



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

Minutes – April 28, 2017

Present in Springfield: Frank Vala
Ed Bedore
Bill Black

Via Telephone: Rick Morales

Chairman Vala called the March meeting of the Procurement Policy Board to order. Member Bedore made a motion to allow Member Rick Morales, to participate by via telephone. All members voting in a favor by saying “aye” and the motion carried.

The first agenda item was the approval of the March 16, 2017 minutes. Member Black made a motion to accept the minutes a printed, Member Bedore seconded the motion. All Members voted by saying “aye” and the motion carried.

The second agenda item was the discussion of lease reviews; Susan Florence for CMS is here. Our first lease is 6108 HFS in Marion, IL this lease was built out for HFS in 2007 there has been no rental increase since that time, there is an increase in this lease. The area per person is above the metric, and if they were full staff they would be within the metric. They are down about 4 people I believe. There is no BOMA data for the southern portfolio. The total direct cost is a bit above the portfolio range. Member Bedore states I understand the 329 sq. ft. per person is because the staff is down being that the only reason? Susan Florence replies yes, or is it still high states Member Bedore? Susan Florence replies “no its because staffing is down” Member Bedore is there hope for staffing increasing? Susan replies a lot of positions are frozen right now they have E-Pars in the system. Whether those are going to go anywhere in any reasonable time frame I don’t know. Member Bedore says and the rate is up 18% I understand they haven’t had a rate increase is that correct? Susan Florence “yes” in 10 years. Member Bedore says, so you believe the 18% is justified? Susan Florence says I do. Member Morales on the personal space can you go over that with me, there is 22 employees but your budgeted for 26? Susan Florence replies yes, Member Morales so do you take the sq. ft. and divide the number of personal is that how you do it? Susan Florence sates we do it for an overall number and we do an adjusted number in a client services facility. We would deduct the space that is solely for providing client services such as waiting areas, meeting spaces, file rooms, things of that variety we reduce those and then do an adjustment number. Member Morales what is the targeted number you are looking at? Susan Florence 275.



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Chairman Vala is 275 just a regulation or is it a policy? Member Bedore our goal was 250 a couple years ago, but I think we will all be happy if it was 275. Member Bedore makes motions that we enter a letter of no objections. All members voted by saying “aye” motion carries.

The third agenda item is a DHS lease. They have been here since 2000 the last rental increase in 2011 and that rate will remain static for the first year. Our long-term goal is to relocate this office for less costly space which we know is available. Right now with the budget situation it's not feasible. So, we did this 5-year lease to ensure continued occupancy until we can make that happen. This lease did have a renewal option, but we chose not to exercise it we were hoping to get them moved. We were able to decrease those pre-negotiated rental increases that we would have been given under the renewal term. The area per person is high here as well. The staffing is down 17%. The lessor is going to do some repair work to the windows, the rate is within both BOMA and regional portfolio. Member Morales asked did you describe as to this point a month to month or is it another 5-year term. Susan Florence says right it's a 5-year term we can get out at any time. Member Morales with 6 months' notice correct? Susan Florence right but if were building out another facility were going to need at least that much time anyway. Member Bedore I remember this lease we thought at the time the sq. ft. back even 10 years ago was high, there is no point of arguing this if you're going to be moving could you give us a time frame? Susan Florence, I don't know until the budget situation is rectified. Member Bedore states this is rental property. Susan Florence, it is but we must have the ability to contract with movers, build outs. Member Morales is there a plan in place even though you're not building something you have an idea where you want to go or will we have to go out for bidding to find a place? Susan Florence no we relocated DCFS, and HFS into new space in Waukegan this year. There is expansion space within that lease that we can exercise, but the space is raw is has to be completely built out which is going to take time, and money. Member Bedore time, and money it could be amortized? Susan Florence, it could. Member Bedore says you don't have to have cash upfront to do the build out. Susan Florence Csays that is correct, but we didn't have time when this was coming up for renewal we didn't have time to negotiate the build out, to plan the build out, to develop the floor plans, to come up with cost. Member Bedore ask when is that going to be ready? Susan Florence, states she doesn't know. Member Bedore says those are not comforting answers. So, should we look at this from month to month for 3 months from now. Susan Florence, says ideally within the next year we will be moved. Member Morales so if you're thinking this, have plans started, you just said there hasn't been any drawings, or any budgeting, right? Susan Florence the landlord of the other property is aware that we want to take that expansion space we haven't gotten to that point with them. Chairman Vala will the build out be an upfront expense to the State of Illinois. Will the landlord sit and wait like everyone else? Susan says I'm sure he wants to be paid it would be a temporary cost would be advertised in the lease just like every other buildout. Member Bedore what are we paying at this proposed space that were looking at? Susan says its \$10 and some change. Member Bedore so it would be an improvement Susan Florence absolutely! Member Bedore enters a motion to enter a letter of no objection, Member Morales seconded Member Bedore says with a caveat that we review this every quarter to review the whole move on how its moving along. All members voting by saying “aye” motion carries.



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The fourth agenda item this is a IDES Lease in Peoria. They have been in this facility since 1991 the new Lease has a 2% increase in years 1, 3 and 5 and the area per person is just above the metric at 296. The lessor is providing some painting, and carpet and the rate is within BOMA and is within the regional portfolio. Chairman Vala entertain to a motion to enter a letter of no objection, Member Bedore says so moved and Member Morales seconded the motion all members voting by saying “aye” motion carries.

The fifth item agenda is a lease for CMS in Springfield. Susan Florence states that this is warehouse for the Law Enforcement Surplus Support Office. They have been in this building since 2007 and there is a 2% increase in the first year of the lease. The sq. ft. is being reduced due to the 10th Street Rail extension that’s going to basically almost run through part of the building so soon as this lease is executed their doing to demolish 1500 sq. ft. of the building so that has been reduced for the new lease. There is no staff at this location. This is a non-climate control warehouse and the rate is below the regional portfolio range. Chairman Vala says he will entertain a motion to enter a letter of no objection. Member Bedore says so moved and Member Black seconded the motion. All members voting by saying “aye” motion carries.

The sixth item of the agenda is DHS lease 6438 non-agenda item. Executive Director von Behren says the next three lease all go together. Its three lease amendments for the buildings at Iles Park Place. Susan says those were all written as full gross leases but due to the budget situation the lack and tardiness of rental payment, the landlord has been unable to keep the utilities paid in a timely matter, he asked if CMS could take over that responsibility in exchange for a corresponding reduction in base rent. Member Bedore says Mr. Chairman these re-doing of these leases is due to the State not having a budget, and not be able to pay. The owners of these buildings did a heck of a job, they rehabbed them, they give us a fantastic rate, and now he has his mortgages payments from the bank are due, and he can’t pay. It’s just another example of how the State is going down the tubes. Member Morales says it’s just a lack of having a budget has on business owners, landlords, and public funds whether it’s a school district, park district they have used their reserves, because they have not received their funding from the State. Member Bedore states this person went out and rehabbed the building, and gave us a fantastic rate, and we don’t pay him. So, this is a way so utilities won’t shut them off against the State but they will against an individual. So were giving him protection by saying we will pay, even though we won’t pay in a timely fashion but he will have the protection that it’s under the State it’s just another thing that these owners must do because of lack of budget. Chairman Vala I remember when this Lease came before us one of my main questions was number one does the landlord have the financial ability to do it and number two will he survive until payments are made. This is no surprise that rent payments are not made. Now we want to let this person out of a lease because they didn’t finance their stuff properly? So that means, every other landlord, everybody we owe money to we should change the payments, somebody just walks in we just give them more money? I strongly object to this amendment. Susan Florence says we reduced the base rent. He sent us a year of actual utility bills, which we average out to a number and



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reduced the base rent so were paying him less rent in exchange for taking over the utilities. Chairman Vala it still costs the State of Illinois money, and this lease was all discussed with the fact we knew the State of Illinois is in financial problems. This landlord knew the State was in financial problems this landlord or whoever represented them is questioned do you understand you might not get paid, and they understood it, and now they can't pay the bills. I can't pay my bills there is a lot of people that are out of business, there are a lot of people that have lost their life savings. We have complained about other Leases because we have 392 sq. ft. and now were going to pay a utility bill that could go sky high because who's going to turn the lights out, who is going to have any desire or control on utilities? So, the bottom line here is whether you want to call it lowering the sq. ft. or whether you want to call it of who's paying what the bottom line is we're paying more money for this building, and I don't agree with it. Susan Florence says I don't know if were paying more money, were reducing the rent, and the same amount we will be taking on the utilities. Chairman Vala the utilities right now you haven't been there long enough to know what the utilities are going to average; you haven't even seen a cold winter yet. Member Bedore but it true we were under the original lease we were going to pay the utilities anyway? Susan Florence replies no. Member Bedore he was paying for everything? Susan Florence says full gross lease he's still paying all the extras. Chairman Vala this is not the first time that this landlord has come in a full gross low ball Leases, and we will probably see him back on those. Member Black Susan what interest rate accrue on those? Susan, I think 1% after 90 days, Member Black are we going to pay the utilities companies, or are we just the paper owner so that they don't cut him off. Susan Florence the State will pay the Utilities. Member Bedore but they will be in line with millions of other. Susan Florence replies yes we will pay CWLP once we have been in that building long enough we will be able to take advantage of the flat rate. Member Black so the monthly payment, are we paying the interest on what he would normally get as the total payment or do we take out the utilities? Susan Florence yes we reduced base rent it was \$12 and we reduced it by the monthly cost, so it would be an adjustment on the interest cost at least. Chairman Vala were taking over utilities and not paying the City like there not being paid. Member Black trying to see what the end result might be in some of these cases. He owns the building correct? Wonder if he decides I don't need this, and just walks away from it. then what do we do? Susan Florence then we would go under receivership I would presume then we would work with the receiver we have other buildings that are in receivership. Member Black do you have an agreement with the utility company like Springfield, CWLP I don't know how many millions they owe them in various satellite offices we owe AMEREN of whoever the electricity provider is a great deal of money. Do we have a verbal agreement that you're not going to cut off the building because we assume responsibility how's that work? Susan Florence states she's not involved in those negotiations. Member Black says we owe them million, and they don't cut us off you want to get a budget! Make this whole place go dark no water, no power I don't know why they don't cut us off. Public relations I don't think it would hurt them. My concern was we were going to be paying the percentage on the total base rent, and you have backed that out. Chairman Vala on the CWLP I believe 5 or 6 months ago they finally issued a ultimatum through the State of Illinois, I think the State paid them \$12 million towards utilities so it's probably built back up to the 20's or 30's. Chairman Vala asks I want to know what kind



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of action does it take a board vote to protest this? We're opening a can of worms here. You're going to have this room full of people wanting to amend their leases next month. Jeff Jurgens states if you want to object to this since its over \$100,000 and 10,000 sq. ft. you would argue The Board has the ability to do so within 30 days. Chairman Vala makes a motion that we object to this amendment to this lease. Member Morales says do you think we should put a cap on the dollar amounts, perhaps the landlord not charging us any late fees on our payments to them. Chairman Vala trying to get into the landlord's books, and trying to decide what he spend, and didn't spend would be almost impossible for us to do. What I'm looking at here Rick is the principal; we have a Board that strongly opposes a dollar or thirty cents here. Now we have a landlord that went into this thing totally open and saw everything that was going on, has State leases and now wants to come in and have an amendment. We are violating our whole philosophy of this Board to review, and make recommendation and I think is a bad recommendation for us to make. Mike Hoffman the Acting Director of CMS states, our mandate is to keep the Government running keep these agencies doing their duties to the extent that we can in this fiscal impasse. Some of the issues we have about keeping these leases going keeping the lights on keeping the water, allows agencies such as DHS to do their job and a lot of these landlords are hurting, and they came into this knowing that we were in the situation most of the folks that we were working with track the Springfield issues as well as we do or better. However, this impasse has been long enough now that we have a lot of other landlords' lot of or other vendors who are in very difficult situations so in this case what we are trying to do is to make sure these lights don't go off, and to make sure that these agencies can do their jobs. I agree with you we don't like amending these leases. We don't like to setting precedent on the other hand if we don't amend this lease, and if we don't take over the utilities I believe that they will be shut off in a matter of a few months, and when that happens this agency which ever lease it may be is going to be able to cease doing their job of serving the citizens of Illinois. So I do agree with you on principal, we disagree with it in this situation right now were being as creative and flexible as we can to ensure that State Government continues to keep operating while the leadership of the State figure out the Budget impasse so it has to be reconsider and to look at this and as Susan mentioned before this is not going to be a net increase in cost. You mentioned a concern that utility prices will go up, we will watch that very carefully if we need to go back and make more amendments and change it to protect the State we will do so. I don't believe this amendment will cost the taxpayers more money; its simple away of continuing State operation for as long as we can. Chairman Vala I appreciate you trying to defend your agency but what are we going to the tell the nursing homes that don't have enough nurses, and the ads that I've seen on the television with the senior citizens beat up. What are we going to tell about the guy in Illinois that we had to go to Indiana to buy to go buy bullets because he won't sell to us anymore. It's a major problem and I don't think we can amend this problem, and put a Band-Aid on this. We're opening up a can of worms as we know billions and billions are owed and we can't start making single expectations. Especially when this was done all ahead of time and the people knew what they were getting into. Those are monster buildings all windows if we get a cold winter I surely like to see what the utility bill will be, and I appreciate your standing up and trying to do this but it's not this it's the whole fact that we don't take care of Illinois. Mike Hoffman all I speak for is



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CMS and what our mandate is and what were able to do with a very limited resources and tools that are available during this budget impasse, and I say that the steps were trying to take with these amendments is necessary to keep State Government and operations running during this trying time. Chairman Vala your saying amending one lease is going to take care of our \$12 billion-dollar problem. Mike Hoffman says “not at all” but it is again maintaining State operations for as long as possible which is our mandate. Chairman Vala asks so do you agree with my statement that if we amend this lease every landlord has the opportunity to come back and ask for more money or a readjustment if we take the burden off making these payments were putting money in this landlord pockets. He’s not paying CWLP; we’re paying. Susan Florence replies that he’s getting substantially lower rent. Mike Hoffman were not putting money in his pocket were reducing his cost, and we’re reducing our cost for the same amount for the base rent then we cover the utilities and I don’t believe this does set a precedent. I think that we look at each one of the amendments case by case basis. We look at the situation and it’s a lot of variables involved and I think at this point we are looking at everything by case basis to ensure that were doing the right thing to keep State Government running, and allow these agencies to continue providing their services to the citizens of the State of Illinois. Chairman Vala so your saying any landlord can come in low ball get a lease on random, and then come back to say well we need to adjust this you pay the utilities, and lower my rent by a dollar when the utilities are probably going to be a \$1.15 or \$1.30 a sq. ft. I don’t know it was a bid item and questions were asked is it a big problem? You bet it is. Mike Hoffman, I will say we evaluated the entire year of utility bills, we did the analysis to make sure that it was not a net increase to the State it’s simply a shift. It took a lot to take over the utilities as you mentioned before if you’re a private citizen, you don’t pay your utility bills for a month or two months you’re going to get shut off. We have been in discussions with all the utilities as well as all of our other vendors, and we have a verbal agreement that we’re going to pay when we can, what we can, and they’re not going to shut us off. Again that allows State Government to continue operating, and really these agencies that we service with these leases to continue to do their job. I don’t have any concerns about this arrangement. I agree on principal I do not want to be in the situation, but were making a lot of decisions, that we have to make again were going to keep State Government running. I hate to deny this amendment and three months from now the utilities shut down this vendor, or this landlord and that agency or agencies are not able to function anymore you got people who will be shutting down a DHS Office or a IDES Office and those agencies will do the best they can in this current budget impasse to fulfill their mandated duties, and I think it’s our job at CMS to enable them to do so. Again keep in mind we do not want any increase to the tax payer we will watch very careful, we will watch those utility bills. We’re happy to come back before the Board and review it over 6 months, and let you know that we believe are analysis is correct, and that there has been no net increase if that makes the Board more comfortable with this, were happy to come back and share those numbers with you, and if you do see a net increase were happy to go back and review what we’re doing on this one. But I don’t think this will be the last one that we come up, and ask about. I think it’s going to happen for certain landlords. You mentioned if they knew what they were getting into but it’s been 22 months without a budget we know a lot of people are hurting, and we understand that but our job is to keep State Government money and



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services, these agencies, and service the public. Chairman Vala and I commend you for that I wouldn't want your job, or Susan job. Member Morales couple questions on the idea on what your trying to accomplish, I appreciate that. But is there any way to word it so that it's a temporary situation, and not ongoing. I'm trying to find that for the next 6 months, 12 months? Mike Hoffman states that he believes that can but a clause in there that would protect us that when we do get a budget were going back to the original lease agreement. So, if you would like we can go back adjust that language and bring it back to your Executive Director, and the Board if you want to further review it. Member Morales the other question you stated that you reviewed a years' worth of utility bills, then you said you would also be willing be come back every month every quarter to let us know where those utilities bills are at if they have increase is that something you would do monthly or quarterly? Mike Hoffman, I don't think we would get an accurate assessment monthly again whatever the Board is comfortable with; they think 6 months. Member Bedore 6 months I think would be a better. Mike Hoffman says in 6 months we can come back and share what those costs, and we would do it again after a year for a full year review, but I'll be happy to give you an update in 6 months. Member Morales, Mr. Chairman is right I understand that principal I understand from the CMS side on what there trying to accomplish. My goal here is to come up with a compromise that we can all be happy, and feel secure that the tax payers aren't being taken advantage of. Chairman Vala states, we still don't know what a cold winter is going to cost us. Mike Hoffman, we can review 6 months after that as well that will be a full year's worth of data analyzed. Chairman apparently, I've gone long enough, and I'm not going to see any support from the Board for my feelings. But I want to go on record that when the amendments start coming in that we hear no object from the Board Members. Member Bedore Lease 6587, I'd like to discuss later.

The next agenda item is record retention for DHS. Khari Hunt is present. He is the Chief Operating Officer for DHS. Member Bedore we have some serious questions regarding your records retention. You presently had your records in Dwight at the Correctional Facility. Khari Hunt yes we did previous, moving them to the Iles warehouse. Member Bedore not to Iles to South Grand. Khari Hunt to Springfield that's right. Member Bedore and you had 37,000 sq. ft. in your facility at Dwight right approximately? Khari Hunt I think we stored about 40,000 sq. ft. worth of files. Member Bedore that's not what the records shows, I'm sorry the records show 37,000. You can change it, do whatever you want, but that's not what was said to us time, and time again. So, you went out on a RFP, RFQ whatever you want to call it, in October of 2015. I'm just reading from your records so if you want to correct it fine but I'm quoting never mind. It says October 2015 your agency wanted to leave Dwight, and with an increase to 44,000 sq. ft. Can you explain how you ended up with 60, 000 sq. ft.? Khari Hunt yes as we went through the process of identifying what files needed to move from Dwight, we also looked to other offices in the region that had files that could be moved to make better room to accommodate staff and so we tally the amount of stuff that was in Dwight that needed to be moved, and catalog the additional amount of files that we needed to move into a warehouse space, so that's why we needed to increase the space in the warehouse that we leased in Springfield on South Grand. Member Bedore says that's an 63% increase in sq. ft. but your RFP you wanted 44,000 and this



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happens to be a building in Springfield that had 60,000 so now you say “oh we could use the 60,000” when you went out for 44,000. Khari Hunt that’s right. I don’t understand what the question is. Member Bedore the question is you went out with 44,000 sq. ft. for a RFP you went out in October 2015 then you went again in 2016 for 44,000. Then all of a sudden the building in Springfield shows up at 60,000 and you “say oh yea we need 60,000”. Khari Hunt says in 2015 we sent a space request with CMS to figure out how much space we needed and for them to go out and procure a lease where we can store that space. They came back to us offered this warehouse and we accepted it knowing we could use the additional space to move files, from some of our offices, to no longer store files in offices where we could then put new staff in. Member Bedore are you saying you move these files out of these offices then you’re going to hire additional people? Khari Hunt says in many cases offices have already hired additional staff so offices were cramp people were kind of sitting in cramp situations, and in other cases offices were in the process of hiring new staff and moving these files made it possible for those staff to work in the office. Member Bedore so you have moved these files? Khari says the bulk of the files have been moved I believe there maybe a few more shipments from some our offices that we haven’t completed at this time. Member Bedore so you had already made the majority of the move? Khari Hunt, we moved a significant portion. Member Bedore well sir I was at this building a week ago and let me tell you! You could park a couple of 747 planes in the unused space so if you have already moved everything in what are we doing with all this space? And so, of that space there are records wrapped in shrink wrap that says 2007-2009 record. You told us at the last meeting 5 ½ years retention. Well 2007 to me is beyond 5 ½ years so you got a whole section of this warehouse shrink wrap nobody could ever get at these records. They’re on pallets they’re shrink wrapped you’re never going to look at these records these records should have never come down from Dwight there should have gone directly into the burner. But you had the space so you paid for the trucks to move them down for what. Let me just tell you that is a disgrace! And that brings us to the point “did you ever hear of the purchasing law” in the State of Illinois. It’s called section 40-35 it says and I quote “rent without occupancy except determined by this Board to be in the best interest of the State” no State agency may incur rental obligations before occupying the space”. You had this Lease October 1, 2016 you didn’t move in until March 2017 so we paid rent to a building that we did not occupy. Chairman Vala do you know if we paid rent because it’s not uncommon to sign a lease and not to move in for 5, 6 months till the remodeling is done, and we don’t pay the rent on the Building. Member Bedore I was told that we paid rent. Susan Florence the lease started February 1st and was executed in November the lease started February 1st they started moving in the middle of February and completed their move mid to late March. Member Bedore so then you changed? Susan says they didn’t change anything? Member Bedore yes you told me they moved in March 1st last week ago. Susan Florence, I told you that day when we were in there, that I wasn’t sure what day the lease started but I knew that they moved over the month of March. Member Bedore says and you and I have a difference of opinion you say it’s probably occupy by 60% and I’m saying 50%. Susan Florence says I would say 60%. Member Bedore yea okay but, if we take out all these records that don’t need to be there, and row, after row, after row of empty file cabinets and then I went through the files, didn’t look at names I looked at dates. I went through about 6 different files; different



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cabinets I couldn't find anything beyond 2011. Susan Florence says it's my understanding through the agency maybe Khari can speak better on this, but all the files with the exception of the ones that are shrink wrap which I will get too, those are all active client files. Now those maybe files that were open 2007 those clients are still receiving services. The files that were shrink wrapped are files that came from, those are the only files that are not RFC files those came from the division of Mental Health, and again Khari can speak better to this I think those are quote "forever files", I'm not certain of that. Those were being stored by a private vendor that the agency was paying. They terminated that contract to move those files into the warehouse because the space available. Khari Hunt just to clarify we have to retain all active files, for all active cases as long as those cases are active. Once a case is closed we have to retain those files for additional 6 years; have 6 months in the office and 5 ½ years we can put them in a warehouse. So, it's an active so when you see a case and we want to be sure that were not looking at these case files because they are HIPPA protected but if you see a case file, for example a FCS file from 2007 that case maybe still active that person may still be receiving whatever benefits those papers apply to. So we need to keep those files until the case is closed and then keep those files for additional 6 years after that case is closed. Member Bedore says let me ask you this simple question? You have 4 or 5 employees at Dwight that did these files, they are presently ASMCE employees so they had the option not to move, and they choose that option so what are these 5 employees doing now in Dwight? Are they counting prisoners? Chairman Vala I think we're getting off the subject of record retention. Member Bedore well I think it's all a part of it, it's all a part of the cost. Chairman Vala it's all cost of Government. Susan Florence says those employees all transferred to another agency. They are no longer employed by DHS. Member Bedore says and when we were there since they have been in this building there are not DHS employees there. But if these records are so important and you got to be looking at them always. There hasn't been a mouse in that building for months! so how important are these active files. Khari Hunt replies the federal regulation require that we keep files for our active cases, as long as those cases are active and those regulations further state we need to keep those files for additional 6 years after cases have been closed. In terms of access to those files, we are in the process of trying to hire additional warehouse staff as you stated the folks at Dwight facility elected not to go and work at this warehouse. We are in the process of trying to hire 5 additional warehouse staff and in the interim we're working in collaboration with our office of business services in Sangamon in the FCRC to make sure staff are available to pull files when requested by other FCRC offices who have files stored in that warehouse. Member Bedore so where do the people come from? If somebody wants to look up a record who does it? Susan Florence states currently its someone from the Iles Park FCRC in would be an administrator there. Member Bedore and how do they transmit it? If somebody wants a record of Charlie Brown and they pull the record, how do you get then get that record to some field office that wants it? Khari Hunt replies depending on what the use it's just faxed, if it's information that they need off the record that information can just be emailed. It depends on what the need for the record is and how it's going to be used by the person requesting it. Member Bedore so did this become a surprise to you that you needed employees to operate this facility, because you been working on it since October 2015 and it didn't become as a surprise that these employees didn't want to transfer they



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knew that in 2016 so now we have a State employee gets in there and drives over to pull the record. Do you fellows all have your bags over your heads, didn't nobody see this coming? You been negotiating this since October of 2015. You did the deal in November 2016 and as of today you have nobody in this Office nobody to pull up the records. I guess this came of a big, big ass surprise to DHS that your employees would not move and you have no employees. So now you have State employees getting in cars and driving over to this facility to pull off a record. I guess Government moves slowly. Boy, I tell you that's a snail's space! So, what else are you going to use this Building for? Because obviously, you just told me 5 minutes ago that you moved the records in. Mike Hoffman acting director of CMS says I like to address the issue about the staff. You mentioned before that these were ASMCE Employees all of our actions are governed by the collective party agreement, and there is notifications required, there timelines we have to follow in terms of transferring people there rights to transfer over to a different position. These individuals are now working I believe for the DOC which has a lot of open vacancies that these individuals were able to fill. DHS is actively seeking to fill these positions I tell you it is a long process. For the record, we started in February of this year it's now April this year we started moving files in February continued moving in March you asked about what is the other space used for; there are 12 other offices that we have been identified by DHS FCRC that will be moving files into this warehouse. You visited the warehouse very soon after the Lease was executed and an initial batch of files were moved it will get filled once these files are moved and it takes time. We to have files transferred all over the State down here into this Warehouse, you have to move them internally sometimes it takes staff time, and resources. If you contract out for mover, which again with budget issues that we have it's a challenge I would say that the timeline is not been as long it's been implied it has been. We executed the lease in February we moved the files into February into March continue to move files in. The warehouse is currently at 60% capacity and it will be at capacity when these initial files, and 12 other FCRC are moved. Member Bedore states that he disagrees with your 60% but what about all the shrink wrap stuff that should be in the furnace and if you took out row after row of empty file cabinets you're not going to be at 60%. Susan Florence states those cabinets were moved empty; all those boxes that are on top of those cabinets. The real issue says Mike Hoffman is that these files for years were improperly stored they should have never gone to Dwight. It was a bad decision by previous administration. It was an improper storage location unsafe, unsanitary working for State employees who is not ADD assessable they were not secure to the level they needed to be by both State and Federal law and was improper to have ever stored them there. In addition we have been paying utilities, we had to do maintenance at Dwight; this is a closed correction facility with 200 acres in order store 37,000 sq. ft. of files we spent \$400,000 a year on utilities. We had a full time Security Guard on the property, and we could not put it through the surplus process, and get it off the taxpayers backs with the files in place. The State property control act requires us to have a vacant property before we can declare surplus, and there is property like this across the State that we're trying to get off our books to move through the surplus process to sell these properties so we're not continuing to be on the hook to maintain, secure these properties that had been let go for many, many years. I've been in Dwight both when the files, were there and not there. I was just there on Tuesday of this week and there is mold, mildew I had an interagency



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office memo from DHS to CMS from 2015 I'm happy to share with the Board that details the condition at Dwight. We had an employee that worked that DHS who was stung by wasps not once but twice in one month, he had Spiders, dead birds, mice, weeds inside these storage areas. We had flooding, and damage to these files that were statutorily required and maintain the integrity of. They were not being stored properly; it was an unsafe unsanitary conditions, and that's why we had to move them. Now we have the warehouse space because we are moving and consolidating the rest of these files. DHS and the rest of these agencies have the file retention requirements and are responsible for the polices of how they maintain them and when they are able to get rid of them. I'm telling you that we're not storing files that we don't need to be storing, at least not in this case. And in addition storing these files in an office space where we all know the lease cost are more expensive then warehouse space was also a waste. Khari mentioned that some of this is for staff and to be able to be hired or who are currently not able to fully function in their capacity because the space is crammed with all these files that are stacked up around the place. We are also in some cases trying to reduce the lease space of these higher cost offices, and transfer the files into a warehouse. That's where they should be. For year's files have been stored in office space, State owned buildings that could be better used for State employees, and to serve the public, and we are correcting and rectifying it by properly storing these files in a climate controlled environment that's secure because that's what were supposed to do. This isn't just paper. Behind every piece of paper is a person, and there is sensitive information, and we have a responsibility to maintain the integrity, and security of it and we think the steps we've taken in the last couple years to properly store and secure these files were the right steps, and it should have been done a long time ago. Member Bedore nobody's questioning about Dwight, it's a terrible facility. The question is you had 37,000 sq. ft. in Dwight you put out a RFP for 44,000 all of a sudden the building here in Springfield comes up at 60,000 and then all of a sudden we need 60,000 that you didn't need it when you went out. Mike Hoffman says that time line is not accurate. First of all, we put out this RPF several times. Months of months of trying to get a space, so we can move these files, in the meantime we had files damage, and destroyed because of conditions of where they were. There was a sense of urgency of getting in there we had the 44,000. We could have chosen the 44,000; we elected to take the entire thing, which by the way also gives, us an option to buy the building which is another benefit of taking the whole building, and the 60,000 sq. ft. are absolutely necessary, and I hate to say this but were going to need more space. These files do not go away. I don't think anyone likes the fact were paying money to store paper records in a warehouse, that's the Law we can't avoid that our responsibility is to store them. Member Bedore says you could digitize them though? Mike Hoffman says the digitation is obviously a complicated issue, I can't speak to the digitization of each agency. I know they have some in place, but its impractical in some ways to take a lot of these old files. Member Bedore I'm not saying that, my point is you got a lot of records that could be, and should be ready to go into the furnace. Chairman Vala excuse me Ed do you know these records are destroyable? Member Bedore it says right here 2007 -2009 Chairman Vala wonder if it's a 6-year-old kid in 2007 when they became on DHS there still a client! Member Bedore says they are shrink wrapped, there is no way you could ever get at those! Chairman Vala says yes you could. You cut them with a cutting knife. Member Bedore oh



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Bull! Chairman Vala says just like you would in a grocery store Member Bedore okay, I don't care. Member Morales says interesting conversation the last few minutes, and with all due respect to my colleague Ed Bedore I'm trying to figure out here are you trying to build or present a case against the operation, against the way the move is being handle against the Lease? I'm trying to figure out here what your objection is here, or if it is one or a case you're trying make it seems like your dome some investigated work for a reason what is it? Member Bedore says my argument contrary to what everybody is saying my argument is, there is so much space there, and it's going to take years before you transfer everything, and yet were paying rent on the full amount, and too bad you're not here Rick to see the pictures. I'm not exaggerating when I say you can put two 747 planes in there, and not hit anything. My argument we should not encounter rent when we don't occupy the space. No State agency may occur rental obligations before occupying, and were not occupying that's my argument. DHS and everybody said we needed 44,000 sq. ft. and all of a sudden when this building comes on the line we need 60,000. That's all I'm saying. When it comes down to it that's my argument, my argument is this has been going on for a long, long time there is no question about Dwight being terrible, no argument and everybody is saying were going to move files from these departments these agencies and move it here. That doesn't save the State any money. You're not going to reduce the sq. ft. in these buildings Mike you know darn well we're not. Mike Hoffman says we actually are not in all cases in some cases we are. Member Morales says for the sake of time here, Mr. Hoffman, would you be able to provide us with an update at the next meeting as to how quickly your moving on this process and justifying the sq. ft. and maybe that will take care of this. Ed, would you be okay with that just a suggestion? Mr. Hoffman does that sound ok, you think. Mike Hoffman says absolutely I can tell you that there are 15 different offices where files are being stored 3 of those have already being moved in addition to the Dwight files, there are 12 more that are being moved, and we will work with DHS and figure out a timeline for when these can be moved. I'm comfortable by the end of this year these files will be in there and we will be at capacity. I would be happy to take you back over there Mr. Bedore and show you the warehouse at capacity. There are challenges with resources of getting all these things moved, but we're actively moving them working with DHS and I would say by the end of the year we are expected to be at capacity or very close to it. Chairman Vala ask am I correct you had been trying to find anybody to bid on a warehouse control climate here in Springfield three times before you even got anybody to respond to a bid? Mike Hoffman says in general were not the most popular tenant, so leases in general we have seen a reduction in the number of bids on these as we talked about before paying our bills late, we do drive a hard bargain. Susan and her team negotiate rates down to a very good level as we try and save more and more as a result trying to find people that will bid on these is a challenge, and this case put out 3 times before we got a response, and that's not unusual. Some of these delays your talking about doing what we know needs to be done, doing what we know needs to be done consolidating these records into a climate control record retention facility. Yes, that is true we have a hard time finding people who will bid on these. Chairman Vala asks and is it true that DHS pays us to destroy those records the Federal Government reimburses. Mike Hoffman says I know that for the leases the using agencies are covering those costs. How they're budgeted I have to refer to Khari on the source of the funds



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they use to pay that rent payment to CMS. Khari Hunt says I would have to talk to our budget office to confirm what source those lease funds come from I can do that. Member Bedore says you know Mike you made a statement that you're going to be moving these other files Mr. Hunt said early he thought that everything was moved in. Mike Hoffman says I won't speak for him but I think he said that the Dwight files had moved as well as the 1,400 files that were being stored by private vendor that are the shrink-wrapped files, and the mental health files that are required to be maintained longer. The other ones are smaller amounts but there is a larger number of locations that are being moved. I've documentation provided by DHS of which offices will be moved if the Board would like an update on that at the next meeting the status and the projected timeline for that Khari and I can work together to try and get something that outlines generally when we would move these, and how there being moved. It's a pretty extensive list. Member Bedore asks there was a lease here today, and I asked to talk about later. It's Lease 6587 its DHS. I know it's a small 3, 000 sq. ft. on Iles could anybody, and say it with a straight face, that we need additional 3,000 sq. ft. at Iles to store paper? Mike Hoffman sates he not sure about the details on that lease. Member Bedore says this isn't files, there storing paper that they use for printers. Chairman Vala from my understanding it was controlled records storage. Susan Florence that space is used for a variety of purposes for the DHS mailroom for the Iles complex's in that building that is their main supply center that supplies paper to the rest of the complex. They store the large recycle bins that are stored are disbursed out and used by all the DHS agencies state wide, and I believe that do have some of the on-site files in that building as well. Member Bedore but there also storing paper that is used by the printers? Susan Florence replies yes, Member Bedore says South Grand and Ash Street mile in a half away? Mike Hoffman these are two very different uses you're talking about. DHS runs the largest print job for the State. This agency has 13,000 employee's and Khari can speak more to this, they need to print millions of documents a year. So, it would be completely improper to take the paper that is being used for printing documents that is regularly used and shuffled in and out, and put that into a storage facility where you have sensitive HIPPA protected information two completely different things. One is record retention required by statue, and the other one is operating a 13,000-person agency, and as you expect you need storage space to operate a 13,000-person agency which also does the print work for other State agencies. So, I don't think there is any issue here. I think it was just confusion over what that Iles place is used for and it's a general-purpose storage area for the necessities that you would use or need to operate a 13,000-person agency. Chairman Vala says Director thank you for your information it's nice to have some back-ground information we can balance on instead of exaggerations and other things. Member Bedore says well are you accusing me of exaggerating? Chairman Vala well that warehouse won't hold two 747's. Member Bedore says oh it sure would! Chairman Vala and you know what a 7474 is? Member Bedore yea I know if you want to defend your friends that fine! Chairman Vala I find offense to that! Member Bedore don't tell me that I'm exaggerating. Chairman I can tell you that your exaggerating on two 747's Member Bedore says go ahead Mr. Chairman do what you want. Chairman Vala says you seem to do what you always want to do. Any other questions on this subject? Member Black says for clarification earlier Mr. Hoffman I heard you say "this Building maybe purchased or a building may be purchased" to accommodate



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storage, I raised this question last month and let me tell you what was said. I pointed out that the building in question was for sale for \$750,000 so why don't we just buy it. Susan said we have no resources to purchase or maintain properties, oh that's obvious how do we have the resources to pay 3 times what the building was listed for at sale. To purchase a building requires appraisals I understand all that appropriations from the Legislator. They couldn't appropriate a breathing tube if they were dying from oxygen "Susan said we can't maintain the Buildings that we own" that's very true statement the armory that's a classic case, of were moving out it's going to take it to fall down, beautiful building. I don't understand in the current fiscal situation of the State how we can afford to lease a building for 80% for what we could have purchased it for. Mike Hoffman says that's not an accurate assessment of total cost. The building is appraised at \$1.2 million. It did sale for sufficiently less than that; there was a million and half dollars of improvements put in this building including a security system upgraded HVAC. So its money that went into the building. The lease cost was negotiated down like they negotiate every lease. this was the lowest offer that was available, and there were limited offers available in addition We cannot purchase property without specific appropriations to do so. Member Black says he understand that we have to store these files to protect these files. By exercising the full option of 60,000 sq. ft. we do have option to buy the building if we get a budget if we get an appropriation, and DHS, or CMS can identify that we need it for long term storage. We can purchase it at fair market value. Director Hoffman says Susan and the leasing team at CMS do a very professional job of putting these leases together in the best interest of the State and the taxpayer. I'm very comfortable the way this is negotiated. The fact we have a purchase option I think it protects us if indeed we need to keep this building for 5, or 10 or longer years and if we decide were going to assess the best interest of the taxpayer we will do so. On the maintenance fees, I will say and I've said this before were not a good tenant, were certainly not a good owner of a building. We have billions of dollars of deferred maintenance across the State. The last thing we need is to own another building that we're unable to maintain that down the road it ends up costing us sufficiently more money. Member Black says I have no problem with that statement. I have seen first-hand how we treat property that we the taxpayers owns, and some of it is an eye sore and a lot of it could be called abandon property. Was the facility in Dwight in separate building from the old Correctional Center. Mike Hoffman says there was 4 different buildings that were being used. One was a cafeteria, one was an auditorium, gymnasium, school. Member Black asks how long had it been since the inmates were moved out before you started storing records within the perimeter? Mike Hoffman, they shut down Dwight over a period of time different parts were shut down I don't know how long it exactly was several years. They shut down the prison and the past administration made a decision to move these files into this lot assuming that they thought they would save money by doing so. It was not a well thought out plan, and again we had to correct it and correcting in cost so money. It's unfortunate that we have to do that but we have a mandate and a requirement to properly store, maintain the integrity of these files we take it very seriously. Member Black says I appreciate your education on that because I was trying to figure out what had been a correctional facility was not fit to store record, and what point and time was it not fit for human beings to reside there. Member Black says we were getting reports about digitization we were making process, not by your agency by others who were eliminating



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hundreds of file cabinets and making process and I thought that was going to continue and we would have everything we needed done, and we could get rid of. Mike Hoffman says I would defer to the agencies, we are moving forward on all types technology upgrades now we do have budget issues, but the Comptroller has stopped payment on our IT related bills recently which puts a hindrance to our efforts to continue to modernize technology and structure throughout the State. We are working towards it, and I'm happy to get an update and talk to several agencies that biggest uses of the files, I'll talk to the Secretary of DOIT and I'm happily to give an update on where we are with that. I think it's frustrating that a lot of these great efforts that we have been trying to push forward had slowed down, or hammered by this budget impasse. Member Black says I commend you for that, and I hope we continue to move on that. one thing the Governor said a couple years ago, but nobody paid much attention to when it comes to Computer Technology and IT this State is 50 years, I might be exaggerating a little but its way beyond the curve. People were using when I first came over here cobalt. Mike Hoffman says we still are. Cobalt went out with key punch, computers that don't talk to each other, agencies that change communicate, facts, figures, dollars, with each other. Sometimes when I look at the problems were faced with and our inability to face them you get depressed at what we're doing. When we get to digitization and people can get on a terminal and find that record it's going to be a great day, if we ever get there maybe not in my lifetime. Mike Hoffman says I'll offer the resources of our staff to sit down with your staff, Member, anytime to discuss these types of issues if were acknowledge on the details of leases the Susan does, and some of the things we do it helpful for everybody. Member Bedore says Mike you said we have the option of purchasing the building because I've not seen anything in our files that says that? Mike Hoffman says we're required if we exercise the entire option. We are required to have a purchase option, so the first option is 30 days during the lease term it requires several appraisal and you take the fair market value with appropriations with funding if we thought it was the right thing to do. Member Bedore how do you do that when you have a 5 year no cancel clause? Member Bedore say next year by a miracle the budget is passed, and you had money to purchase, could you purchase that Building? Susan Florence says I would have to defer to our legal team to see how that no termination clause would fit into it purchase. I would assume that some language could be written into the purchase agreement I'm not an attorney. Mike Hoffman says we will double check that as well. Either way we believe purchase protects us if indeed we need this warehouse for 20, 30 years it may make sense at some point. Member Black asks Director do most of your leases have an option clause giving you the ability to say since we signed the lease now want to purchase the building. Is there a way in your lease that you write it we could call that a clause where we re-open the process without waiting the whole 5 years? Mike Hoffman says that's what we're confirm is when can you exercise that. We will get back to the Board. Member Bedore say that the budget does get passed 3, 5 years from now the value of that Building it going to higher because the State just paid for \$1.2 million dollars of improvements through higher rent. Susan Florence says the landlord paid for improvements. Member Bedore he paid for them but that justified the no year cancellation clause come on be honest about it; Mike Hoffman says he can purchase the property at fair market value, that is about the best you're going to get. Member Bedore says the fair market value is going to be hire. Mike Hoffman if we brought the property at its current



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stage we would had to pay a million and a half dollars to put into it so either way the cost is the same. It's a matter of whether we had bought the building bare bones, as it is and made the improvements, and paid for those by ourselves or if they are baked into a lease agreement. In whatever state it's in fair market value is what you buy it. I don't see it being any exaggerated cost. Chairman Vala says if you purchase the building you take it off the tax rolls which in terms puts a burden on the taxpayers, the School District and Springfield and everything else any revenue that Government agencies get off that so were robbing Peter to pay Paul for the State to purchase it. Mike Hoffman says it's a lot of variables that go into a purchase to lease a building. We look at it every time to determine what the appropriate thing is there are many factors that weigh of that. Member Bedore and you're going to give us some details down the road. Mike Hoffman says hopefully by the next meeting we will have a examined timeline when the files being moved and I'm very confident it will be at capacity before too long. Member Bedore you're going to show us where we are going to see a reduction? Mike Hoffman says some of the reduction we can work with DHS, some of it is to better house the staff, so we will get examples of what that is like to provide the Board.

The eight item on Legislation. Director von Behren says there is no new legislation to discuss this time. next meeting May 18, 2017. Member Bedore made a motion to ajourn and it was seconded by Member Black. All member voted by saying "aye" and the motion carried. The meeting was ajoutned.