

Chairman: David Vaught

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

Minutes – October 8, 2009 Meeting

Present in Chicago: Rick Morales

Present in Springfield: David Vaught
Mike Bass
Ed Bedore

Absent: Diego Ferrer

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

Member Bedore stated that there was a correction on the bottom of page three of the minutes. It states that “it will likely fall 14% this lease” and should read “it will likely fall 14% this year”. Member Bedore made a motion to approve the minutes as corrected for September 16. The motion was seconded by Member Bass. The motion was unanimously approved.

First on the agenda was CMS – Administrative Rules. In attendance was Deputy Director of Property Management, Nick Kanellopoulos. Also in attendance was Scott Seder with CMS. Mr. Seder gave a brief update on the Administrative Rules. The Rules that CMS had submitted are going to be withdrawn due to technical concerns raised by JCAR staff. The publication withdrawal will be tomorrow and currently the revised version approved by the Governor’s Office has also been submitted to JCAR to be vetted. CMS is undertaking the responsibility of revising all of the all rules relating to property management. CMS is starting with the leasing reps and working its way up through management and providing the actual copy of the rules for input. The goal is to update the rules, remove obsolete practices and references and to put in new green standards and practices to do a better job with putting the public and using agencies on notice as to how CMS does business. Chairman Vaught asked when the new rules will be re-filed. Mr. Seder replied that a draft of the rules were pre-filed at JCAR for vetting and as soon as they tell CMS is it good, the rules will be published, possibly as soon as next week.

Member Bedore asked when the other rules were withdrawn if the Board would get a copy of the new rules. Mr. Seder stated that he could forward the Board a copy of the draft today. Member Bedore asked if these rules and regulations are going to be more specific regarding square footage and things of that nature or are they going to be dealing in generalities again. Mr. Seder replied that they are going to be more specific. Member Bedore stated that he could wait until they are vetted by JCAR. Member Bass wanted to clarify that CMS is doing a new segment as a response to the rules being pulled and that the greater intent is a total re-do of the section in relation to property management and that CMS is going to be working on over time. Mr. Seder replied that is correct. CMS is doing one very small rule that will be filed very shortly, but CMS is undertaking a process of revising all rules at the same time and will have another filing once those have been vetted. Member Bass asked if there was a timeline. Mr. Seder replied that he could provide one at the next meeting.

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Next on the agenda was Facilities. Mr. Kanellopoulos stated that he had updates for the Board. The current holdover count is at 99, of which 69 are currently in holdover and 30 that will be terminating between now and June 30, 2010. He also wanted to tell the Board that CMS has entered into a statewide contract CMS has with Integeris Electricity. Through that contract, CMS has locked in pricing beginning May 1, 2010 and will lock in prices for 36 months thereafter. That pricing will lead to a 16.9% drop in electricity costs in ComEd territory and 16% drop in Ameren territory. Also 25% of that electricity will be purchased will be certified green generated power and 5% of the 25% is guaranteed to be Illinois wind generated electricity.

CMS Portfolio Manager, Roger Nondorf gave a brief update on the status of the copier contract from last month's board meeting and also provided a handout to the Board. Mr. Nondorf stated that when looking at the numbers, on the list provided, it indicates that an agency had processed an order under a master contract for the equipment that is referenced, the value and the ultimate resolution either being cancelled or deferred are indicated in the description. Mr. Nondorf also made a note that most of the transactions on this list were under \$10,000. Member Bass asked if CMS made the "could not justify" decision or did it come from the agency. Mr. Nondorf replied that under Chief of Staff Stermer's memo, issued February 2009, it pointed to four points of criticality for all procurement activity. There were subsequent memos under Director Sledge that further defined the process. At the point those orders were being placed, CMS was going back to the agencies placing those orders and asking for their justification in the context of the four points of criticality. To the extent that they could not justify their criticality those orders were shut down. No further questions were asked.

Member Bedore requested to reorder the agenda and that CMS start with HFS lease 5602 at 2200 Churchill Rd. in Springfield. Mr. Kanellopoulos stated that Carol Green representing HFS was present in Springfield to answer any programmatic questions. Mr. Kanellopoulos stated that this is a five-year lease with 105,324 sq. ft. facility housing 349 employees, which is 302 sq. ft. per employee. CMS negotiated a rent reduction in this lease from \$13.98 to \$13.00 sq. ft. in base rent. It is estimated the total cost in the first year will go down 10.5 % due to the reduction. In the early summer two other HFS leases were terminated in Springfield – lease 5601 at 6th and Allen and 5543 at 1011 S. 2nd Street. The end result was that about 100 employees were moved at the end of June into Churchill. Mr. Kanellopoulos stated that some of the Board members toured this facility and reported vacant cubicles and active phone lines. Mr. Kanellopoulos replied that HFS has approved to back fill 8 positions at that facility also they have been approved federal dollars for 10 more potential hires. Although this is a large facility with a lot of people working there he believes the sq. ft. per employee is a good rate. This facility offers the ability to expand or consolidate in the future. Mr. Kanellopoulos stated that this is a good lease and asked the Board for their approval.

Member Bedore stated he wanted to make a statement from previous meeting minutes that stated "CMS stated that field verification is done by the leasing rep or the facilities manager". Later in the same minutes the Chairman asked CMS what is the process and CMS replied "that the current process in any lease is there is a field verification where either the leasing rep or facility manager or both go to the site and confirm headcount at the facility and see if it is consistent with what was submitted on their annual plan and what was submitted on their space request". A few months back the Board was told that the headcount was done by verifying the active phone lines. About a week ago Director Matt Brown and Member Bedore walked through the three buildings at 2200 Churchill Rd. and spent two hours doing so. The first thing that was noted was there were many vacant cubicles. When checked, all vacant cubicles had active phone lines, but

the leasing rep did not reference the 30-40 vacant cubicles. So there could not only be four vacancies as stated in the white paper. Member Bedore stated that this is false information. Again the information given to this Board is false. There is another good way of judging how many people are in these facilities is that everyone drives, since there is no public transportation nearby. On Friday afternoon about 1:30 p.m. there were 175 cars in the parking lots and there are supposed to be 353 employees. Went back another day and counted 220 cars. Besides having the headcount wrong based on active phone lines, the State is also paying \$21 a month per phone to in vacant cubicles. Member Bedore wanted to state that the owners are doing a great job by keeping the buildings in great shape. They also talked with the facility manager and talked about the air conditioning going out previously and within an hour and a half they had people out there to get it repaired. But it should be in great shape since it is a \$13 million dollar lease over the next five years. Before the last meeting the Board was going to question the high rate being charged, but CMS found out about it and the lease was withdrawn an hour before the meeting and today CMS comes back with a much lower rate. Now after these vacancies have been found, again CMS found out about this and CMS came back and listed additional employees. When walking through these buildings you will find a conference room on every floor. There are also two large training rooms, a very large lunch room with TV's, unused office rooms used as storage, a large unused smoking room with junk in it, there is one large room with three people in it with a bunch of junk. Ten other people could fit in there if all of the junk was moved out. Then there is a bunch of open space that could be utilized with cubicles. When you add up all this vacant space you could have at least 75-100 people move in. Member Bedore said HFS has other leases in Springfield and commends them for moving some people in and limiting leases. But another one could be done. The lease at 400 North 5th Street has a termination option to leave at anytime. This lease is costing the State \$5.1 million dollars over five years. These employees could move into HFS in Churchill and save the State \$5.1 million dollars. That was the main purpose of touring this building.

On a side note Member Bedore stated that there was no reason to hire more people. During the tour of HFS on Churchill folks did not seem to have enough work to keep them busy. Member Bedore and Director Brown thought they were in a party room. When asked if someone left, retired or if it was a birthday the responses was oh no it is always this way. There were Japanese lanterns and umbrellas hanging all around from the ceiling. There were three guys leaning over cubicles talking about the Cardinals. Not too far away there was another group of people talking about the Glenwood football game that night. Looking down the cubicles and there was a gentleman leaning back reading a comic book. The next cubicle was reading the sports page from the paper and in another was reading a book with his feet on his desk. There is no argument to be made that HFS needs to save this space for vacancies because these folks do not have enough work. There is no excuse because it was not break time or anything else and these people are way underworked and supervision seems to be lacking from CMS. When asked about various offices that were closed and the response was that it was Friday and they do a lot of field work. It was interesting to find that supervisors do field work on Friday afternoons. The real issue is to save the State \$5.1 million dollars by moving HFS employees from 5th Street to Churchill and Member Bedore strongly recommends for CMS to do this. Chairman Vaught asked how many people were at the 5th Street location. Ms. Green replied that at 400 North 5th, she did not have the exact number with her.

Chairman Vaught asked if Mr. Kanellopoulos wanted to respond to any of the comments that Member Bedore brought up. Mr. Kanellopoulos replied that the headcount is verified by CMS. Chairman Vaught stated that this question has been asked a number of times; that the Board gets these verifications and that these documents are to be signed yet this document is not signed and

no one knows who verified the headcount. The reason the Board is asking for a signature is to establish some kind of accountability for who comes up with these numbers. Member Bedore stated that he could guarantee that there are more than four vacancies in this facility and this white paper from CMS states that there is only four. Member Bedore stated that a few months ago CMS verified headcount by the number of active phone lines and the phone lines at every vacant cubicle where active. Mr. Kanellopoulos replied that at one time that method was used to verify headcount, however, today CMS works with the agency to verify the actual people in the facility and he believes there is a misunderstanding between actual and budgeted headcount numbers. Budgeted headcount does not mean every workstation in the facility would be filled if the budget headcount was realized. What the numbers meant to show is that this number could fluctuate between the actual and budgeted. Ms. Green replied that Mr. Kanellopoulos is correct and Ms. Green was contacted by the CMS leasing rep and worked with the HFS liaison to get the headcounts from the various units within those buildings. There has been a lot of movement in and out of these buildings with different consolidations and they also lost about 100 contractual programmers within the last three years. Member Bedore stated that goes back to the point that they have lost 100 employees – HFS could move in 100 people and eliminate the lease on 5th Street. Mr. Kanellopoulos replied that they will look at the lease on 5th Street between now and the next PPB meeting. They should be able to determine whether or not that lease could be terminated and consolidated at this location or other locations in Springfield. Member Bedore wanted to get some answers on why they are asking the owners to put in wash sinks, grease traps and other things for a cafeteria. Do you believe a paid cafeteria in a State building will make it when it did not work at other State buildings? Why are you asking the owner to make these improvements for a cafeteria instead of reducing the rate? Ms. Green replied that one of the reasons HFS asked for that is because there was a cafeteria there before at no cost to the State, but that kitchen moved out and couldn't pass Dept of Public Health's criteria in order open one out there until the sinks and grease traps were installed. It was going to cost \$1,700 to get them installed and that is why they are trying to get the owner to install them at no cost to the State. Member Bedore asked if she believe it will work. Ms. Green replied that the one in the past did work and many employees have requested to get the cafeteria back. Member Bedore made a motion to postpone this lease until the next Board meeting or until they get answer on what CMS is going to do about moving in additional people and terminating other leases. It was seconded by Member Bass. It was unanimously approved.

Next was the Official Review of DCFS lease #5516 at 467 East Main St. in Galesburg. In attendance for DCFS was Cindy Mills. This is a 7,600 sq. ft. lease. CMS reviewed this lease due to the issues with the landlord who was threatening to evict DCFS from this location. CMS renegotiated the lease and negotiated a 90 day termination option at anytime during the lease. CMS does intend to bid this lease out within the next 6-8 months in the attempt to find a new location for this lease. However, there was a need to renew the lease in order to pursue other options in the meantime. Member Bedore made a comment that in the past Mr. Kanellopoulos stated that CMS wanted to go to full service leases. Mr. Kanellopoulos replied the goal it has is to enter into as many full service leases as possible, however, that is not going to be possible in every case and was not possible in this case. Member Bedore stated that this lease was a full service lease and now the new one is not. Member Bedore stated that if that is the case then the 8% increase is the rate is false. The actual increase is at 22.3% because the State is now paying for the utilities that were included in the past and is not an 8% increase that was just stated, but a 22% increase. It is contrary to what you are trying to do. Mr. Kanellopoulos replied that first, he stated that it was 8.75% increase on base rent plus utilities and there was no attempt to mislead the Board. Second, this was the deal the lessor demanded to do the lease and CMS felt they needed to enter into the lease to prevent eviction. Lastly, the five year lease is a part of that and CMS could not

enter into a short term agreement. However the 90 day termination option at anytime during the lease gives CMS the flexibility to terminate in the future. Member Morales wanted to point out that the landlord is telling the State what to do. When did it get to the point where terms are being dictated to us? Mr. Kanellopoulos replied that there are times and there are lessors that are fed up with the situation they are in. There is more to this with this lessor than just the situation. Also the new base rent rate is clearly below the current market data for the area at \$16.43. Although there is an increase before taking on the utilities and look at the total direct cost which is estimated at \$14.97 is clearly below that as well. Member Morales stated that the total annual cost is \$20,000 a year more. Mr. Kanellopoulos replied affirmatively. Member Morales asked who was paying for the improvements. Mr. Kanellopoulos replied the lessor.

Chairman Vaught said that in the white paper CMS stated a vacant space analysis is completed to ascertain consolidation possibilities of this facility and other State owned or leased property in the city of Galesburg would reveal no viable consolidation opportunities. Chairman Vaught stated that in Ottawa a consolidation was done with three or four different agencies and does not understand the process that doesn't find any agency consolidation potential in Galesburg, but in Ottawa; the same type of community; it could be done. Chairman Vaught asked what the process is and asked Mr. Kanellopoulos to tell the Board a little more about it and why in this case it has not found those opportunities. Mr. Kanellopoulos replied the due diligence analysis looks at current space either State owned or leased that are currently occupied to see if there is vacant space available that the facility could be consolidated into versus renewing leases or doing a new lease. What happened in Ottawa was there were four offices, three agencies DHS, HFS, and two DCFS offices and working with these agencies is a long process. When bidding it out CMS was not able to come up with a viable building, but in one of the current buildings was able to do a build out to accommodate the other agencies. So, that is the difference between the due diligence and Ottawa. However, what CMS plans to do here is to try to put out a bid that will include multiple agencies. Member Morales asked DCFS if this office is needed to service this area and there is no other choice. Ms. Mills replied yes that it is a high volume area and DCFS does need this and does have accreditation standards for the department that need to be maintained for federal dollars to come in. Member Morales asked if the lease was approved for renewal and later bid out what happens to the servicing requirements. Mr. Kanellopoulos replied that it would be bid out in that service area. Ms. Mills stated that DCFS would be in agreement to another location close to that area, if DCFS has a couple offices that are being looked at to close potentially between 30-50 miles within that area. In other words, DCFS would be in agreement to another city close to Galesburg. Member Bedore wanted to go back to Mr. Kanellopoulos' previous statement that it is a good rate going from \$12 to almost \$15 and that the BOMA rate at \$16. He stated that if you go to any of those towns out that way and he would bet that there will be 100 leases under \$12. There is no way in Galesburg you are going to pay \$25 a square foot. Don't say it is a good rate because of what BOMA says. It is not a good rate because it is a 22% increase. Member Morales wanted to point out that the increase was for the next five years and would not go up during the term. And would not be there more than five years because it is going to be bid out. Mr. Kanellopoulos replied affirmatively to both. Mr. Kanellopoulos stated that CMS will bid it out in hopes it will lead to a new lease which could consolidate multiple offices into one lease at one location. No further questions were asked.

Next was DHS lease #2363 at 3910 W. Ogden Ave. in Chicago. In attendance was Henry Johnson with DHS. Mr. Kanellopoulos stated that this lease was a 27,345 sq. ft. office that houses 64 employees. CMS was able to reduce the square footage from the previous lease by 3,804 sq. ft., which is still 427 sq. ft per employee. The rent rate here is \$14.14 and is a 23% increase for the 1st year, but there has been no rent increase since June 2000. Mr. Kanellopoulos

believes that this rate is fair and will have Mr. Johnson explain the programmatic use of the office. Mr. Johnson stated that one of the things DHS is still negotiating with CMS is sq. ft. per person based upon their standard. You will find that DHS leases will generally have a higher square footage than the normal lease. The primary reason for that is their filing system, which requires DHS to have five five-drawer files in to the hundreds at the local offices. Because of the population shifts requirement DHS is running out of space in the office only because they need file storage. CMS is working with DHS to address that and moving into high-density file storage and will see in the future it being addressed through that. Mr. Johnson stated that another issue is the volume of the clients coming through the offices. Normally from 8:00 a.m. to about 2:00 p.m. DHS has a large number of people and cannot create enough waiting area to keep people from having to line up outside. These are the two reasons their square footage are higher per staff and will always look overstated in comparison to other leases. Mr. Kanellopoulos asked the Board to come and visit any of the locations in Chicago at 8:30 a.m. any day of the week to see the program and how it works. Chicago has a higher volume than others in the State. No further questions were asked. Member Morales made a motion to accept the lease as presented and was seconded by Member Bass. It was unanimously approved.

Next was DHS lease #4424 at 1308 W. 105th Street in Chicago. This is an 18,759 sq. ft. office. It is not a normal DHS office and has 586 sq. ft. per employee. This facility has services that other offices do not provide. It has open study areas, computer labs, a daycare center and this office is fully utilized. There is a 3% increase in the first year based on the \$11.54 with a total direct cost of \$15.52. Mr. Kanellopoulos believes that this is a good lease and asked the Board for their approval. Member Bedore stated that it looks to be a good lease, but wanted to know what the lessor pays for. The State pays for gas, electric, water, lamps, janitorial, garbage pest control, air freshening, alarms and real estate escalator. Member Bedore is having a hard time understanding when there is a lease and the State pays rent aren't you suppose to get more than just a bare building. Isn't the lessor supposed to take care of pest control and waste removal and everything else? Member Bedore stated that he is having a hard time the with non full service leases. Mr. Kanellopoulos replied that the goal with CMS is to try to get as many full service leases as they can, but will not be possible on some as it was with this one. He stated this is a good lease for the State and asked that it be approved. A motion to approve this lease was made by Member Morales and seconded by Member Bass. By a vote of 3-1 the lease was approved. Member Bedore stated he would vote against this lease.

Next was DES lease #2646 at 4931 W. Diversey in Chicago. In attendance was Rey Carmody with DES. Mr. Kanellopoulos stated that this is a 12,250 sq. ft. facility. When this lease was submitted to the Board CMS counted 19 employees at the facility, but there have been additional employees added to the facility through stimulus money and the unemployment increased in the Chicago area. With the addition of 30 more employees it will bring the sq. ft. per employee to 416. This is a very busy office and there has been a 39% increase in claims. The lease rate is \$11.41. This is a 58% increase over the previous rate, however, there has not been a rent increase since 2000 and \$11.41 sq. ft. in Chicago for that area is still very low. The total direct cost of \$13.76 is also very low. Mr. Kanellopoulos asked that Mr. Carmody explain the increase in staff at the facility. Mr. Carmody stated that Mr. Kanellopoulos explained it well. He also stated that the amount of traffic has increased significantly within the last year and this office is no exception. The difference between the white paper and their current staff is that it has gone up from 19 to 26 and will be hiring 4 additional staff for this office before January 1, 2010 with stimulus money. Mr. Carmody also wanted to add that DES will also be expanding in many of their metro Chicago office a resource area. Computers will be set up for people out of work or laid off can come into the office use the computers to match their skills with employment within

the State. The Diversey office will be doing some expansion for that in the waiting area. Mr. Kanellopoulos asked if there were no questions that the Board approves this lease. Member Morales asked if the increase in staff will be permanent or temporary because of the stimulus program. Mr. Carmody replied that in the near term they will be full time and would expect for them to be on for at least a year. Member Bedore stated that a 58% increase is something the Board needs to look at. The other is the square footage at 345 and now it is stated that there will be additional people. This was not known when the lease was being drawn up in July and August. There was no stimulus and you didn't know you were going to get these people and now all of a sudden the stimulus has worked its way down and you may be hiring some additional people and will be able to fit them into this facility. When this lease was drawn up DES didn't know that for certain; that this would continue to have been way out of line. This goes to the point about standards. There is no way you could have known that you were going to receive this stimulus money in July when the lease was being worked up. This just goes into the pattern of total distrust. Member Bedore reiterated that DES did not know they were going to get this stimulus funds and yet you were going to continue with the lease. But now that they have this money and can fit 15 or 16 more people into this office. With the same square footage DES could still put in more people. This is just like the Ashland building in Chicago when the Board was complaining about the under use of a building and all of a sudden you found space in these buildings for 100 and some people. Member Bedore stated that every time you go to these buildings you can always put in another 25% more people and you just proved it. Mr. Kanellopoulos replied that CMS did know that the claims at that office did increase by 40% and did know that applications at that facility jumped 20% and did know that on a normal day about 425 people walk through the door. So this office is being fully utilized and they need more people to handle more cases at this point in time and this facility can handle it. Member Bedore stated that the number of employees can be doubled without increasing the square footage. No further questions were asked. Member Bedore made a motion to accept the lease and was seconded by Member Bass. The motion was unanimously approved.

Next was DOC lease #4355 at 1301 Concordia Court in Springfield. In attendance from DOC was Carol Chrans. Mr. Kanellopoulos stated that this is a 224,694 sq. ft facility. There are 332 employees that work there. This is space that has office, dorms, dining areas, gymnasium auditorium, which is used for training DOC staff. DOC has been there since 1979. It would be very difficult to duplicate this type of facility elsewhere. The proposed rent rate is \$14.35 a sq. ft., which is a 6.1% increase in the first year and there has been no increase at the facility since 2005. The total estimated direct cost is \$16.67. Unless any members have any questions Mr. Kanellopoulos believes that this is a good lease and asked the Board for their approval. Chairman Vaught asked if there were any other tenants at the facility. Mr. Kanellopoulos replied no. The lease expired in 2006 and now CMS is doing a new lease in 2009. Chairman Vaught asked if this is a headquarter office in Springfield why is there no purchase option in the lease? Mr. Kanellopoulos replied that this lease is being entered into a provision which is technically an extension of the old lease. Chairman Vaught stated that there is no extension to extend the old lease. Chairman Vaught asked if CMS has the Attorney General's opinion that a purchase option is not required in this lease. Mr. Kanellopoulos replied that no, but the Procurement Code states that a purchase option is required on initial leases of 100% of the facility.

Chairman Vaught requested the Board's legal counsel give them a legal opinion on this. Chairman Vaught stated that he does not support this lease because it is not justified not to have a purchase option for this type of lease. Member Bedore stated that this is a \$17 million lease and the largest to come before the Board. This lease needs to be looked at very closely. There is a 6% increase in the base rate. This facility is an old Concordia Seminary, which is a school campus.

Member Bedore said he had a few questions to ask. One - there are 21 buildings that the State is paying rent on. There is a quad, church, gym, power plant, garages plus other building and homes. Why the janitorial increased from \$782,000 to \$1.5 million, which is a 90% increase. Two - is why the office space is being increased by 7,000 sq. ft. There has been no increase in employees. Why was this third floor needed? If the space in not needed the owner does not need to install an elevator to get people to the third floor. Member Bedore stated that everything he has read over the last several months is that DOC is being reduced. So, why is 7,000 sq. ft. more of clerical space needed? If the need to go to the third floor could be eliminated then the amount for the elevator could be eliminated and that could be used to reduce the rent. Three - why doesn't CMS consider using the old District 9 State Police building? Another idea is there are some new prisons that are not being used. What better place to train new correctional officers, but at a correctional facility? Four - the white paper states that 119,000 sq. ft. are for office space. That leaves 105,000 sq. ft. for power plant, garages and other buildings. That is 105,000 sq. ft. that is not office. If there is 105,000 sq. ft. so why are we paying \$14.35 for a garage and power plant? This Board a few years back had the same situations with the State Fire Marshal's office on Stevenson. When it came to the Board from CMS they had \$14 sq. ft. for the facility. Member Bedore just happened to know the facility and about 30% of that facility was a garage. Once it was brought to everyone's attention the State now pays \$14 for the office and pay \$7 for the garage. Member Bedore wants to know why the State is paying \$14.35 for the entire facility. It is incomprehensible how the State would be paying the rate of an office facility that you would pay for downtown Springfield or Chicago. Why is the same rate being paid on a garage to store trucks as we are for the office space? Five - how many maintenance people are employed at this facility? Is the State paying an operating engineer to run the power plant? Does it meet EPA standards? It is hard to comprehend how anyone from CMS could bring this lease forward with 21 building when correctional officers are being laid off in financial straits. There are so many questions on the lease and he proposes that this lease be postponed until the Board gets these questions answered.

Member Morales is supporting the postponement of this lease. Member Morales did have two comments on the renewal terms. When the lease was executed it was for a term of five years and did not include a renewal term option. Member Morales would like the Board's legal counsel to explain what the difference between no renewal option and extension's if it was included in the original lease and also to hear more detail that talks about maintaining an escrow account from which \$50,000 per year can be spent for repairs or improvements. Under the new proposed lease, the account has been increased to \$625,000. Member Morales wanted to know if that is normal to be out there to be used at their discretion or whatever that might be. Mr. Kanellopoulos stated that CMS is going to withdraw this lease and will bring it up at a future meeting and will be able to respond to the concerns brought up by the Board. Member Bedore withdrew his motion for postponement. No more comments were made.

Next was DPH lease #5479 at 500 E. Monroe in Springfield. Mr. Kanellopoulos stated that Gary Robinson was there to represent DPH. Mr. Kanellopoulos stated that this is a 29,088 office lease. This is a five year lease that is meant to replace a 90-day lease that is currently in affect. The proposed rate is \$13.50. The total cost is estimated at \$13.86 and CMS feels that this is a really good rate. There are 101 employees, which comes to 288 sq. ft. per employee. Mr. Kanellopoulos stated that he or Mr. Robinson would be happy to answer any questions. Member Bedore asked if the Jefferson location was in receivership. Mr. Kanellopoulos replied affirmatively. Member Bedore doesn't know why CMS would want to approve a lease that the State can't get out of for three years without knowing the overall plan for Public Health. Mr. Kanellopoulos replied that if DPH was to move from Jefferson, that facility is a total 120,000 or

130,000 sq. ft and add 29,000. To look at one facility to put everyone together would not be possible to move DPH into one facility that could potentially be 150,000 to 160,000 sq. ft. of space. The purpose of this lease and the 3 years firm is that CMS was able to obtain the \$13.50 rate for five years and believes that is a good rate and suits DPH needs. Member Bedore stated that he wasn't suggesting that DPH be moved into one facility, but maybe into a complex of two or three buildings. Mr. Kanellopoulos replied that CMS never said they didn't have a plan, but is not able to discuss in public what is going on with that lease at this time. Chairman Vaught asked to hear DPH's perspective on their plans. Mr. Robinson stated that he has been with DPH for 31 years. He replied that he is not involved in the lease negotiations, but his personal opinion, despite some of the improvements necessary at that location, he believes the advantage of that building to Public Health is that it is their main campus and has 80% of their employees at that facility. It is two buildings side-by-side and DPH occupies all but 1 ½ floors of that facility. They have been there a long time and there has been a lot of investment in the space like cabling, fiber optics and satellite on top of one of the buildings. Although it is not the best building in the world he would like to see a negotiated lease for that building. Mr. Robinson said he cannot predict what is going to happen in three years, but he believes that this is a good lease. A motion to approve this lease was made by Member Bass and was seconded by Member Morales. By a vote of 3-1 the lease was approved. Member Bedore stated he would vote against this lease.

Member Bedore asked the Chairman that the Board not approve any more leases until the Board sees the standards so they have something to go on. Chairman Vaught stated that Member Bedore raised a number of good points, but the lease process must keep going to get the holdover number down before June 30, 2010 deadline. Chairman Vaught stated that the Board can't stop the leasing process, but they can reject any leases that are not in the State's best interest. No further comments were made.

Next on the agenda was Legislation. Director Matt Brown stated that at this point the legislation tab is continually open on the agenda because of the amendatory veto of SB51. There has been no indication at this time what the General Assembly plans on that particular amendatory veto. The General Assembly will take up the subject next week and maybe at that time he might have some indication of where the General Assembly intends to go and whatever message is sent if any he would be happy to deliver to the Board.

The next Board meeting is set for November 5th at 11:30 a.m. in Springfield.

With no other business to discuss Member Bedore made a motion to adjourn at 2:00 p.m. and was seconded by Member Morales. The motion was unanimously approved.