

Chairman: David Vaught

Members: Michael Bass, Ed Bedore, Diego Ferrer, Ricardo Morales

Minutes – August 20, 2009 Meeting

Present in Springfield: David Vaught

Present in Champaign-Urbana: Mike Bass
Ed Bedore

Present via Teleconference: Rick Morales

Absent: Diego Ferrer

The Board started the meeting by confirming attendance at 1:00 p.m.

Steve McCurdy Assistant Director of CMS Facilities took a moment to introduce himself to the Board. Also in attendance was Andrew Lawrence with CMS and Henry Johnson with DHS. The item up for discussion was DHS lease 5113 at 915 E. 63rd Street, Chicago. The reason for this transaction is the closure of the West 59th Street property. CMS was ordered by the courts to vacate that property by August 31, 2009. What CMS is attempting to do with the approval of the Board is to move those employees into three different existing locations that are all in holdover status. There are 106 DHS employees, two different groups at West 59th Street. CMS is going to move 63 of the food stamp employees into West Ogden and move 43 of the Human Capitol Development to the 63rd Street, which is the lease up today. When the 63 employees are moved into the West Ogden facility, CMS is going to move 63 employees out of that location into North Pulaski. This is being done for programmatic reasons and will cost CMS an additional \$31,000. They will have three buildings with employees of the same bureaus together and that is the reason for the double move. The lease that is before the Board today will have a high-density filing system installed and will cost a little more than \$200,000. CMS has looked at the cost of these moves and in the end the State will have a savings of about \$1 million a year. Mr. McCurdy stated that since they are closing the West 59th location there will be a reduction of security guards and are looking at the other locations to see if security could be cut there as well.

Mr. McCurdy stated that the base rent in the old lease was \$19.16 and the new rate is \$19.00, and this exclude amortization of the improvements, which will be paid for by the landlord. Those rates are escalated by 2% escalation in the base term. If CMS decides to extend the lease there will not be any amortization. The sq. ft. per employee in this lease will be 338 sq. ft. per employee and 252 after consolidation for the personal office space. Mr. McCurdy stated he would be happy to answer any questions. Member Morales asked if CMS will be adding more to the headcount in the future. Mr. Henry Johnson replied that DHS will not plan to add to that headcount, but are anticipating that the number of clients will increase. Member Bass asked what happened with the buildings current occupancy and why they were so underutilized. Mr. Johnson stated that in the past they were downsized. Once this was noticed CMS thought the best move

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would be to consolidate and better utilize that space. Member Bedore wanted to know when the lease expired. Mr. Lawrence replied that the Ogden Lease has been in holdover for the past nine years and the North Pulaski has been in holdover for the past five years.

Member Bedore stated that on May 6, 2008 this Board raised the question regarding the building on 59th and Ashland and talked to CMS about that. Then July 23, 2008 it was brought up again. On September 26, 2008 a spokesperson from CMS came out and gave a press release and statement saying that after 120-day notice this lease will end and CMS will be out February 1, 2009. What has CMS done from February causing this emergency meeting in August? CMS has known that they had to get out of this building for a year and a half, what takes CMS so long to do a lease. Mr. McCurdy stated that he cannot offer any excuse as to why it has taken so long. Chairman Vaught wanted to also hear from Mr. Johnson on why it has taken so long on this lease. Mr. Johnson replied that he has watched and admired Members Bedore's efforts on trying to get DHS more involved in property management and to become a lot more efficient. This particular instance DHS did have a deal worked out and was ready to move but about the time of execution some issues come up that required another DHS bureau to back-fill that facility DHS was going to go into. DHS then had to find other space and that pushed the time table back. The reason CMS focused so hard on the original deal was they were trying to keep the staff in the program area that they were serving and that building was a build-to-suit with no other commercial space in the area. That threw everything into a tail spin and DHS had to figure out where to house this staff without going into a new lease. As a result of that it was pushed back and DHS asked CMS to go to the court to see if they could give them a little more time so DHS could figure out what was the best way to do this programmatically. In the end DHS did come up with a solution and was able to make it work by consolidating some offices. No further questions were asked.

Member Bedore made a motion to accept the lease as presented and was seconded by Member Bass. The motion was unanimously approved.

With no further business to discuss a motion was made to adjourn at 1:45 p.m. by Member Bedore and was seconded by Member Bass.