



Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

Minutes – September 20, 2012 Meeting

Present in Springfield: Ed Bedore
Larry Ivory

Present in Chicago: Rick Morales

Absent: David Vaught
Bill Black

The Board started the meeting by confirming attendance at 10:07 a.m.

A motion was made by Member Morales and was seconded by Member Ivory to have Member Bedore act as Acting Chairman in Chairman Vaught's absence. The motion was unanimously approved.

First on the agenda was the approval of the minutes from the August 16, 2012 Board meeting. Member Ivory made a motion to accept the minutes as printed and was seconded by Member Morales. The motion was unanimously approved.

Next on the agenda was Lease Review for DOC Lease 2785 at 1329 N. Lake Street in Aurora. In attendance was Deputy Director of Property Management at CMS, Nick Kanellopoulos. Mr. Kanellopoulos stated that this is an adult transition center in Aurora. CMS did bid this lease out and the only offer CMS received was from the incumbent landlord and that offer, due to a paperwork issue, was deemed unresponsive. CMS had discussions with DOC and it was determined that it would not be fruitful to publish another RFI because it is difficult to locate facilities of this kind so CMS negotiated directly with the landlord. There is an increase in the rent, however, the base rent is only \$9.50 a square foot which is extremely rare in DuPage County and in the Aurora area. Mr. Kanellopoulos stated that there will be extensive improvements done to the facility because there are some issues with it. Those improvements including a new roof will not happen until after the lease takes effect. For a while this facility was on a list to be closed and the landlord was not prepared to do extensive improvements until there was a lease in place. CMS is requesting that the Board approve this lease and he feels that it is in the best interest of the State and in the best interest of the Department of Corrections.

Member Morales wanted to know what the issues with the paperwork was. Mr. Kanellopoulos replied that the State Board of Elections certificate that was submitted was not current so it had to be rejected. He knows that there has been a statutory change since then and is not sure if that change would have made this offer responsive or not. Member Morales asked if the State is better off paying a million dollars more than having to relocate. Mr. Kanellopoulos replied that for one, CMS had no other offers when it was bid out and, two it didn't look promising to try and bid it out again. These adult transition centers are very difficult to locate. CMS went off of the rent that was bid to negotiate this rent. Although it is an increase over the existing rent it is pretty cheap for the facility knowing it would have some difficulty relocating. Member Morales asked how long the improvements will take once the lease is in place. Mr. Kanellopoulos replied that the roof has been temporarily patched and he believes it will be within six months since we are getting ready to go into the winter months. The other improvements should be done within the first 90 days.

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Member Ivory stated that he has been looking at this and CMS has struck a bargain with the past lessor and we are going from \$1.8 million to \$2.9 million and he is curious if the increase is tied to the lease improvements? Mr. Kanellopoulos replied that over the five years the increase is about \$100,000 a year over the existing lease. He stated that you don't get anything for free so when the landlord is negotiating his rent they have an idea of what needs to be done to bring the facility to renovate it. The State is paying in a sense for those improvements, but he thinks that the overall deal is still very good and this is a facility that DOC needs in the area. Member Ivory stated that so this will be about a 60% increase in rent based upon the calculations. Mr. Kanellopoulos replied the total cost in the first year is 26.4%. There is a 43% increase in the base rent in the first year.

Acting Chairman Bedore wanted to know when CMS stopped submitting pictures of leases up for review. Mr. Kanellopoulos replied that CMS has dropped the ball on that because they have not done one of these leases for approval and they don't come up very often and he is also not sure if in the past they have submitted pictures of the inside of a DOC facility. Acting Chairman Bedore replied they did because there was another half-way house in the Chicagoland area a few years back and the pictures showed how bad the bathrooms were and the stained walls and that lease got changed. Acting Chairman Bedore stated that he would suspect that if the Board would see pictures of this building he would expect to see stained walls and ceilings due to the leaking roof and would suspect that the washrooms are pretty bad. DOC has been in this building 40 years. This is rough and low on my estimate, but he would bet the State has paid \$50-\$60 million in rent for this building and now you want to pat the owner on the back by saying at his sole cost he is going to put on a new roof. He has to put on a new roof – it is leaking and that is why you can't show pictures because you have stained walls. If he did some emergency work just to stop the leaking and you are saying to the Board that the State is paying for these improvements. This is an improvement to his building and we have been there 40 years. Acting Chairman Bedore stated that he bets that it is probably the original roof from 40 years ago and that the washrooms don't meet ADA standards. This building would never pass inspection without doing these improvements. This is ridiculous. The rate is very reasonable and it should be. Why? Because the State is responsible for the electric, the gas, the water, light repair, light bulbs, garbage, pest control, security and fire alarm monitoring, janitorial, snow removal and lawn care, which is done by the people who are living there and we are responsible for maintenance. That is a pretty good deal. So what does this owner/family have to do? All they have to do is pay the real estate taxes and go to their PO Box and collect their monthly check from the State for 40 years and you want to give them a pat on their back for putting on a new roof and raise the rate 60%. This is terrible and he could never vote for this.

Member Ivory wanted to know if the Board decided not to vote for this what is the State's alternative. What happens next? Mr. Kanellopoulos replied that the current lease expires September 30, 2012. It is the end of a 10 year term and DOC has to have a lease in place to keep the operation going beyond September 30. CMS would put a short term emergency lease in place until they could determine their next step. Member Ivory stated that maybe that is a message the Board should send so that they might be able to negotiate something a little more attractive for the State.

Acting Chairman Bedore stated that the only problem with the other bid was that they didn't fill out the necessary paperwork. Mr. Kanellopoulos replied that the only bid that was received was from the incumbent landlord, but CMS couldn't accept their bid. That is why this lease is not a result of an RFI. CMS did it under another method of source selection because they couldn't accept the bid that came in. Member Morales asked if the original RFI was done back in November 2011. Mr. Kanellopoulos replied affirmatively. This facility was on a closure list that was announced in the Governor's budget address back in February so nothing was done after that, but then a decision was made to keep this facility open. That, he believes, was only a couple of months ago and that decision restarted the negotiations.

Acting Chairman Bedore asked if there is any reason that this facility has to be in Aurora. Mr. Kanellopoulos replied that he does not have the boundaries in which they bid this out. He believes that there are only about six or seven transition centers in the entire State and he doesn't know how the DOC has to locate them. He believes that it does not have to be located in Aurora. Acting Chairman Bedore stated that if you read the DOC statement they want it out of Aurora. Mr. Kanellopoulos replied they initially did. With no other questions or comments being made a motion to object this lease was made by Member Ivory and was seconded by Member Morales. With a 3-0 vote the motion was carried to object to this lease.

Mr. Steve McCurdy asked to have Mr. Kanellopoulos go over a couple of items for the Board to keep them up to date. Mr. Kanellopoulos stated that the two main issues that were being tackled in Springfield is the IDOT lease on Stevenson Drive that has about 120 employees. The FY12 costs were \$310,000 and with doing a little bit of restacking and installing smaller cubes in the EPA building CMS can move those people into that space. That lease has been terminated because it required a four month notice. The other bid transaction CMS is looking at is the most expensive lease in Springfield on a per square foot basis which is the DHS lease at Hay Edwards. The FY12 cost for this lease was over \$27.00 a square foot in total cost and it is for 61,000 feet so the total cost is \$1.63 million. In FY13 Mr. Kanellopoulos believes that there will be a 2% increase in the rent. This lease expires in May of next year. CMS is looking to consolidate that lease into the DHS headquarters.

Acting Chairman Bedore asked if there was any update on the Attorney General. Mr. Kanellopoulos replied that he spoke to someone last week and this week on that. It is just a matter of getting it in front of the Attorney General. Acting Chairman Bedore asked if it has been put down on paper and sent to her. Mr. Kanellopoulos replied that they have given them two floor plans and given them to the person that CMS works with at the AG's office. Acting Chairman Bedore asked if CMS has sent anything to her in writing. Mr. Kanellopoulos replied no. Mr. McCurdy stated that he has spoken with the AG personally on a couple of occasions and she is aware of it, but doesn't believe that anything has been put into writing and CMS will do that. No further questions or comments were made.

Next on the agenda was a preview of the October Meeting Items. Director Carter stated that there will be some items coming up at the Board members' request. Staff is working with the Community Colleges on the Qualifications Based Selection process. Member Ivory has some questions about member participation as well as repeat participation with some firms. At member request staff has been working with CMS and the agencies and the universities on the vehicle procurement and usage and looking at some of the procedures that are in place and some fleet totals. Director Carter stated that he will send a request to have the EEC be available for the next Board meeting to comment on the Procurement Compliance Monitor agreement. Director Carter stated they will also have Illiana back for a quarterly report.

Member Ivory wanted to know if the Board was getting information on the Elgin O'Hare bypass that he knows the Tollway is doing. He has not received anything in reference to how that is going and how well they are doing in reference to some other goals and objections that have been stated already. Director Carter replied that he would be happy to reach out to them and add it to the agenda. Member Ivory stated that the last thing that is important to review is on the Quality Based Selection process and he thinks that there was some consensus that there were some concerns from the Procurement Policy Board that with the Universities the Board is not having any input into the QBS process which has created some apprehension on his side and he would like to revisit that again. Director Carter replied absolutely and he would extend an invite to CDB and answers questions pertaining to the Community Colleges for next meeting. Acting Chairman Bedore asked if the Board could get an update on the Natural History Building. Director Carter replied that the RFP responses were due last week and is being evaluated at this point.

The next scheduled meeting for the Procurement Policy Board is set for October 11, 2012 pending Board confirmation.

With no further business to discuss a motion to adjourn was made by Member Ivory and was seconded by Member Morales. The motion was unanimously approved.