



Chairman: Frank J. Vala  
Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

### **Minutes – February 24, 2017**

Present in Springfield: Frank Vala

Present in Chicago: Rick Morales  
Larry Ivory

Via Telephone: Bill Black

Chairman Vala called the February meeting of the Procurement Policy Board to order. Four Members were present, with Member Bedore being absent. Member Morales makes the motion to allow Member Black to participate by Via Telephone phone. All members voting in favor by saying “aye” and the motion carried.

The first agenda item was the approval of the January 19, 2017 minutes. Member Morales makes a motion to accept the minutes a printed, Member Ivory seconded the motion. Chairman Vala stated that he have two points of clarification that he received from CMS. First, “temporary” versus “permanent” improvements are defined by the Illinois Administrative Code (Section 5000.380). All permanent improvements are the responsibility of the Lessor. Only improvements defined as temporary are amortized through the lease (or occasionally paid via lump sum). Further, once the full scope of work has been defined and itemized, CMS conducts a “fair and reasonable” cost analysis to ensure that any cost to the State is in line with current construction standards. Restrooms are a permanent improvement and not amortized in the lease. Further, all compliance with ADA requirements is the responsibility of the Lessor, as is any work relating to building and health code compliance. There is a very substantial amount of build-out with this lease, some permanent and some temporary. Any White Paper reference to expansion of the restrooms and/or ADA work was simply informational and mentioned only as examples within the larger scope of work. It was not meant to infer that there would be any cost to the State for those items. Member Morales mentioned the 6% interest rate for the amortized improvements which he felt is too high. I can verify that 6% has generally been the going rate for all recent amortizations. This may be due in part the ongoing budget/fiscal crisis and banks’ hesitance to loan money to owners of properties which are leased to the State, due to uncertainty over timely payment of rents. Lease #6628, There seemed also to be some confusion regarding the current locations of these employees and the fate of those spaces once the new lease takes effect. All of the staff that will be moving into L6628 are currently housed in “Building 30” at the Fairgrounds, as is much of the equipment that will be moved into the warehouse portion of the new lease. We intend to backfill the Building 30 space but at this time, no decision has been made regarding when or with which agency. The remainder of the DoIT equipment is currently stored in a portion of the Armory and that space will not be backfilled. The remainder is currently in the State Surplus Warehouse and that space will easily be taken over with other equipment and furniture from other agencies. The “Computer Center” at 120 W. Jefferson is not affected by this new lease. No employees will be relocated from that facility. Finally, unrelated to the proposed DoIT lease, there were questions regarding the cost of janitorial at DHS #6431 in Sycamore (\$1.20) versus ISP #6422 in Macomb (\$3.51).The janitorial provider for Macomb is a State Use vendor. State Use contracts are no-



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bid and tend to be higher. The cost of janitorial for the Sycamore office works out to about \$200 per week, and in Macomb it's about \$250 a week. The reason the per-square-foot cost is so much higher at Macomb is because it's such a small office (less square footage over which to spread the cost). If the Macomb office was the same size as Sycamore, the rates would be \$1.20 vs \$1.54. Chairman Vala asked to add the clarification to the minutes. Member Morales said so moved and was seconded by Member Black. All members voting in favor by saying "aye" and the motion carried.

Next on the agenda was lease review for DoIT lease #6628. Director Von Behren said that since the Board objected to the lease at the last meeting the Board would need to issue a Certificate of No Objection to this lease today in order for the lease to take effect. Chairman Vala said that with the clarification that he added to the minutes does anybody have any other questions or input on this lease. Member Black made a motion to issue a letter of no objection and was seconded by Member Morales. All members voting in favor by saying "aye" and the motion carried.

Next on the agenda was lease review for DOC lease #4355. Chairman Vala said that this is the whole training center here in Springfield and has been here since 1979. Hopefully with the new Washington DC people we will be more money for law enforcement and other needs. I certainly see that we need this training center. Do we have questions on the actual lease? Member Black said that he knows that the State of Illinois, and knows that this is not unusual, at the current time is behind on our current lease payments by \$1.5 million, what interest rate do we pay on those mortgages? Ms. Florence said that she doesn't know that answer, but can get that information for the Board. She is not sure what the Prompt Payment Act requires. Member Black said that a lot of people probably don't want to loan any money to us at this point because of our budgetary issues. Ms. Florence said that would be true. Chairman Vala said that he believes that they fall into the same criteria as the Prompt Payment, which is 1% per month on the unpaid balance after the 90<sup>th</sup> day that it is owed. So beginning the 90<sup>th</sup> day it is computed. So the first 90 days the landlord or the vendor received absolutely no interest, but is still carrying the State of Illinois as a stepchild. Member Black said that he would assume that they will all get paid at some point and suppose that they could though us out if they wanted to thank goodness they are willing to continue their relationship with the State of Illinois. Chairman Vala said that he agrees with Member Black. Chairman asked Member Morales how much of a burden is the 90 days to each of the vendors. As a lender how do you look at that? Member Morales said that it is quite an impact in many cases. It is a case-by-case situation with each vender if you will contractor whatever the case might be. Depending on how historic their relationship has been managed and considerations given by banks otherwise we go into a different tier and are considered high risk and look at that each month to see what the status is. It is burdensome and becomes a high risk and can affect the rates which they are following. So it can be impactful. Chairman asked if Member Morales had any questions. Member Morales said that there are a lot of moving parts. Will the Board get updates, for example, when they have to adjust square footage? Ms. Florence said yes, that will be done through an amendment and be posted to the Bulletin just like any amendment so the Board will have the information. Chairman Vala said he would enter a motion for no objection. Member Black made a motion and was seconded by Member Morales. All members voting in favor by saying "aye" and the motion carried.

Next on the agenda was Non-Agenda Items. Chairman Vala asked if everyone had the opportunity to review the non-agenda items. Are there any questions or discussion on these? No questions were raised.



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Next on the agenda was legislation. Director Von Behren said that there are no new bills that have been filed and are continuing to monitor SB8. There will be a Senate hearing on SB8 in Chicago next week and a subject matter hearing March 7<sup>th</sup> in Springfield as well, other than that no new legislation at this time. With nothing further to discuss a motion to adjourn was made by Member Morales and was seconded by Member Ivory. All members voting in favor by saying “aye” and the motion carried. The meeting was adjourned.