



Chairman: Jay Stewart

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

Minutes – December 11, 2014 Meeting

Present in Chicago: Jay Stewart

Present in Springfield: Ed Bedore
Bill Black

Via Telephone: Rick Morales
Larry Ivory

The Board started the meeting by confirming attendance at 10:00 a.m.

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

Chairman Stewart stated that before they get started with the approval of the minutes, and other members can chip in, like many people and many organizations he just wanted to express their condolences and thoughts for the recent passing of Illinois Comptroller Judy Baar-Topinka, a well respected, well liked and effective, capable figure in State government politics for many years. He didn't have the personal pleasure of getting to know her greatly, he knew her by reputation and she had a sterling reputation and he just wanted to recognize her great contributions to the State of Illinois. Chairman Stewart asked if any other member would like to say anything.

Member Morales stated that he would whole heartily agree and that knew Judy Baar-Topinka very well, she was a friend that visited Bolingbrook many times, she was a great lady and will be very much missed. Member Black thanked Chairman Stewart for the opportunity and for the recognition of a remarkable woman, with a tremendous sense of humor. Somebody who started out as a journalist and knew how to do her homework, got along with most everybody, and if she didn't get along with you she would tell you that too. She was very blunt, very outspoken, but worked hard and could build relationships across the aisle and she was just the right person at the right place, at the right time all except one election and she will be greatly missed. Member Black expressed his condolences to her son and her family and her legion of friends. It's never easy to see somebody you've known and worked with for years pass and at a relatively young age, his heart, thoughts, and prayers go out to her family and her many friends and she will be long remembered in the State of Illinois. Chairman Stewart thanked Member Black for those very powerful words. Member Bedore stated that he would like to second everything that all three Board members had just said, she was a great asset to the State of Illinois and he is sorry to see this happen. Chairman Stewart thanked everybody for expressing those sentiments, he thinks they are widely shared all throughout the State of Illinois by people who have been involved in government politics, but to Member Black's point just regular people, her constituents, regular citizens who held her in a great deal of affection and high regard.

Chairman Stewart stated that before we get to the minutes he wanted the record to reflect that Member Ivory has joined via the telephone. Member Bedore made a motion to allow Member Ivory to participate by phone with Member Black seconding the motion. The motion was unanimously approved.

The next item on the agenda was the approval of the Board meeting minutes from November 13, 2014. Member Bedore made a motion to approve the minutes as presented, with Member Black seconding the motion. The motion was unanimously approved.

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The next item on the agenda was Follow-up Items. Director Carter stated that at Board Member's request, he got together with CMS property, specifically Susan Florence and Terry Schierholz, and were taking a look at the Churchill lease that went through the Board last month which HFS occupies. It's actually three buildings on site and he thinks they call them A, B, and C. The Board was specifically concerned with the electric cost at \$3.11 so they engaged in a couple things that are ongoing. Director Carter stated that he and Ms. Florence walked through and they took a look at the printer usage, telephones, things of that nature because he knows that Member Bedore spoke to that directly. One of the main concerns is that there are still an awful lot of printers there. He contacted CMS, Billy Earl, the person in charge of the printer reduction services. He got the sense from Mr. Earl that they had done the audit of the printers, and simply none of the machines have been unplugged, so he's going to go back through that facility and ensure what he recognizes needed to be taken out actually gets taken out of there. Director Carter stated that he will follow up next month on what gets removed. Second of all the rate through CWLP, he worked with Ms. Florence and he worked with Donald Barnes, who you're going to hear from later, and he actually contacted CWLP himself and asked if they would come and perform a commercial energy audit on the property and we're still trying to find a date to set that up, but as Mr. Barnes will explain during his presentation, CWLP is not as open as other providers in the state to working with the State of Illinois to reduce rates in that capacity and he will explain why he's much better suited than him. When the Board asked if we could take a look specifically at the electric rates, they are doing that and he'll follow up as that progresses but he thinks we will really be able to make a dent in the electrical cost at Churchill. No further questions or comments were made.

The next item on the agenda is the CMS Facility Energy Discussion. Donald Barnes with CMS Energy Management thanked the Board for giving him the opportunity to give this update. Mr. Barnes stated that he was basically going to talk about the energy efforts, in terms of the three prong nature that we started out. One being to identify opportunities to immediately impact energy usage, the next being the documentation of energy usage and there is a reason why they did that in that sequence, and the third being to look at the overall price structure for the acquisition for energy services. In terms of the utilization, CMS began probably in 2005 – 2006 with the creation of standard temperatures for State offices, and actually State offices includes those service facilities as well as industrial type facilities and the other types of space. There is a standard space temperature that is being maintained or mandated for specific types of space, proposed heating and cooling seasons, and that initially generated immediate results because now you're operating with a standard protocol as opposed to an individual or facility oriented temperature protocol. The next thing that they started to do is to structure their process for documenting energy usage. Ten years ago there really wasn't the standard collecting tool to aggregate energy data by utility type and document what was being used where, so they created a Statewide energy database and have populated that now with information dating back to fiscal 2009 and they're using that information both for State-owned and leased facilities to quantify what their usage levels are and to identify opportunities for further attention, whatever that may be, whether it's operational or in terms of capital upgrade. Getting into some of the capital upgrades and he knows the Board probably received a five or six page package that updates some of the measures that they have taken. Mr. Barnes stated that he can give the Board an update on the energy efficiency building upgrades that they have undertaken through their Performance Contracting Program. When this report was published they were still walking through the ultimate terms and conditions through their signature process. That process has now being fully consummated so Ameresco, the vendor that was awarded work, will begin working on the design and construction documents for beginning with building envelope upgrades at the Elizabeth Ludeman Center in Park Forest and they have other scope items that they're still looking to structure funding for, so hopefully they will be able to identify an opportunity going forward, but the building envelope work definitely is scheduled to consummate. In terms of the leased space energy efficiency, and he knows that the Board is very intimately aware of some of the variations in lease space energy cost, as Chairman Stewart mentioned there is kind of a bright line break between their opportunities in Springfield and their opportunities throughout the rest of the State based on the fact that one of the primary funding temples that they can use in leased space facilities is the Energy Efficiency Portfolio Standards Program administered through the Department of Commerce and Economic Opportunity. That is available to use for offsetting landlord capital cost in facilities that are served by the Investor Owned Utilities in Illinois locally ComEd and Ameren. Those funds are not eligible to be used in the city of Springfield because Springfield has municipally owned utilities, which is exempt from the act that created this pool, so they're encouraging landlords to utilize the available programs to schedule upgrades when it's either the initial lease negotiation phase, or if there is a significant increase in

space or a significant build-out that is in process. Some landlords have been warmer to the concept than others possibility due to the fact that there have been economic challenges in terms of the financial market and it may affect their actual ability to leverage the upfront cost. The rebates are just that, rebates, so the landlord is required to make the cost expenditure up front, but they have seen a few cracks in the armor and they're working diligently to encourage that through their APR documents, which not only specify the levels of energy efficiency that they wish to achieve in terms of thermal resistance in terms of overall building efficiency, but they are also looking at to revise and update as technology is available to incorporate things like motion detectors for lighting systems, and other measures that can improve the efficiency of space that they lease. There are some examples where landlords have already taken advantage of that and they've seen significant reductions. Mr. Barnes stated that basically he thinks that the constraint is their ability to expand their own capital to make those upgrades unlike the Performance Contracting Program, which they're launching at State-owned locations. In terms of other State-owned energy efficiency measures, they're also doing a mixture of in-house and contractor driven lighting upgrades, some of which have been required based on the phase out of certain types of lighting systems, but others of which they've done as part of our build-out process to consolidate office space for a smaller foot print. So basically, they have done several and they're continuing to do several lighting upgrades to facilities like regional offices, State-owned garages, and the Thompson Center is another building where even though it may appear to be an enormous task they have made significant in-roads in terms of making some of the economic impact of those residents in the document that was distributed earlier. In terms of the documentation of energy usage, he mentioned the State energy database earlier that was created back in 2011 and back-filled with two years' prior information, so they now have approximately five years of energy information on hand for most of the facilities in the investor owned territories. Again, there is a bright line between the investor owned territories, utility territories, and the city of Springfield because CWLP has thus far been relatively uncooperative in terms of providing monthly data, which is what CMS uses to populate the database. The rationale being that they use that as leverage to get what they feel is timely payments, and unfortunately their idea of timely payments is 20 day billing cycle which does not conform to the State's procurement Prompt Payment Act. CMS has tried on several occasions to try to work with them to make some form of information available. CMS does have gas information on facilities within Springfield and they have some global information which is part of the tab to the datasheet which he thinks may have been distributed also as part of the earlier transmittal. Mr. Barnes stated that using that data, they have started a process of benchmarking energy usage at a variety of State-owned building types, first as a pilot initiative, and now moving into a phase where they're making more global benchmarking efforts. CMS started with the Bilandic Building, which at the time coincided with the capital upgrade where they overhauled the heating and cooling plan in that building. Previously the building scored a 28 on the USEPA's Portfolio Manager Energy Star Scale, which means that the building scored better than 28% of buildings of a similar type in their system. After that project was undertaken that score increased to 81%, which is approximately where it is now, which qualified it for the Energy Star label. The benchmarking initiative that they are going through now will continue to build on that documentation strategy and will identify buildings where like the Bilandic Building you see relatively low scores and use those scores as an opportunity to queue those buildings up for further attention.

In terms of their procurement process they started with a Statewide procurement of electricity in 2007. Basically they have ridden some fairly challenging times in the early years of that program where there was extreme volatility in the pricing market for both electricity and natural gas, so starting with fiscal 2009 using that as benchmark because that represents a high water period for pricing in both markets, they have seen a steady decline in their pricing profile, for electricity starting with fiscal 2009 they had an average electricity price across both the ComEd and Ameren service territories over 8.56 cents per kilo-watt hour and that produced a cost of approximately \$42.1 million for supply alone not including the regulated delivery charges, and that was based on use of 492 million kilo-watt hours. So if you fast forward to fiscal 2014 the most recently completed period, we're looking at prices which are approximately 5.93 cents per kilo-watt hour, so that represents a significant reduction from that original 8.9 cents per kilo-watt hour in 2009, a total amount of \$24.8 million was spent for that supply component. The supply purchase itself dropped from 492 million kilo-watts hours to approximately 419 kilo-watt hours, so you'll see there have been significant declines not only in the cost per kilo-watt hour, but also in the usage over that period of time. Chairman Stewart stated that he wanted to take a pause for a second, it's a pretty decent first cut at it. At this point are there any questions before we go on any further? He has a couple, but does any other Board member have a question or comment on what they heard thus far on energy usage in the State of Illinois?

Member Bedore stated that he'd like to ask some questions. We have this Executive Order from Governor Quinn and it was signed in 2009 and yet we see now this, he is talking about leased buildings, he understands what you're doing in State-owned buildings, but it says here on your first page where State bears primary utility cost through landlord participation in State administrated energy efficient blah, blah, blah. Through these updates beginning in FY12 they anticipate an annual savings at six leased facilities. Six since 2009, boy I'll tell you that's not a very big batting average. CMS has worked with six leases. The Board approves six to ten leases every month, new leases or renewals. So six compared to the hundreds of leases, so what are you doing to lower the cost at these buildings? Are we forcing the owners to do high efficiency lighting? Look at what you've done at the Bloom Building. CMS has stated that you're going to save millions of dollars by converting these bulbs and everything else. Why haven't we forced this as the Executive Order states that you should since 2009? Why haven't we enforced the Executive Order when we're the primary lessee of the building? Why aren't we telling the owners, not asking the owners, but demanding that they put in high efficiency lighting and everything else that is available today and since 2009 you've done six buildings? Member Bedore stated that he is sorry, that's a terrible record and it's a slap in the face of Governor Quinn's Executive Order. Mr. Barnes stated that the six buildings that were referenced there are the six buildings at that time that had submitted applications for funding through the Energy Efficiency Portfolio Standards Program. They do have high efficiency lighting as one of the specifications in the APR for each lease that goes out the door and it's my presumption that those are being met as we're entering the leases. So what you see here is representation of some buildings where they actually utilize the Energy Efficiency Rebate Program in order to deliver those retro fits. What you don't see is those locations where those standards were met already or without the mention of the rebates. Member Bedore stated that it says the effort is largely voluntary. Mr. Barnes replied that the effort for the participation in the rebate program is voluntary, it's not about adherence to the standards that are voluntary. Member Bedore asked how many building have they forced the owners to put high efficiency lighting, sensors and everything else and did not participate in this program? Mr. Barnes replied that again, the specifications are consistent throughout the leases in the program so those are compliance factors. Member Bedore stated that he's not answering the question, how many buildings actually have been converted, leased buildings? Mr. Barnes replied that he would have to look into that and get the specific answer for that question because that would entail dividing out those buildings that already complied as part of the initiation of the lease, from those that were upgraded after the fact. Member Bedore asked if the Board will to get an answer at the next meeting. Mr. Barnes replied that he will endeavor to get an answer for the Board. Chairman Stewart stated that he hadn't looked at the Executive Order in quite some time and maybe someone from CMS knows the answer, does the Executive Order mandate the goal to occur in a specific fashion or does it just simply say, do you the to use vernacular language, reduce energy cost; he doesn't know either if it requires how you do it or if it requires just getting it done as it were. Mr. Barnes replied yes, the Executive Order kind of mirrors the Agency Energy Efficiency Act. Chairman Stewart asked if that is an APR document to upgrade energy and utility efficiency standards is that... Mr. Barnes replied that it's kind of the buildings' standard for the various disciplines of capital build-out. Chairman Stewart stated that it says here you're in the process of revising the sections. Mr. Barnes replied correct. Chairman Stewart stated that he knows it is tumultuous times these days, but ballpark wise is that something that is going to be finalized, he doesn't want to put a date on it, but is that like five years from now we're going to have it ready or is that something... Mr. Barnes replied no they're actively doing this now. They have got some input from the Capital Development Board who's the Steward of the State energy code on what current technology is picked for delivering so they're currently looking at how they can increase the efficiency standards. Chairman Stewart asked if that's for State built facilities and or significant build-out to the leased property, is that separate? Mr. Barnes replied specifically related to the APR as we are looking at it for the leased facility portfolio, because that's what we're holding the landlord responsible for. Now to say that we're going to be able to hold landlords to the same high standards that we hold ourselves when the State is using its money to build the building is a little difficult because we're dealing with existing buildings where we can't make capital expenditure to improve private property. Chairman Stewart asked if there are changes in the standard that would apply to future leases. Obviously if it's a mid-term lease that's one thing, but if a lease is coming up we set a new standard is that CMS' vision of, the game's changed. Standard used to be X now it is Y that is what we're going to put into our bidding documents or renewal. Mr. Barnes replied that the standards that they would establish would be consistent with what their constraints are on the capital funding side so that they would be able to elevate the level using the available rebate pool to help off-set landlord costs, so that's the intent. Chairman Stewart asked if Member Bedore had any further questions. Member

Bedore stated that he was just curious, talking about the benchmark in the city of Chicago, what is the city of Chicago they have all facilities over 250,000 square feet must have an energy efficiency benchmark. What is Chicago doing that we're not doing? Mr. Barnes replied that Chicago has mandated it's private buildings operators, actually private meaning all building operators, began to benchmark their facilities and provide that information via portfolio manager, which is kind of an industry standard platform that cuts across a variety of building types as a tool to measure their energy usage protocol. So in a sense they're on the same road that we're on. We're also benchmarking facilities outside the city of Chicago, he highlighted their activity in terms of compliance with the ordinance because there were specific locations that they were required by that ordinance to perform these benchmark analyses, but they're not limiting their efforts to nor did they trigger their move towards benchmarking based on the imposition of the ordinance of Chicago. Member Bedore stated that the city of Chicago ordinance triggered CMS' action for the Thompson Center and the Bilandic Building, is that correct? Mr. Barnes replied no, the city of Chicago ordinance created a live opportunity for them to exercise that activity that they were already structuring to undertake. So basically they had already benchmarked the Bilandic Building probably two or three years ago following up on the capital overhaul and of the HVAC system and they were using the same protocols to look at other facility types. They did several State Police locations and other facility types in concert with the CDB. This has been an evolutionary process, the city of Chicago and the State have been working in parallel tracks and the difference he thinks is that and he's speaking from the State's position as a building operator not as a regulator, the city of Chicago's ordinance places the city kind of being in a role as regulator and that it's imposing the requirement on building operators to comply with guidelines. They're doing this out of their own desire to identify energy usage patterns, and identify opportunities for upgrades and improvements. Chairman Stewart asked if that benchmarking effort is looking to include the University systems and not just the Agencies that are not just directly under the control of CMS, is it the goal for all State facilities to benchmark or just the ones that CMS has a formal role with? Mr. Barnes replied that statutorily we're limited to the facilities that CMS has a role in property management responsibility for, but the protocols that are used for benchmarking are common regardless of who runs the facility, so once the road map is there they can roll that strategy out in a way the State Universities and other operators can mimic in terms of gathering their own information in using that structure to benchmark their facilities. Chairman Stewart stated that he would encourage CMS to reach out to sister State entities to encourage them even if you don't have direct control, because benchmarking is not the answer to everything obviously, but it does provide you with some decent data to start other efforts. One thing when you look at the benchmark it looks to be, whether it includes say the University systems and others, looks like the intent for all leased properties with CMS has again, some kind of authority over to benchmark all of them ultimately. Mr. Barnes replied yes, ultimately. Chairman Stewart stated that this raises a different question, which he knows Member Bedore has raised several times, but maybe this would be a tool to try to achieve that end, which is an inventory of what is our property? How can we benchmark our properties if we don't know what all our properties are? He knows and he doesn't want to rehash the whole debate, but he think the point remains, and this sounds like a good initiative, but perhaps it's also a tool to encourage CMS again to try to think creativity about how do we get an accurate inventory of what is the real property that the State of Illinois owns, at least to the extent of what is controlled under CMS. Maybe this is a tool to have a parallel effort on that particular front, because it's hard to see how benchmarking is going to help if you don't know what your property is in its entirety. There is a hole there and he is not going to get into the property management side of it, but on the energy efficiency side if you don't know you own it, it's probably hard to benchmark it. Mr. Barnes stated that he is glad that was mentioned, that is one of the things that they have discovered is that the benchmarking effort itself has been an assist in answering the question of what the nature of their properties are because through the data gathering effort they have been able to identify utility accounts that were mis-assigned or mis-labeled, meters that weren't known to exist or weren't known to associate with this specific building, so not only have they gotten more of a grasp on the energy use, but they have also gotten more of a grasp on the dividing lines in those usage categories so that they can now more precisely distinguish between buildings what the energy use is. Largely reporting at the account level has constrained them to following the definition of what a utility provider recognizes as being in account, which may mean that if you've got 20 meters in 5 buildings on a commonly owned site, as far as the utility's concerned, that 5 building site is one account. So by doing this benchmarking effort, it gives them an opportunity to assign meters to specific structures on the site and distinguish exactly what it is that creates this energy use pattern that is distinguished from the global pattern at the high level. Chairman Stewart stated that he would encourage to the extent that there are probably other efforts going on at CMS to create databases for a lack of a better phrase, for this effort and others. He agrees sometimes the value of these databases

addresses whatever the specific issue they've constructed, but allows you to glean information about other initiatives, and again he thinks CMS has to come to terms sooner rather than later with the inventory, just the inventory issue itself so these sorts of efforts, other efforts where there are other services that CMS is procuring that may be related to real property, perhaps there is data mining for that to identify properties that are difficult to identify through a straight up property inventory effort. It probably won't answer all the questions, but he encourages when these specific projects are tracking forward, that an eye be kept for this larger question, rather than just sticking with the current system which he thinks that everyone agrees, and he will be polite is not highly efficient, in terms of inventory management. Chairman Stewart stated that he was sorry for taking all the time here, were there any other questions or comments from the Board. Member Morales stated he has a quick question. He asked if Member Bedore recalls years back the Board used to see every now and then a lease renewal where the State was paying for improvements, and the Board would object to those, that has come a long way because we don't see that much anymore at all, but in cases where the State is paying for improvements on a property that we lease, would they require them to change the energy efficiency? Member Bedore stated that he believes we should. He thinks that we haven't gotten any answers regarding that today so he would like to really see a follow up at the next meeting and really get into this whole energy efficiency regarding leased buildings, and he understands there is bigger money in the State-owned buildings, but his concern right now is getting a handle on what we're doing with leased buildings and he didn't get the answer today. Mr. Barnes replied that if he could get into what he thinks Member Morales that was asking the underlying question, in terms of situations where they are asking for improvements in a leased space the APR document would govern the standards that they would hold the landlord accountable for those improvements and that would bring in the energy efficiency aspects that are embedded in those APR standards. As they're looking at upgrading or updating their APR standards they would look to a higher standard of energy efficiency going forward once they get into negotiations and those opportunities where they are asking landlords to improve their property for CMS use. Member Bedore stated that it's great and he would like to see a list of the buildings where CMS has done something to have the landlord do these energy efficient items in their building that we're leasing. CMS has had since 2009 and he would like to see the list of every building they have done it in and what the result is. Chairman Stewart stated that he has a question on the couple of times you referenced the Springfield municipal utility in terms of obviously the energy comes from some place and it sounds like there are some difficulties from time to time. Even on basic data gathering it sounds like Ameren and ComEd and others provide the data we request and it sounds like it's not quite so readily available from Springfield. The next time we go around and do a contract for energy from the supplier not the landlord, he would suggest perhaps that they work terms into the RFP that requires the provider to provide us the information they so seek. Yes, the power goes to leased facilities and some that goes to State-owned, but we're not generating it ourselves and that's a component, so if our current contractual terms don't really allow us to get that and they're not just doing it voluntary out the kindness of their heart, perhaps work that into an oncoming contract that strikes me as not a huge ask of any particular customers including the State of Illinois. Mr. Barnes stated that unfortunately the Springfield utility is the utility so they're protected by the principal of the Tariff Laws they are not even beholden to the Commerce Commission. Chairman Stewart stated that he's not much of a lawyer, but he thinks you can negotiate any terms you want in a contract. Both parties have to agree admittedly, but you can certainly pitch it then it's a negotiation. He understands you can't just go out in the open market and get any utility but there still is a contract involved in there somewhere and typically there are terms in contracts. He thinks parties can agree to those whether they're required by law or not. Chairman Stewart stated that he realizes there are all sorts of subtleties and difficulties beyond that, if nothing else it's a negotiating term for the State to use on its upcoming negotiations on an upcoming future contract. Are there any further questions or comments from the Board on this issue? Chairman Stewart stated that at the next meeting perhaps a few follow ups that he thinks, to Member Bedore's point, a list and some specific examples of how these standards in leased spaces resulted in actual savings to the State through the lease arrangement. Mr. Barnes asked just for clarity's sake, CMS can distinguish between those that are in compliance and those that are not in compliance, probably a little bit better, other than those where they have actually gotten the landlord and enrolled them in the rebate program, those where the compliance took place leading up to the lease. Chairman Stewart stated that he thinks that a little more data in general so they can ask further questions when the Board gets a chance to see what they have provided. Chairman Stewart thanked Mr. Barnes for coming in today and again he thinks the Board will probably have a few more follow-ups on this and thank you for coming in today.

The next item on the agenda was CMS Facilities. Susan Florence, Lease Administrator with the CMS Bureau of Property Management stated that she doesn't really have anything for facilities specifically, but just wanted to add a little bit of clarity to what Mr. Barnes was saying. When they're talking about the APR documents and the efficiency standards, energy efficiency need and other efficiencies standards contained in it, that applies largely to RFIs and significant build-outs. They don't include an APR with every lease. If they're doing a renegotiation on an existing building, they may include it if they're during some minor build-out, carpet, paint, maybe moving some walls they would include those relative portions of the APR as the building requirements, beyond that, the energy efficiency standards would not necessarily apply. CMS has much less leverage when they're doing a renegotiation of an existing lease to insist that landlords put that kind of capital to retro-fit a building with energy efficient lighting, when they're giving very little in return in the way of rental increases and any firmness to the lease, those kinds of things. Chairman Stewart asked that before the Board moves on are there any just general facility questions or comments. Member Black asked that when they talk about leverage and you can't get, and he realizes that we came through some difficult times in the private sector, but through the public sector as well, if a landlord says that he's not going to do that, wouldn't you have extreme leverage to say we're not going to pay for your inefficiency? Ms. Florence replied that maybe leverage isn't the right word, but they have held many of their landlords to very few rental increases, we have been decreasing rents wherever we can, again they're not really offering any sort of firmness, basically they're saying you've got a 90 to 120 day lease depending on the terms and termination, but they want you to spend all this money anyway. They are either going to jack up the rent, insist on higher rents or they are going to pay for these efficiencies through amortization. Member Black stated that CMS' leasing people are really pretty nice, from what he hears, he knows people who rent buildings to the State and they always say CMS is very nice and sometimes you can't be that nice. He realizes that in areas like where he comes from the owner can say go find another building of this square feet, you're not going to find one. He understands it can be a tough market out there, but at some point with the Governor's Executive Order we're going to have to show, everybody is going to have to show that we're making a concrete effort to reduce what we spend for people who haven't changed their wiring system or their lighting system since 1951. He knows that the market in rural areas where he's from, you don't have a lot of choices and he understands that, but he would think in the more urban areas you probably would have newer buildings, more efficient buildings, new furnaces, new boilers, new air conditioners, who are so rated you save a lot of money. Ms. Florence replied that they would, but those generally come with higher rents. Member Black stated that it's kind of just chase your tail sometimes. Ms. Florence replied that it's all a negotiation.

Member Bedore stated that along that line, he hears what Member Black is saying in the urban areas, he does still believe that you do have a lot of leverage over these owners. For example, he won't use names but you had a building recently that the State, over the life of the building, which isn't that long, we paid \$81 million, and this owner is in California. At \$81 million for this building he knows the State could have built for a lot less. So that person should be able to put in some improvements in that building to reduce our cost without raising the rate. Ms. Florence replied that he has if it's the building she thinks you're talking about. Member Bedore stated that yes he has and that's a great example. Ms. Florence replied absolutely. Member Bedore stated that all he is saying is that's the example that should be used for every large building. Ms. Florence stated a lessor who has the financial resources to do those sorts of things. Member Bedore replied that's right. The building on 6th Street, he won't give the name of that building, but the building on 6th Street is a prime example. We have very high energy costs. Ms. Florence replied that they do and they're looking into that. Member Bedore stated that he knows they're looking into it, but he doesn't want CMS to come back and say we're going to spend a \$100,000 to upgrade it. No, the owner should upgrade it, the State has paid for that building 10 times over and where is the investment of the owner. Member Bedore stated that's his comments.

Chairman Stewart stated that he wanted to follow-up from the energy issue. He is not sure where to ask for more, but there is the issue of who bears the cost of the energy efficiency. He thinks the overall point of the Executive Order is to reduce energy consumption, obviously in a cost efficient way, but it's reducing the consumption and Mr. Barnes had a number of stats about the total kilo-watt hour drop from 2009 to the most recent fiscal year. Is there any way, and he doesn't know if there is, maybe it's part of the audit, or the benchmarking you're doing, is there a way to determine how much of the reduction was reduction of the kilo-watt hours reduced, how much roughly came from reduction in the State's consumption at State-owned facilities, and how much of the reduction came from State leased facilities? He doesn't know if that information is available but that would be helpful, in other words is 70% of the gain they've achieved the

State-owned facilities and 30% through the State leased facilities, he doesn't know and then what's the overall square footage. There are lots of factors but at the very basic level it sounds, he can't speak for other Board Members, but it sounds to him that most of our efficiency gains have occurred through State-owned facilities, but he hasn't heard that it's been all through State-owned facilities, so what is that break down 80/20, 90/10? Not to beat a dead horse but what's their overall inventory, it's kind of hard the ratio of the two groups but any information along those lines might be helpful, obviously if all the gains have been in one area even if there are proportionately different sizes it may highlight what Member Bedore and Member Black have been saying about these large leases where we are the prime lessor.

Member Ivory stated that he has a quick comment. In reference to the information as it relates to where we're at because it was helpful for him to hear where we are at and what our focus and targets are. He doesn't even know if he's clear at this point, but his other point would be that he was at a meeting yesterday with ComEd talking about a number of different things in which to reduce energy consumption and create energy efficiency and they're always looking at new opportunities and new ways of doing things slightly different that reduce energy cost. Are we aggressive in that area at all or do we take a look at new and creative things that would help to reduce energy consumption, or do we simply do the basic things? He is just curious if that is a part of the agenda that this particular team has to take a look at new and creative ideas to reduce energy consumption. Director Carter stated that Mr. Barnes excused himself after he was done with his presentation, but he will certainly ask him that. Member Bedore stated that it would also be interesting to note it's great to say and pat ourselves on the back, which he believes most of the energy efficiency is on State-owned facilities, but besides that he believes if you look at the number of State employees in 2009 compared to today you will see that there has been drastic drop, so he would assume just on that factor alone there would be less energy consumption. The second point he made about lower energy usage is mainly because of CMS and this Board by reducing the number of leases, and consolidating leases, and also reducing the number of printers and things of that nature, so there should be a reduction in energy usage, this Board is part of that and so you have a couple factors and you can't take all the credit. The credit really is the fewer employees, less leases, consolidation, less printers, less everything and the Board is a part of that, and that's part of why your energy consumption is down. Chairman Stewart stated that he agrees and thinks the consolidation point in particular, but more information would be better. Any of these from point in time X to point in time Y there is always a lot of other factors, but he agrees some of it is due to other efficiency efforts that were maybe not energy efficiency efforts. So hopefully we try and drill down to at least get a sense of how much of it did it have to do specifically with the energy efficiency effort versus consolidation, lowering headcount, facilities of being consolidated, or closed on instances, but to your point none of those factors alone explains the answer by itself it's probably a commingling of all of them.

The next item on the agenda was DCFS lease #5326 lease at 4 W. Old State Capital Plaza in Springfield. Director Carter stated that it's got a personal square footage space of 290 and a first year base rent of \$12.00. Ms. Florence is available for any questions the Board might have. Member Bedore stated that he was glad to see a \$12.00 rate that includes gas, electricity, water, janitorial, it includes everything at \$12.00, that's great and a block and a half away we're paying \$16.75. So he goes back to our Bucari Building and he just hopes everybody keeps that in mind that you're paying a 38% lower rate here. Member Bedore made a motion to accept this lease as presented, because it's a great lease at \$12.00 all inclusive. The motion was seconded by Member Black. The motion was unanimously approved and a Certificate of No Objection will be issued.

Chairman Stewart stated that just as a follow up on Member Bedore's point, he wanted to raise it one more time, an inventory would allow the type of benchmarking that Member Bedore has just sort of done just through personal knowledge, but when you put into a database you mine it for data in a way that is great when there is personal knowledge, but it is hard to beat a database. So to the point, it gives you a benchmark on what the real ranges are and not just what's in the market, but what we're actually doing. The market conditions is one thing, the decisions we make is another. This one is obviously a great effort on CMS' part and he shares Member Bedore's comments where no extra cost and everything is just in the base rate. Member Bedore stated that the Board had another lease that didn't need a letter of no objection, lease #6533 by the same owners of the Bucari Building and that was \$12.25 all inclusive so there are rates out there that are in the \$12.00 range and the \$16.75 range, he just thought he would bring that for informational purposes.

Chairman Stewart stated that the next item on the agenda was legislative matters. Chairman Stewart asked if the Board needs to be aware of any. Director Carter stated he doesn't have anything to add today. Member Bedore stated at the last month's meeting they had some changes to the Rules and you were going to present them at the December meeting. Director Carter stated yes, they had quite a few parties that had requested an extension for comment and so they just received some of those as soon as yesterday, so we're going through them and everything seems to be amicable, but we will have a copy in January.

The next item on the agenda was to determine the next Board meeting, which will be January 15th is what we are looking at. So we can have communications with Director Carter if we need to change or move the date, but right now it looks like it will be January 15th.

Before we adjourn is there anything Board members would like to raise at this time. Member Bedore stated that he would like to wish everybody Happy Holidays, Merry Christmas, Happy Hanukkah, Happy Kwanzaa, happy everything and Happy New Year because we won't be here. To all the Board Members and to all the people that participate in our Board meetings. Chairman Stewart thanked Member Bedore and thinks that everyone shares his sentiment. With no further business up for discussion Member Morales made a motion to adjourn with Member Bedore seconding the motion. The meeting was unanimously adjourned.