



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

### **Minutes – July17, 2018**

Present in Springfield: Frank Vala  
Bill Black  
Ed Bedore

Via Telephone: Rick Morales

Chairman Vala called the July meeting of the Procurement Policy Board to order.

Member Bedore made a motion to allow Member Morales to participate by via telephone. Member Black seconded the motion all members voting “aye” and the motion carries. Member Bedore made a motion to accept the May meeting minutes as presented. Member Black seconded the motion all members voting “aye” and the motion carries. Chairman Vala says we have the Minutes of the June 8th meeting concerning the Business Enterprise. Member Bedore makes a Motion that we expect the minutes as printed. Member Black seconded the motion all members voting “aye” and the motion carries.

Next on the Agenda is Lease 6050. Ms. Florence states this Lease was brought in front of you in January it was objected by Members. I’ve been working with the landlord and modified the terms. He has not compromised as I hoped. He has agreed to take over taxes, so there will be no more tax escalation clause. He has stuck to his base rent of \$23.45. I would like to reiterate that this building was constructed from the ground up, built to suit for the Illinois Department of Employment Security and they are in compliance at this location with the Federal Regulations which they operate, which they have to be co-located with a partner. When DES moved in here 10 years ago they terminated 3 other Leases, those were consolidated at the time. So, this is the Regional hub for the area.

Member Bedore says is there any changes in the rates? Ms. Florence says he removed taxes and the and removed the annual increases in base rent. Member Bedore says I know you said the building was constructed from the ground up and we paid \$873 thousand dollars is that for the construction of the Building? Ms. Florence responds that would have been for our share that would have been temporary improvements. Member Bedore says that was a lot of temporary improvements, and that was done in 2007. So, that \$800 thousand would have been an equivalent to over a million probably? Member Bedore says we paid over \$873 thousand dollars over 10

years at 10% interest that comes out to be 1.4 million dollars. I'm having a problem with a lot of these leases, and I know we use the word temporary to get around everything. That's a lot of money I'm sure we had Capital money back then. Ms. Florence says his expenses which I mentioned in the white paper, his operating cost for this Building come to \$21.88 plus his cost of ownership, plus all the services that he provides for the State so really at \$23.44 that's not a lot. Member Bedore says I know Harvey, IL very well and you tell me a rate of \$23 a sq. ft. is justifiable when you can lease space here in Springfield, IL for \$12 and \$ 13 dollars a sq. ft. Ms. Florence says I'm telling you what his cost are to operate that building. Member Bedore says I can have my costs go very high. That's doesn't cut anything with me when I know that \$23.44 a sq. ft. compared to Chicago, and Springfield. I have a problem with this. We have put all of these improvements in this Building its tax payer's money.

Member Black ask if this building was paid for it was built in 2007 Ms. Florence says I believe that he still has mortgage. Member Black asks is this a holdover? Ms. Florence replies yes. Member Black but were not in a situation were there not threatening to throw us out? Ms. Florence replies no. Member Morales states there are quite of few things going on with this lease. I would like to start with the temporary improvements, which I'm sure became permanent improvements from 2007 for \$873 thousand dollars. Ms. Florence says permanent and temporary improvements are defined under the administrative code. Member Morales says the fact that we have landlord who's not going to budge and were saying we need you to budge. But you need to cover my overhead give me a little bit more. I think we can do better, we can always make the argument or the argument can be made by listening. It will cost us more to move that department then to find other space, but that's okay. Because that's what needs to be discussed. It is a big jump for the area and the space in terms of rate. I think something needs to be done in terms of holding their feet to the fire.

Chairman Vala says its looks like to him 17,500 sq. ft. the guy built the shell and we did the interior \$100 sq. ft. would be \$1.7 million dollars to build but we have already paid for half of it. I agree with the other Board Members. Member Black asks will the landlord renegotiate? Ms. Florence says he won't renegotiate. We will have to put it out for bid. I'll have to get a longer extension on the emergency lease. Member Black asks if you have to go out for a bid would he throw us out in a month. Ms. Florence says he can't just throw us out, Member Bedore makes a motion to object to this lease with Member Morales seconding the motion and with all Members voting "aye" and the motion carries. The Board also wishes to have a staff member from the using agency present at future meeting when discussing leases.

Next on the agenda is reports. Member Bedore says we need an explanation to what all the reports are. Executive Director Matt von Behren says that we will put together a presentation and make it an agenda item at future meeting.

Next on the agenda is the Auditor General's report. We have Kathleen Abbott and Jack Rakers in Chicago and here in Springfield we have Alyson Grady from CMS. Member Bedore says in the 19 years that he's been here, this is the worst he's seen. The advertising, the digitizing, Micro filming, nobody looked at the cost, and nobody looked at improving the space out at the prison. The information provided by CMS to the Procurement Policy Board for DHS Warehouse Lease was misleading, and incomplete. We tampered the Board's ability to review the Lease. This

means originally there was a paragraph in the report to the Board. But when it came off the chain of command it was taken out before it was given to us. That is very disturbing, and it destroys credibility of CMS. How do we trust what you present to us hasn't been reviewed and things taken out that might be damaging? Who knows what people have done over the years, but this time CMS was caught, and the Auditor General caught it, and what are you going to be doing in the future that will bring back credibility to CMS. Ms. Grady says she is the Compliance Officer for Bureau of Property Management and I'm here on behalf of Deputy Director Potts. CMS is in the process of revising all of our leasing documents and our leasing protocols to make sure they better comply with both the Procurement Code, and with the results of this audit, and as part of that we are looking to ensure the papers that are drafted from our Leasing Department are viewed accordingly as sent to you provide all the information needed for you to evaluate the lease along with the documents that we send to you. The decision that was made was not made by anyone who is currently employed by CMS. Member Bedore asks can we see what things you are changing can you share that with our staff? Ms. Grady replies yes. Ms. Grady says they are working with the CPO office to make changes to forms going forward and will share that information with your Staff. This is a work in process for us, because we were trying to figure out the best we can, we have challenges especially with things of advertising, and a lot of papers don't want to deal with us going forward were trying to figure out the best practices with our staff for doing it. Member Bedore says there are things that should be documented and there should be a flyer or something you send out. Ms. Florence replies that we are doing that now. In the past that was a function of the Leasing Representative, but they have been signed to a different project. I have become more involved in it and we are documenting that. Ms. Grady states that the last 6 months they have been taking a much stronger outreach. Ms. Florence also says that's it's been a part of our process but was not always handle well.

Member Black says there are outreach programs with the Veterans but every suggestion that I made was never followed. Member Black agrees with Member Bedore whatever you're doing share it with staff. Ms. Grady says the difference between leasing and buying is the appropriations of funds. One of the things is are considering and what we will be doing is preparing a Report of the General Assembly every year that is going to be coming out in February and we will share it with the PPB as well as analyze all of our Leases that have the purchase option in it.

Member Morales says he was reading the report and wondered who took out that information and why? Policies and processes are only good if they are enforced. I know they are looking at things to improve them, and I don't see why that information wouldn't be shared as it moves forward with our staff to give input perhaps it might be helpful communication is important. We need to focus on this report, and how to prevent it from happening again. Susan would it be difficult to share your ongoing meeting information on how to improve things with our staff? Ms. Florence replies that she would do that. Member Morales says I think that is something that Member Bedore and other Members are looking for. Communication between the two to make sure things are improving and getting input from other Boards that might help. So let's move forward and improve these things and make sure it doesn't happen again.

Member Bedore says this goes back to the question about leasing versus buying. DHS knew that the facility at the prison at Dwight was in bad shape and for years you went out for Lease many

times, and everybody knew there was a problem. Yet nobody ever went to the General Assembly with a Budget to say, “we need this Warehouse we need this money” and we can build a building and here is the cost would be verses leasing. I’m looking at these pictures, it’s a pretty nice building the Jane Adams Hall, and the multi process building compared to the Warehouse. Dining Hall they look in pretty good shape. A couple three, four hundred dollars were could have brought this building up to shape, I’m not saying the Warehouse Building that seemed to be let go for a while these other buildings are fine. Did anybody consider rehabbing these Buildings? Did we consider purchasing this building for \$555,000 as it was on the market as compared to compared to spending \$2.5 million in rent? We don’t see any of this analyst. We’re operating in the dark here. The Auditor General said DHS didn’t do much at all, and they didn’t think it out. Member Bedore states that we have a commitment that our staff get involved and working together I don’t think we should be in every little item, but the major things. Chairman Vala agrees with all the Board members that we will work with CMS and all other agencies that are going to be entertaining a lease presented to this Board they need to have someone from that agency at the meeting, because if there are questions they can answer.

Member Bedore made a motion to adjourn with Member Morales seconding the motion with all Member voting “Aye” motion carried, and the meeting was adjourned.