



Chairman: Jay Stewart

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

## **Minutes – February 18, 2014 Meeting**

Present in Chicago: Jay Stewart

Present in Springfield: Ed Bedore  
Larry Ivory

Present via Telephone: Rick Morales  
Bill Black

The Board started the meeting by confirming attendance at 9:30 a.m.

A motion was made by Member Bedore to allow Member Black and Member Morales to participate by phone and was seconded by Member Ivory. The motion was unanimously approved.

The first item on the agenda was Lease #5821 that houses HFS, DPH and Department of Lottery at 2946 Old Rochester Road in Springfield. Director Carter stated that there are a couple of items to clean up since last time, they did clarify with CMS that this warehouse facility does in fact have climate control and a sprinkler system. CMS was also able to negotiate down the landscaping cost and the Lessor will take that on at his cost now, allowing CMS to reduce the cost over the term of the lease and it is back for the Board's Certificate of No Objection.

Chairman Stewart asked if there were any questions or comments from the Board members. Member Bedore asked if CMS ever straightened out the matter about the Lottery and the outside firm. There was a question regarding the payment. In attendance was Susan Florence, Lease Administrator for CMS, Bureau of Property Management. Ms. Florence replied that she did not. Director Carter stated that he would follow up with CMS on that issue. Ms. Florence stated that she apologizes for not having that information. Member Bedore stated that he realizes that a lot of this is warehouse space, but is there any other warehouse space in the city of Springfield that is available and would be cheaper? Ms. Florence replied that she didn't know that off the top of her head, but could certainly look into it. There is warehouse space in Springfield, but she is not sure what is available or what the going rates are.

Chairman Stewart asked if there were any other questions from the Board. With no further questions or comments, Member Bedore made a motion to accept the lease as modified and was seconded by Member Ivory. The motion passed with a 5-0 vote.

The second item on the agenda was Lease #6526, the proposed DHS Lease at 8116 North Hale in Peoria. Director Carter stated that the Board asked that CMS go back and communicate with the potential Lessor on overall cost and build-out costs for the temporary improvements for this lease. Unless something has changed, he believes that the lease is still the same as presented the first time, with some additional complications on the temporary space that may have fallen through in the mean time. CMS can elaborate further on that, but the lease is back by Board member request.

Ms. Florence stated that she doesn't have a lot to add since the last Board meeting. The proposed landlord is not willing to reduce the build-out cost. He feels like he is giving the best deal he can give us. Ms. Florence stated that she did provide Director Carter a copy of CMS' internal fair and reasonable cost assessment that

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they do on all build-outs, as well as a copy of the building requirements from the APR, just as reference materials for the members. Chairman Stewart asked if there were any questions from Board Members.

Member Bedore stated that he still has some serious questions regarding this lease. He stated that he is sorry about Illinois Central College. What is it, the person that is the leasing agent for them, is also the brother-in-law to this owner? Ms. Florence replied that from what she understands, yes. Member Bedore stated that to him this smells to the high heavens and he doesn't know how in the city of Peoria, the Department of Human Services (DHS) has to spend over \$600,000 of taxpayers' money to bring this building up to their standards. What is in that \$600,000? How many offices are we going to have? How many conference rooms? Member Bedore stated that he is glad to see the Director here from CMS. CMS has a very large hammer. He used to be in the same position. Every lease, every purchase had to go through the Budget Director's Office and that becomes a very large hammer and just because DHS or XYZ comes to you and says, we need this, we want this. Where is CMS to say, whoa, wait a minute here? Member Bedore stated that he has found this as long as he has been on this Board. He has talked to so many directors and they say that CMS is one of the most powerful positions/offices in this State government. CMS does the hiring, the leasing, the purchasing, that is a big, big hammer. Just because an agency comes into CMS and says, we want to spend \$650,000, CMS should stand back and say wait a minute here. Member Bedore asked if they have really looked at what they are requesting. Ms. Florence replied that CMS does all of the programming. They take their space request and verify their headcount and do the space planning in accordance with the current space standards. CMS also puts out an advertisement saying, this is the building they need with "X" number of offices, "X" number of conference rooms, cubicles, restrooms or whatever the case may be. When they get those bids back, CMS evaluates them and analyzes the build-out costs for fairness and reasonability against industry standards. They further reduce space where they can, review floor plans, we go over those with the agency and the lessor and his architect, and we try to get the best bang possible for the cost. They have bid this three times and this is the best deal they got. Member Bedore asked, did anyone look at this? He said that he has counted about 20 offices and they have 100 and some employees. Ms. Florence replied there are 104 employees. Member Bedore stated then 20% get a private office, that's pretty good. He assumes that some of these big spaces are conference rooms. Is there more than one, it looks like it? Ms. Florence replied that she didn't have the full APR with her to answer that question nor does she have the floor plan. She stated that it wouldn't be unusual to have more than one conference room. Member Bedore asked on one floor? Ms. Florence replied again that she didn't have the space plan in front of her and can't speak to that. Will Blount with the PPB staff stated that there are five conference rooms. Member Bedore asked where CMS is here. If somebody walks into CMS and says that they have 104 employees and they want 20 private offices and they want five conference rooms. My god, the Director of CMS should jump off the wall and say, absolutely not. Five conference rooms on one floor, that's ridiculous. Ms. Florence replied that she can tell the Board that CMS always plans their spaces and programs their spaces according to the number and type of staff and the types of programs and services that are going to be performed in that office.

Member Morales asked how the relationship with the brother-in-law worked again. Ms. Florence replied that that's at Illinois Central College and has no bearing on this new proposed lease. That is an issue that CMS is having with one of the potential, temporary relocation spaces. Member Bedore stated that the brother-in-law is telling the college that they shouldn't do this lease because he wants it to go to his brother-in-laws building. That's what the issue is. Member Morales stated he understood. Member Morales asked how are the payouts for this updating/remodeling/construction managed? Is it through a title contract or just through the contractor. Ms. Florence replied that the amortization goes to the landlord and how he passes that out to his contractors she does not know. Member Bedore asked Member Morales if 6% was a good rate. Member Morales replied it is a little high. Member Bedore stated that he thought it would be.

Chairman Stewart asked if this is the third time this has been out to bid, correct? Ms. Florence replied affirmatively. Chairman Stewart stated that it is speculation, but do you know if we are going to get a better deal if we go out a fourth time? Ms. Florence replied no. Chairman Stewart stated that if we do nothing or if the Board decides to object to this, what is the ramification for DHS? Do they go to temporary housing with some future bid out there to try and find a permanent home? Ms. Florence replied affirmatively.

Member Bedore stated that sure, that is correct, if you go out the same way. His suggestion is that they shouldn't be going out the same way. CMS should enforce some power over DHS and say, you don't need 20

private offices and five conference rooms on the same floor. That's his point. Sure, if you go out for the same square footage and configuration, you are going to get the same bid. Member Bedore stated that he is not questioning that. He is questioning why we have to do that, just because DHS says so?

Chairman Stewart stated that he understands, but doesn't know what the next build-out would be and what the next landlord...maybe there is another build-out to that potential future. He is just saying that he doesn't know what the answer is going to be. He doesn't know if it may come in cheaper, maybe with a new configuration a different landlord bids with another build-out cost. He doesn't know the answer and that is the problem that he is having with it. We are speculating what might occur, which is problematic given where we are at with this.

Member Ivory stated that he was glad to receive the information from CPO Matt Brown, because he thinks that they had a conversation in reference to how to approach others who may be interested in helping to find a better deal. He believes he received it last Thursday or Friday, but that didn't give him ample time to reach out to the community and see if there were any possibilities of other space. He did make a number of calls, based upon waiting for the information and did not find something that was equally suitable that did not have a build-out, but again he didn't have an enormous amount of time by which to do so. Based upon the time that he did have and the several calls that he made to people he knows that have significant lease space, in his opinion, he was not able to find anything comparable. It's not to say that if we extended this, that we could not find something that could be more attractive and better for the State. At this point in time, he was not able to find anything and that is where he is.

Chairman Stewart asked if any other Board members have any other questions or comments. Member Black stated that Member Ivory knows that Peoria market better than he does, but he scratches his head when he only sees one alternative, prior to this other lease being adjudicated, is not satisfactory. That tells him that something else is going on behind the scenes. There is something about this lease that makes him scratch his head and he doesn't understand all of this, just like he didn't understand the Lottery on the other lease either, we didn't get an answer. Is the State going to pay for the Lottery's space in that lease or is the private operator going to pay their share? These things really make me scratch my head and there is something about this that gives me the feeling, oh my now I have to hurry up and Illinois Central College and then there is the build-out. Member Black stated that if he owned an office that had 20 private suites, even though they might not be very big, and had five conference rooms, he could find plenty of people who would be very interested in it right now, but something doesn't sound right here.

Chairman Stewart asked if there were any further comments. At this point, the Board could vote to object to this or not vote and the lease would move forward, is that correct? Director Carter replied that it would as of February 23<sup>rd</sup>. Chairman Stewart stated that he shares everyone's concerns with the cost of this particular build-out and doesn't think anyone is particularly pleased we are in the spot we are in. It has been bid a couple of times and Member Ivory has tried at least do some preliminary research, if there is something comparable out there, at this point, he is reluctantly willing to let this move forward, but if someone wants to make a motion to object the Board can have a vote on that.

Member Bedore stated that he would make a motion, and he knows it may not pass, but he thinks in the best interest to the State of Illinois, which CMS and the CPO use that phrase all the time, "in the best interest of the State" he still has to object to this lease. Member Bedore made a motion to reject this lease and was seconded by Member Morales. With a vote of 4-1 and Chairman Stewart voting no, the motion was passed.

A motion to adjourn was made by Member Ivory and was seconded by Member Bedore. The motion was unanimously approved.