staff who have not been in procurement that long and additional training will be needed beyond doing their daily routine. Mr. Donato stated that CMS does not see this as a negative, but sees the end goal of these individuals getting better educated and certified in procurement. Mr. Donato also wanted to request time on the agenda for next month to go over increasing transparency and also give an update on the training component discussed

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today. Member Bedore asked if everyone would be better served if the Procurement Policy Board did this training. Mr. Donato replied that the goal is to work hand in hand with the Board and respects the Board's opinion and authority to work together as a group. Member Triche-Colvin expressed her concern with regard to the training. Would the training be only for CMS employees or will it be offered to other agencies as well? Mr. Donato replied that it would apply to all agencies in the State of Illinois under the jurisdiction of the CMS CPO. Member Morales asked what feedback have they received from the JCAR, if any. Mr. Donato replied that they have not received any direct feedback yet, but know that they are in support of training. No further questions were asked.

Next on the agenda was CMS Facilities – Administrative Rules. In attendance was Deputy Director of Property Management Nick Kanellopoulos. Mr. Kanellopoulos stated that he hoped to have some data for the Board on Administrative Rules and what amended State Rules look like, but does not have that data to present yet. Mr. Kanellopoulos stated that time had gotten away from him and staff who were working on another project and was unable to get data on Administrative Rules for the Board. Mr. Kanellopoulos stated that the real issue in developing amended Rules is that CMS uses the current space standards that are in the Administrative Rules when they program new space. If CMS is going to get a new office and that office is going to have a director level person, deputy level or administrative staff they use the space measurements that are published in the Rules for those levels. Mr. Kanellopoulos stated that he could provide to Director Brown a list of completed APR's to show the range of size and also show the Board why it went above that published amount. Mr. Kanellopoulos apologizes to the Board on not having that information available for the Board. No further questions were asked.

Mr. Kanellopoulos stated that he wanted to update the Board on holdovers. The holdover total is currently down to 95. The leases on the agenda today are not counted in this total. Also Mr. Kanellopoulos wanted to let the Board know that CMS hopes to have the Harvey lease on the agenda for next month.

Director Brown stated that is was requested at the last meeting that DHS provide the Board with an overall description of its master planning activity in how it intends to occupy these leased facilities. DHS has supplied this list, but it has not been able to be reviewed at staff level and will be distributed to Board members for their review. Member Triche-Colvin asked for this topic to be added to the agenda for discussion at the next meeting.

Next on the agenda was DHS lease # 2776 at 5000 Industrial Dr. in Springfield. This lease plus the next two are DHS leases in the same location. This lease is a 60 month lease with 71,500 sq. ft. in which 70,000 is warehouse space and 1,500 is office space with 100% occupancy. There is a termination option anytime after 24 months with 120-day written notice and no purchase option. There are 29 parking spaces at the facility with a head count of 9 employees. The sq. ft. per employee is 167 for office only. Base rent is a fixed \$6.52 and indirect cost totaling \$1.16. Improvement cost will commence within six months of lease date. The lessor, at his sole cost, will repaint leasehold and replace all carpet and base cover within the office space only. Mr. Kanellopoulos stated he would be happy to answer any questions the Board might have. Member Morales asked about the \$10,000 for electrical and wanted to know if it was for just that location or for all three. Mr. Kanellopoulos replied that it is just in case repairs are needed and is available each fiscal year for each of the facilities. Member Bedore asked why it went from \$4.89 total cost to \$8.56 – that is a 75% increase over 2005. Mr. Kanellopoulos replied that with all three leases it was a 20% decrease. Member Bedore wanted to know how they came up with a 20% reduction overall when the two major leases went up. Mr. Kanellopoulos replied that the

janitorial in the old lease applied to all square footage and now it is only being applied to office space and print shop space. Also, CMS has updated the taxes payable for 2008 to 2009. Member Bedore stated that TCO at \$6.07 and going to \$8.56 which is a 75% increase is not appropriate. Mr. Kanellopoulos stated again that CMS was able to get an overall 20% reduction with good rates on these leases. Member Bedore asked about the \$10,000 electrical expense and wanted to know if there was any communication between CMS and the using agencies or did CMS just decide to add the \$10,000 of electrical. Mr. Kanellopoulos replied that it is there in case work is needed and CMS does not need to amend the lease and make it simpler. It is a standard term in a lot of leases when leases were being consolidated. Member Bedore asked if CMS ever uses it. Mr. Kanellopoulos replied they have used it in the past. Member Triche-Colvin asked what the \$10,000 covers. Mr. Kanellopoulos replied that it covers anything with electrical power and any additional work that would need to be done to the facility to accommodate any increases or repairs to that system. Mr. Henry Johnson, a representative with DHS, asked if CMS could withdrawal these leases so they can take another look at them and come back to the Board. One of the reason is the rate DHS pays CMS includes \$30,000 that DHS did not approve that to go into the lease. Mr. Johnson stated that he is going to start taking these leases to his people before submitting them to the Board. Member Morales asked the Chairman to consider withdraw these leases until the next meeting. The Board agreed to CMS withdrawing the leases. No further questions were asked.

Next on the agenda was ISP lease# 3147 at 1810 South Main St. in Morton. Mr. Kanellopoulos stated that this lease is a five year lease with a base rent of \$14.44 in the first year. ISP moved into the facility in 1979. Mr. Kanellopoulos believes this is a fair rate for the area and the purpose of the facility. Mr. Kanellopoulos asked the Board to approve this lease. Member Bedore wanted to know why it has been in holdover for seven years. Mr. Kanellopoulos replied that the negotiation did take a long time and was probably CMS's failure to act that resulted in this lease and others to be in holdover so long. A motion to approve this lease was made by Member Bedore and was seconded by Member Triche-Colvin. The motion was unanimously approved.

Member Bedore followed up to ask why the real estate tax is based on the 2006 tax year. Mr. Kanellopoulos replied that it was negotiated and the landlord was adamant and worked out all the rest of the numbers and this was the final deal that CMS was able to come to. Member Bedore stated that this is wrong to not come current and asked the Chairman and the Board if it was OK to withdraw his motion to accept this lease. Chairman Vaught stated that since the vote was already done that they would take note of his comments for the record.

Next was IEMA lease #3504 at 1035 Outer Park Dr. in Springfield. Mr. Kanellopoulos stated that this lease is a five year lease with 42,149 sq. ft. This is IEMA larger facility in Springfield. With the sq. ft. per employee at 337 CMS has attached a copy showing in detail the use of this space including a large number of files. It contains the alternate radiological emergency assessment center that would come online if the main one in the other facility in Springfield was unavailable. Any license for anything radiological, whether it is a radiologist or an X-ray machine throughout the State of Illinois, a copy is sent and kept on site at IEMA. The rate is good and it has an 8% reduction in the total cost in the first year and Mr. Kanellopoulos requests the Board approve this lease. A motion to approve this lease was made by Member Morales and was seconded by Member Triche-Colvin. The motion was unanimously approved.

Next was IDES lease #3851 at 19th Avenue in Maywood. Mr. Kanellopoulos stated that this is a five year lease with 14,900 sq. ft. The base rent is at \$14.47 for the first three years. DES is

going to hire four more employees due to the economic situation in Illinois and those four employees are not included in the numbers provided to the Board. It is a centrally located facility in the area it serves and has access to Pace and Metro. Mr. Kanellopoulos stated the rate is fair and asked the Board for its approval. Member Bedore asked if someone is assigned to check the buildings. Mr. Kanellopoulos replied that they have a building manager who is assigned to the facility along with numerous others who do go and visit those facilities. The Manager of General Services, Mr. John Rogers with DES, was present in Chicago and stated that he is a certified building inspector and goes to visit and inspect all their units weekly, bi-weekly and monthly. Mr. Kanellopoulos stated that CMS also has someone as well. Member Bedore believes that someone should be held responsible for the building currently being in such bad condition. Member Bedore asked where Mr. Rogers was the last five years with all of these repairs that needed to be done. Mr. Rogers replied that he cannot explain why this information is in the white paper, but can tell you that the CMS facilities use the CMS call center on any kind of repair needed in the facility. All of these have been documented in the call center and have been repaired. The work has been done diligently and he does not know why it is reported that way. Member Morales stated that he can see from the picture that things are neat and orderly and it seems there is a breakdown in communication between the facility and CMS. No further questions were asked. A motion was made to approve this lease by Member Morales and was seconded by Member Bass. The motion was unanimously approved.

Next was DCFS lease #5076 at 2605 Woodlawn Road in Sterling. Mr. Kanellopoulos stated that this is a five year lease with 11,302 sq. ft. and will house a total of 41 employees including three CMS employees which comes to 275 sq. ft. per employee. The base rent is at \$9.50. He stated this lease has been in holdover for close to two years and believes it is a good lease and asked for the Board's approval. A motion was made to approve this lease was made by Member Bass and was seconded by Member Triche-Colvin. The motion was unanimously approved.

Next on the agenda was legislation. Director Matt Brown provided a brief update. Director Brown stated that he is anticipating some legislation approved by the General Assembly that will implement portions of the Committee on Governmental Reform proposals towards reformation of procurement. Additionally staff is still following legislation the Board initiated dealing with holdover limitations at six months and that bill has been amended and has received bicameral bipartisan support as an instant process. It also includes the 10 year term limits on all contracts and leases. Additionally, SB209 passed out of the House that authorizes interview performance contracting for a new power plan at Eastern Illinois University. The Procurement Policy Board has been included as a participant in this project to serve as a procurement monitor. Director Brown stated he was able to spend time with the sponsors of the bill and EIU and explain to them that the Board anticipation of how it would act to the response of those reports. They were all comfortable that the PPB will not be deviating from the normal mode.

The next Board meeting is set for June 4 at 11:30 a.m. in Chicago.

With no further business Member Bedore moved to adjourn, seconded by Member Bass. The motion was unanimously approved.