



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

Minutes –February 27, 2019

Present in Springfield: Frank Vala
Larry Ivory
Ed Bedore

Via Telephone: Rick Morales

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

Member Bedore made a motion to accept the meeting minutes as presented. Chairman Vala seconded the motion all members voting “aye” and the motion carries.

Next on the agenda, is our Harvey Lease we have Mr. Edgar Harvey, and Paige Wynsma Property Manager. Mr. Edgar says it turns out there was a RFP sent the summer of 2006. I received it and responded. It's not a usual thing that responded I'm a full-time property owner. Who makes his living earning in which I call “net rental” income what happens is that I've only have had 54 years of experience in the real estate business. I think I know what I'm doing. I have a pretty good reputation for the properties that I hold today. I can't tell you how many properties I own, it's not that many. But I owned properties that hold 100 tenants, and I make it my Business to think of my tenants as my partners. It may be a new way for you to think it your relationship with me. I'm really very serious about this I have a little bit of a reputation in my community for doing great things such as this Building that I have. I don't know other Landlords at IDES I would wager heavily that this building is by far the best building the State occupies for this purpose in the State of Illinois. So, in September of 2006 I had the Pleasure of meeting Jim Adams I think he's recently retired, and John Rodgers, these two people are I've interacted with. John you and I had a Business Relationship going on 13 years. I think there are 3 other Offices besides the original Offices that were occupied this Building. So, it was built for the 2 Offices. The Regional Offices of the IDES and a Local Office, and now there are 3 other States leases that have been closed elsewhere and moved. Mr. Harvey asks John if he asks for permission to move them into the Building, but I didn't eject. John replies I did ask for permission it was a consolidation we discussed it after the fact. Mr. Harvey asks if the State saved money moving, and when we come to that part of the video will you be able to tell us how many employees move in the Building. Mr. Rodgers says I can give you an approximate, amount and the Board, but the number of employees. We got mandated from CMS years ago in 2008, or 2010 to move the Department of Veterans in there also so they occupied part of the Building to.

Mr. Harvey says so a month after I submitted a response to the State for the RFP, it was a meeting at my architect's office which was with Jim Adams, and John Rodgers and one other colleague. All three of the people that attended the meeting the saw the floor plans, side plans,

building plans, and where the building would be located. I had a lot of demolition to do because it looked like Bagdad. They didn't believe I could produce a Building as beautiful as the one you will see. So, in October it was decided that we wanted this building built. And on September 1st, 2007 the building was built interesting enough by September 1st, 2017 start of the recession. The report that I handed you will show how many people have been helped weekly, monthly, daily to find work. So the Building opened on September 1st of 2007. One of the interesting things about property is where it's located, its right off the intersection of Route 80 and 294 you can turn from any direction. It has an excellent location. I think most of you have a report that I put together that shows the building and the parking. In my practice a big part of what I do is to try to save money on real estate taxes, and Cook County is known for very high taxes. I go around and say I'm surprised to be able to afford to pay the taxes. One reason that I can afford to do so is because I'm the poster child of Cook County and what's called Class 8. Class 8 is a Class is given that status by the County. It allows the Building to be taxed as if it were residential, now to achieve it you got to get a supporting resolution from the Town Fathers of the city of Harvey. So, I got it for this Building, and if I had not gotten it this Building would be taxed as Commercial. Asset valuation and what the taxes are based on, if it says commercial its 25% when its assessed at Class 8 and Residential the assessment is 10%. The way Class 8 works is that you get the status for 10 years I changed that, so the taxes were lower by 60% it's the difference between 25% and 10%. Without this I couldn't have afford to pay \$150 to \$175 thousand dollars in real estate taxes for this Building. You can get second supporting resolution from the City and then you get an additional 10 years. It happens that I have achieved getting that second resolution from the city of Harvey for the 10 years beginning September 1st of 2017. So, the RFP that you sent out for the renewal made it clear that you would like two 5-year renewals, and what I'm telling you is I have achieved Class 8 status for the next 10 years, so we enjoy the lower taxes. My proposal that I presented to you I have stated to you that I will take responsibility for the real estate taxes throughout the period because I know that I can afford them. If you decide to put this out for bid for some other landlord to pay the tax bill, its highly likely that no one else will achieve Class 8 because its only eligible when the property is vacant, if the property exists it has to be vacant for 2 years. At this time, we will go to the video, and my Property Manager will point out feature.

Chairman Vala states at this time to do Roll Call. Mr. Ivory stated that Member Morales be allowed to represent on the phone. Member Bedore seconded the motion. With all Members voting "aye" motion carries.

A video of the property is played. Chairman Vala says Mr. Edgar if I could interrupt we are the PPB and I think the Board will agree here. Its not the problem of the Building, we have no authority on choosing the quality of the building, and your building is an outstanding building. The question is the cost to the State of Illinois that's where it fits under the PPB. I believe your presentation here today is to see about getting the lease renewed, not questioning the quality of your building, that building is in better shape than the building we're sitting in right now.

Mr. Edgar says that all things cost, and I don't hesitate. I don't want people going into a dirty building, and I don't want people going into a building that needs repairs. If ever you leave this building I want to get it back and have it still be useable, and I can assure you the way I handle my business. Mr. Ivory says that since were looking at the lease, and the cost, your saying that

we can take a look at the building that your providing for the State and the quality of building the safety all the uniqueness, and if we were going to go off and find another building, you're saying the value that you bring to the table, it's a value more than just a building. It is the things that you offer in terms of cleanness, quality, safety all the other things that come with that, and you say that's a value, and we ought to consider that before we make decision, as to whether this is too high or too low, and I think that's the point your trying to make am I correct with that? Mr. Edgar say's I have to second your statement. I actually look at a building a see it as a living being, were people work and spend 40 hours there 50 weeks a year and I want them to be joyful when they come to work every day, and then the patrons can come to them to get advice to learn new skills, and that should be equal, there experience is s positive one when they leave and go out of the committee and try to get employment they feel good about what they're doing. I'm a blessed person and I acknowledge that. I have never actually had a job since I graduated College and that heredity. I hope to bring work places to people to just feel good about me. There is nothing that I'm doing in my career, all of my buildings are like this and there is a list of all the things that I should be doing.

Member Ivory says it's clear to me that you take enormous amount of pride in what you do as a human being and I commend you for that in a work environment in terms quality, and cleanness it creates the right kind of attitude. I'm very familiar with Harvey. I know that two Gentleman who are going to be running for Mayor. I know Mayor Kellogg. Harvey has some big challenges and unemployment is one of the big issues of Harvey, and surely your business represents a quality that is superior. I've seen your building, and the other buildings in Harvey. I would say to you that without a doubt you represent yourself your building with a high degree of integrity and I commend you for that.

Member Bedore asks what was the total cost of Building this Building? Mr. Edgar says I can't tell you the cost because I borrowed \$3.2 Million Dollars. Member Bedore says what did the State Illinois pay towards it? Mr. Edgar says they didn't pay anything. Member Bedore asks what the amortization was for? Offices? Mr. Edgar says I don't look at it the way that your describing it. Member Bedore says well we paid \$7.91 a square foot. Mr. Edgar says that's a way that you look at it that's not a way I look at it. I never consider that as a portion of the rent it goes towards, amortization and cost. Mr. Edgar says I'm saying that you don't only have a break on the rent, I'm doing everything for you. Class 8 a typical landlord wouldn't know one thing about that, it helps you and me because it keeps the rent lower. I have spaces that don't have Class 8 I'll assure you, without the Class 8 the taxes would be \$8 higher, that's just the taxes. But I went ahead of myself and got that, so they were all paying lower taxes, and that's true for the entire period of the renewal, the other 20 years if there still in the knowing. I don't know what the State will do about renewing it again. Member Bedore asks do we know how much the State has paid into this building not rent. I'm talking amortization. Ms. Florence replies it was about \$870 thousand. Member Bedore says the State has put \$1,3000,000, the State has put into this building besides bent. Mr. Edgar says that's the way you look at the rent I look it that's it's a building in Harvey and I don't know if I could get \$3.2 million dollars. It's a reality when I brought the property I made the decision because its tollway, everything about where the building is where it is in the relationship.

Member Bedore says what assurances did you have that you were going to get a State lease? I mean go out and spend \$3.5 million dollars. Mr. Edgar says he owns the land when I submitted my bid I didn't go and buy a piece of property for the State to okay. I made the decision to buy the property because I thought entities close to the tollway would have an interest. I still own 6.3 acres South of that. Member Bedore asks so you went ahead and built this Building for \$3.2 million dollars with no guarantee from the State. Mr. Edgar replies the lease was signed. Mr. Member says oh, so you signed the lease before you built. Mr. Edgar replies yes, now I didn't have the lease when I brought the land.

Member Morales says he appreciate the presentation Mr. Edgar with all the detail information. Its pretty clear that years back you built the building that we needed right? Mr. Edgar replies yes. Member Morales says so when applying for the additional RFI basically says whatever you need we will build. Mr. Edgar replies no you provided specification and I responded.) Member Morals replies thanks.

Mr. Edgar says in this workbook there are pictures of another location that the State has and there is just no comparison to what your paying rent for anywhere in the South Suburbs. I can't imitation that the State has the better. Chairman Vala replies that there's not question about the service, and the quality of the building, its just that the rental prices have gone down. Mr. Edgar says that's your experience not mines. Mr. Edgar asks do you have 54 years of experience in the Rental Estate business? Mr. Vala replies no I have 63 and I have building in downtown Springfield that I have lost thousands of dollars on because the rents were lower. Mr. Edgar I'm trying to help you here your trying to beat me up. Mr. Edgar says I'm not trying to beat you up. Chairman Vala says in the past administrations rents have gone down Statewide. do I agree with it, no, but I'm one of 5 Members. I know you have an outstanding building, you have a unique location. Its just hard for the Board to justify \$26 a sq. ft. when you look at the practice of the reduction in rents. The fact that you have an outstanding building, the workers and clients coming in satisfying I would have not problem supporting lease, it's a lot of money, but how money does that pay us on the back side with jobs. I just don't know what action the Board wants to take my favor would be to let's move forward, and what happened in the past with cutting down Government has shown us its been nothing but trouble. We need a legal option on this and see what the Board Members feel on this. what your getting back is a little high maybe. Mr. Edgar mentions to the Members of looking on page 5 this list everything he puts out. But my interest is not to make a big profit.

Director von Behren says moving forward there's nothing to vote on, we don't have any formal proposed lease in front of us. What we need to do with the pleasure of Mr. Edgar with him getting with CMS, and IDES and if they wish to bring a new Lease in front of the Board for our approval there more then welcome to do that. CMS will have a few hoops they will have to go through, but once they get those done, and provide the lease again, then at that time the Board can reconsider, and that's something that could happen next month, or two months it just depends on how long it takes to go through the procedural steps, of getting the posting done, and then at that point the Board can have another discussion, and a formal vote on whether or not to accept this Lease.

Chairman Vala says do I motion on the meeting Minutes for the December board meeting Member Ivory saying so moved. Member Morales second the motion with all parties saying "aye" motion carries.

Member Bedore says he would like for the staff to follow up on a few items from previous meeting and let the Board know an update. Director von Behren says he's more than capable of doing that. Member Bedore says is there a new Director at Veterans Affairs? Chairman Vala says there not sure who's going to take the job.

Next on the agenda is Legislation. Director von Behren says CMS is introducing a piece of Legislation the main point of it are reduce the review time for State leases. There was some Procurement overall legislation done last year, that took our review of standard contracts from 30 days to 14. It doesn't have a have a major impact on us because we average about 1.2 days of review once something gets posted. However, the leasing section of the Procurement Code was not changed, so the Board still have its standard 30 days after a Lease is posted to approve or disapprove of it. Legislation that is being introduced is trying to change that 30 days to 14 days. Its not from the day we meet its from when they post the award. So, if this Legislation does go through I know that CMS tends to go through the lease awards towards the end of the Month, so we would need to make sure our meeting days are moved up to make sure we are within our 14 days. Mr. Ivory recommendations that we put a statement out explaining that it doesn't give us enough time. I think 30 days is reasonable time, I would say in the interest of the State and oversight that the 30 days is reasonable 14 days is just too quick for us to be able to respond. Member Bedore says that we should let the General Assembly know our opinion the legislation. Director Von Behren says we will get our opinion to them ASAP and at next Months Meeting we will have this discussion about why CMS feels it's necessary.

Chairman Vala entertains a motion to adjourn with Member Ivory seconded the motion, with all Members voting "aye" motion carries.