



August 14, 2008

Mr. Dan R. Long
Executive Director
Commission on Government
Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706

Dear Executive Director Long,

We are in receipt of your correspondences of August 6, 2008 and August 8, 2008 regarding additional information requested of the Department of Central Management Services (CMS) by the Commission. CMS respectfully responds as follows:

- 1. As requested by Representative Mautino, would you please provide a signed copy of the lease between the Department of Natural Resources, Office of Mines and Minerals, and the Southeastern Illinois College Foundation for space at 540 North Commercial Street, Suite 150, Harrisburg, Illinois.**

CMS currently does not have a signed copy of the above lease as it was executed by the Department of Natural Resources under DNR's separate authority.

- 2. 20 ILCS 405/405-300 requires CMS to conduct a survey of State-owned and leased facilities to make a determination of need before leasing or purchasing any office or storage space in any municipality. We request a copy of the survey which CMS conducted – primarily on the Hanley Building, DNR, EPA, State Police (formerly AIG Headquarters) and the State Police Communications Services Bureau located at 531 Sangamon Avenue. We would also like information on what your survey showed with regard to State –leased property. (Enclosed is information and specific questions with regard to State-owned facilities).**

Section 4-5-300 of the Central Management Services Act (20 ILCS 405/405-300) relating to the survey of State-owned and leased facilities in the municipality where the space is being considered for location states in part that:

“However, before leasing or purchasing any office or storage space, buildings, land or other facilities in any municipality the

Department shall survey the existing State-owned and State-leased property to make a determination of need.”

CMS was not involved in any survey of State-owned and leased facilities in the municipality of Harrisburg, Illinois relating to the DNR lease at 540 North Commercial Street, Suite 150 as that transaction was under DNR’s separate authority.

CMS was also not involved in any survey of State-owned and leased facilities in the municipality of Harrisburg, Illinois relating to the proposed IDOT purchase of property from the Southeastern Illinois College Foundation as that transaction was under IDOT’s separate authority.

Part 5000.220 of the Illinois Administrative Code (44 IAC 5000.220) relating to the acquisition authority of space for State government states in part that:

- “a) DCMS will take all necessary action to acquire space for agencies having no acquisition authority. Such action shall be instituted after receipt by DCMS of a written space request.
- b) When the agency has acquisition authority or has been delegated such authority by the Department of Central Management Services...”

CMS in the past has conducted surveys State-owned and leased facilities in the municipality of Springfield, Illinois which were not related to the above DNR lease transaction or the above IDOT proposed purchase. Copies of those surveys relating to the Hanley Building, DNR, EPA, State Police (formerly AIG Headquarters) are attached. CMS has not conducted a final field survey of the State Police Communications Services Bureau located at 531 Sangamon Avenue, Springfield, Illinois.

CMS continues to review space opportunities for agencies, in concert with the often fluid space plans, headcounts and budgetary constraints of the agencies. As the General Assembly has granted certain agencies, such as DNR, IDOT and the Department of Agriculture, the authority to acquire space concurrent with CMS, those agencies without authority to acquire space on their own are solely reliant on CMS to prioritize their space needs.

3. There was conflicting information concerning the CMS graphics unit that is now located in the IDOT Hanley Building. Has the unit been moved? If not, what is the planned date for moving the graphics unit?

The CMS graphics unit has not been moved from the IDOT Hanley Building. The Illinois Office of Communication and Information’s (CMS-IOCI) graphics unit was originally identified to move from the Hanley Building as part of the restacking plan for Shared Services Center. The Shared Services Center proposal was not implemented. If CMS was to consider a move in the future, CMS will need to have an engineering assessment performed as to whether any potential candidates for relocation of this unit

could support the weight and vibration of the graphic equipment. Also any move would require a thirty day notice to union employees under the current collective bargaining agreements.

DNR – STATE FAIRGROUNDS

The headcount at DNR has been significantly reduced. Isn't it true 221 open cubicles are available at the DNR Building at the fairgrounds? What did your survey show concerning this State-owned facility?

Please see attached survey.

The following agencies have already been offered and have been approved to move in to this facility: CMS Bureau of Communications and Computer Services; the Educational Labor Relations Board; and the Illinois Labor Relations Board.

The Department of Public Health has also been extended an offer to move into the facility.

CMS is also awaiting a restack plan from the host Department of Natural Resources regarding relocating additional DNR personnel to the facility.

As such this space would not be available to IDOT.

EPA – 1021 N. GRAND AVENUE, EAST

It is our understanding that a significant amount of vacant space exists at the EPA Headquarters. In fact, our analysis shows that the headcount for EPA in FY 2002 was 1395 and in FY 2009, 1050 – a decrease of 345. This would indicate there is significant amount of available space at the EPA Facility. What does your survey show concerning this facility?

Please see attached survey.

The following agency has already been offered and has been approved to move in to this facility: the Illinois Workers Compensation Commission.

The Department of Labor and the Illinois Student Assistance Commission have also been extended an offer to move into the facility.

As such this space would not be available to IDOT.

STATE POLICE – 801 S. 7th ST. (Formerly AIG Headquarters)

The State Police recently moved into the former headquarters of AIG Insurance. It is our understanding at least 100 fewer State Police personnel will occupy this facility than when AIG occupied the building. Since the Division of Traffic Safety works closely with the State Police, wouldn't this be an ideal location? What did your survey show?

CMS has not performed a survey of the IDOT Traffic Safety Division's space and operation needs.

Please see attached survey.

Please note that at the time of the survey, CMS was reviewing the space for the Law Enforcement Training and Standards Board (LETSB) and the Police Merit Board (PMB). As ISP has also indicated a high level of need to keep the facility limited to police activities, it is anticipated that the space will be offered to police sister agencies such as LETSB and PMB.

As such this space would not be available to IDOT.

**STATE POLICE COMMUNICATIONS SERVICES BUREAU
531 Sangamon Avenue (State Fairgrounds)**

Since the State Police Communications Services Bureau will be moving into the former IAG Facility, these State-owned buildings located at the State Fairgrounds which housed 253 employees will be vacant. What did your survey show for the facility at 531 Sangamon Avenue? Wouldn't this also be an ideal location for the Traffic Safety Division?

CMS has not conducted a final field survey of the State Police Communications Services Bureau located at 531 Sangamon Avenue, Springfield, Illinois. CMS continues to review space opportunities for agencies that have submitted Space Requests to CMS in concert with the often fluid space plans, headcounts, budgetary and independent acquisition constraints of the agencies. For example, the Department on Aging is currently in a Secretary of State facility and has been requested by the SOS to relocate to allow for restacking by the SOS. Aging lacks funding for rent in FY09 and is therefore unable to relocate to a State-leased facility. Aging also lacks the independent authority to acquire space on its own and therefore relies solely on CMS to acquire its space needs. As such, Aging is representative of other similarly-situated agencies that CMS would examine for relocation whenever a State-owned facility such as the one above becomes available.

CMS has not performed a survey of the IDOT Traffic Safety Division's space and operation needs.

4. **Why has CMS allowed the current IDOT Annex lease to carry over? Has CMS contacted the owner about negotiating a lower lease prices? Why has CMS continued to lease 64,000 sq. ft. when apparently only 32,000 sq. ft. is needed for Traffic Safety? In the last five years has CMS contacted the owner about exercising a purchase option included in the current lease either for 32,000 sq. ft. or the entire building?**

The lease was carried-over as IDOT is currently occupying the leasehold. CMS has not contacted the owner about negotiating a lower leased price. The current lease is for the entire 64,000 sq. ft. and does not allow for CMS or the State to abate the rent payments for any underutilized portion of the leasehold. CMS has not contacted the owner regarding a purchase of part or all of the building. CMS was, however, informed by the using agency that the using agency had approached the owner regarding the purchase the building but that the owner stated that the building was encumbered with other State-leased private properties and effectively could not be sold separately. CMS was also informed that the option to purchase clause contains a provision that may require the purchase to be above the usual fair market value.

QUESTIONS CONCERNING THE HANLEY BUILDING – July 31, 2008

(20 ILCS 405/405-300) Requires CMS to survey of State-owned and State-leased properties to make a determination of need.

Section 4-5-300 of the Central Management Services Act (20 ILCS 405/405-300) relating to the survey of State-owned and leased facilities in the municipality where the space is being considered for location states in part that:

“However, before leasing or purchasing any office or storage space, buildings, land or other facilities in any municipality the Department shall survey the existing State-owned and State-leased property to make a determination of need.”

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- b) When the agency has acquisition authority or has been delegated such authority by the Department of Central Management Services...

Hanley Building – IDOT Headquarters

What did the CMS survey show with regard to this State-owned facility?

CMS was also not involved in any survey of State-owned and leased facilities in the municipality of Harrisburg, Illinois relating to the proposed IDOT purchase of property from the Southeastern Illinois College Foundation as that transaction was under IDOT's separate authority.

CMS in the past has conducted surveys State-owned and leased facilities in the municipality of Springfield, Illinois which were not related to the above IDOT proposed purchase. Copies of those surveys relating to the Hanley Building are attached.

Under an Executive Order which was defeated by both the House and the Senate, wasn't there a plan to transfer nearly 240 shared services employees to the Hanley Building (see attached news announcement).

It was CMS' understanding that the above Shared Services Center was to consolidate approximately less than 200 employees. It is also CMS' understanding that more than fifty percent of the proposed consolidated employees were IDOT employees who were already housed in the Hanley Building.

Didn't this plan include moving the Bureau of Information Processing to the basement; Accounts & Finance audit and budget and fiscal management to the third floor leaving the entire first floor of the Hanley Building available?

CMS did not receive the complete plans regarding the proposed Shared Services Center (SSC) as the SSC was disapproved by the General Assembly.

Hasn't Room 200 at the top of the escalator been completely remodeled for who was to be the Shared Services Supervisor Ann Schneider and is currently vacant? How large is this office?

It is CMS' understanding that the space in question is approximately 1,700 sq. ft. and was remodeled using existing staff and materials. It is also CMS' understanding that the 1,700 sq. ft. was to accommodate a staff of seven employees and also included an enclosed conference area.

Isn't it also true that the headcount at the Hanley Building was 1,100-1,200 in FY 2000, FY 2001 and FY 2002 and the headcount in May 2008 was 747?

CMS did not manage the Hanley Building in FYs 2000, 2001 and 2002 and therefore lacks the proper knowledge regarding the headcount in the Hanley Building for those particular fiscal years. CMS did not perform a headcount in the Hanley Building in the month of May 2008. CMS is aware that in May 2008 to the present that in addition to IDOT personnel, the Hanley Building also houses personnel from other agencies such as the CMS graphics unit and Students with Disabilities.

That is a difference of 453 – it is now clear why there was room for 240 shared services employees.

It was CMS' understanding that the above Shared Services Center was to consolidate approximately 200 employees. It is also CMS' understanding that approximately sixty percent of the proposed consolidated employees were IDOT employees who were already housed in the Hanley Building.

Isn't it true the cafeteria area in the Hanley Building is not being used so the space is available? In previous years when 1,200 individuals worked in the building, the cafeteria was still in use – is that correct?

It is CMS' understanding that the cafeteria is currently not serving on-site cooked meals is still being utilized as an eating area. It is also CMS' understanding that there has been no decision by the using agency as to whether it will resume serving on-site cooked meals.

Can CMS prepare a history of the annex building lease?

Yes. Please see below.

When was it made?

The original lease at this site was executed on December 19, 1988 and was a designed build to suit.

What were the circumstances of its procurement?

The Department of Transportation submitted a Space Request dated September 21, 1987, to CMS that indicated the need for additional leased space in proximity to the existing IDOT headquarters facility to "improve operational efficiency by consolidating major divisions of IDOT at one location, consolidate leased IDOT office facilities in the Springfield area and relieve over crowded conditions at the IDOR Administration Building."

Which individuals negotiated the lease terms on behalf of the administration?

From prior to time of the original lease in 1988 to the present, a number of CMS Bureau of Property Management staff have participated in the lease negotiations occurring from time to time. These include, but are not limited to, Michael Bartletti, Robert L. Adams, Patricia L. Bergman, Carole A. Fox, Scott M. Luft, Mary A. Deloney, and Terry Schierholz.

Who were the owners of the annex building when the lease was executed?

At the time of the execution of the original lease, the Lessor was identified as the Illinois National Bank, the Trustee for Dirksen Drive Associates Trust. The beneficiaries under the Land Trust were Jerry L. Thibos, Don DePhillips, William Cellini, Jr, and Claudia Cellini.

What changes have occurred in the ownership since execution?

Amendment #2 to the original lease executed on June 19, 1990, indicated that Lessor was Pacificorp Capital, Inc. A Real Estate Lease Disclosure Form dated June 28, 1990 indicated that Pacificorp Capital, Inc. was a publicly traded entity with no known individual having greater than 7 ½% interest in the property.

On February 26, 1996, a lease was executed by Patrick Somers, as Senior Vice President for LRP Springfield LTD Partnership as Lessor, a partnership consisting of the designated entities: LRP Springfield Limited Partnership, LaSalle Springfield Limited Partnership, LaSalle Springfield, Inc., Theodore Tannebaum, Springfield, IL, L.P., Springfield, IL Corp., Steinhardt Realty Partners, L.P., Bloom Corp., Concordia IL Corp., IDOT Corp., Bressmer I Corp., Bressmer II Corp., Steinhardt Realty Fund Ltd., Steinhardt Realty Trust, Steinhardt Realty Associates, L.P., M.S. Realty, L.P., ST Realty, L.P., M.S. Realty Inc., St Realty, L.P., M.S. Realty Inc., St Realty, Inc., Michael Steinhardt and Shimon Topori.

On January 15, 1999, a change in ownership was disclosed to the State in the form of a letter from Mark Friedman, as President of Illinois Property Fund I Corporation, a California corporation (and Manager Member of Government Property Fund LLC) indicating that the new Lessor was Government Property Fund LLC, a California Limited Liability Company. The individuals having an ownership interest in excess of 5% and a distributive income share in excess of 60% of the Governor's salary were represented to be Mark Friedman and Morton Friedman of Sacramento, California.

In a letter dated July 27, 2001 to Patrick Somers from Mark Friedman, as President of Government Property Fund I Corporation and Manager Member of Government Property Fund LLC, it is represented by the Lessor that Rumsey GPF I LLC owns 50% of Lessor. Rumsey GPF I LLC is wholly owned by the Rumsey Indian Rancheria of the

Wintun Indians of California. Rumsey GPF I is a federally recognized Indian tribe and no individual member owns a specified or undivided interest in Rumsey GPF.

What were the financial terms of any changes in ownership?

Illinois law does not require the disclosure of this information and it has not been disclosed by the owners.

What is the history of the lease or other payments to the owners?

The rent and other obligations of the State pursuant to the leases were originally paid by IDOT as the Using Agency and more recently by CMS and continue to be paid as required by the terms and conditions of the respective lease.

What are the terms of the lease and what are the obligations of the State under the lease?

CMS understands that the current lease has been previously tendered to the Commission. However, certain obligations of the State should be highlighted, including but not limited to the State being obligated to: pay Additional Rents on top of the Base Rent; pay the Tax Expenses; and pay the Insurance Expenses. CMS was also informed that the option to purchase clause contains a provision that may require the purchase to be above the usual fair market value.

Are these terms both common and commercially reasonable in lease agreements between private parties?

While "common and commercially reasonable" are subject to interpretation and having not been privy to the initial negotiations, the terms and option to purchase clause previously outlined would appear to be more financially advantageous to the Lessor.

Please feel free to contact me if I could be of further assistance in this matter.

Respectfully,

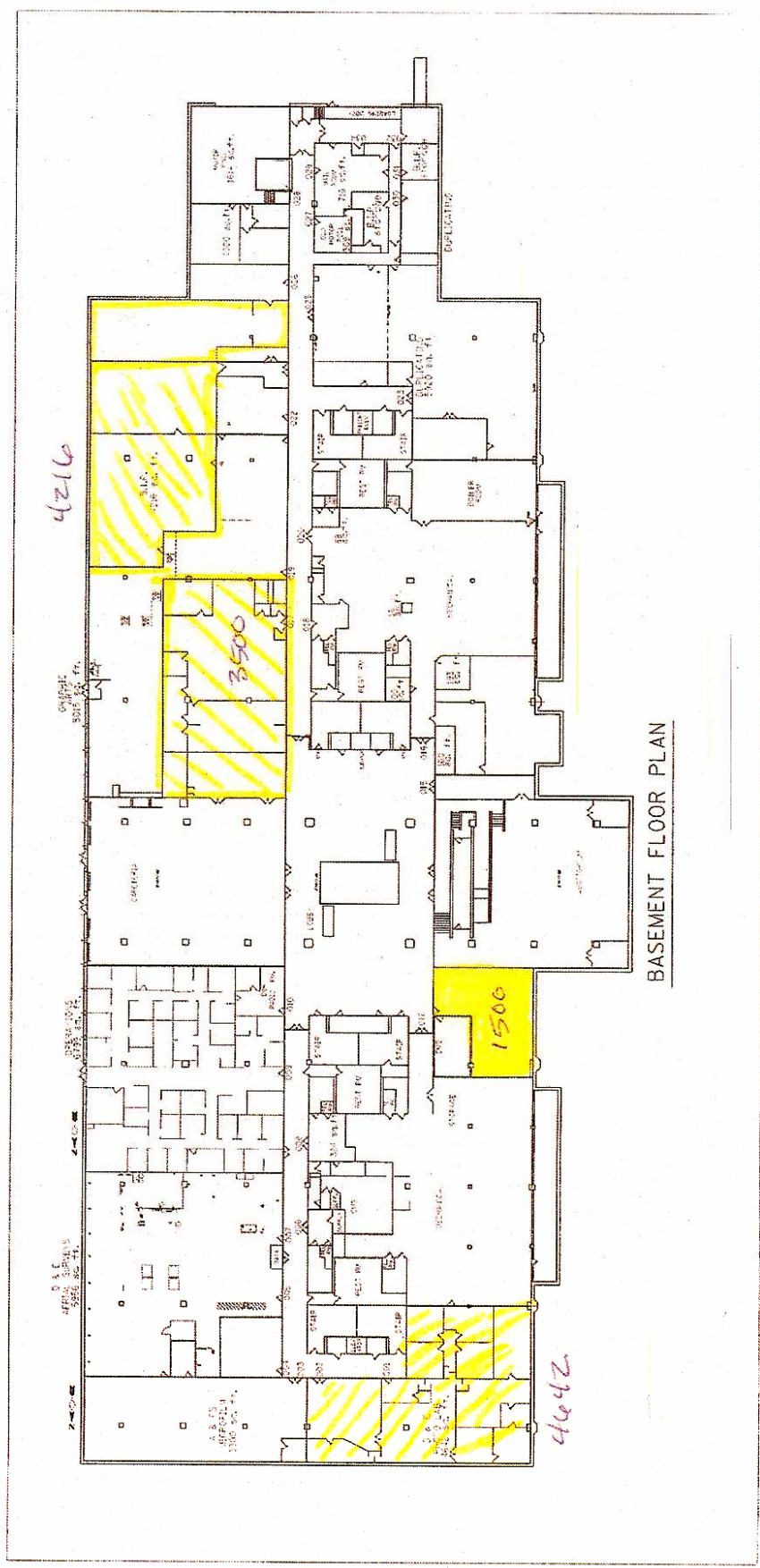


Matthew W. Beudet
Assistant Director
Department of Central Management Services

D0600 HANLEY

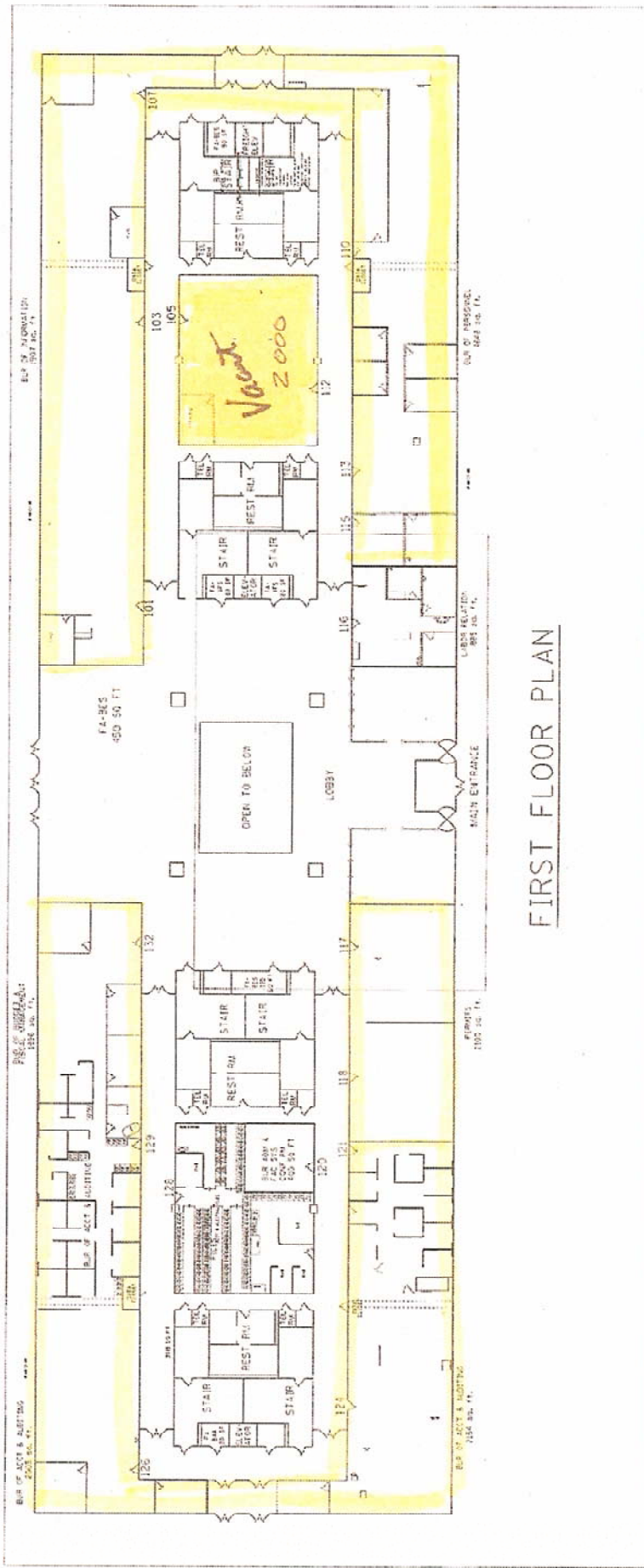
IDOT

Y4



BASEMENT FLOOR PLAN

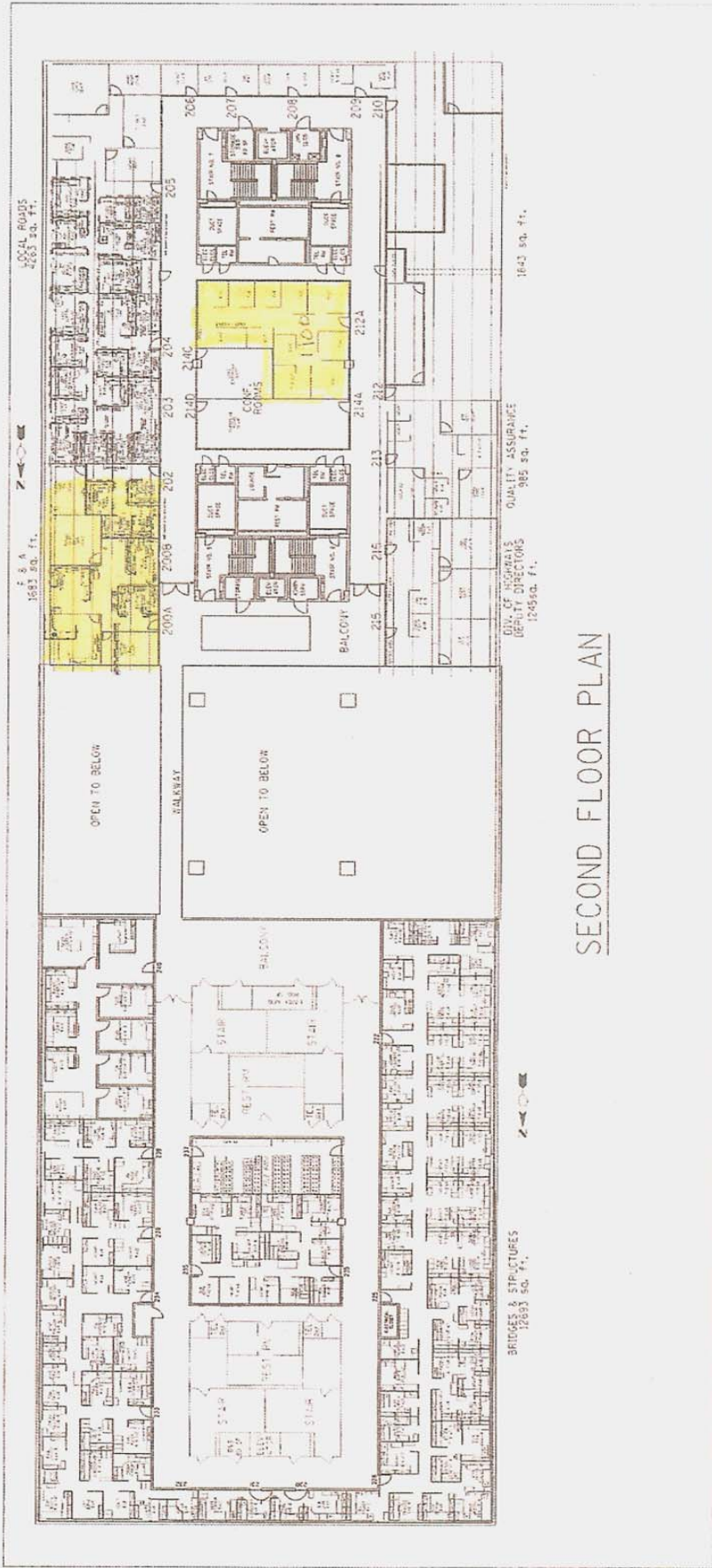
2/A
 proposed space
 for shared
 services -
 security occupied



FIRST FLOOR PLAN

3/4

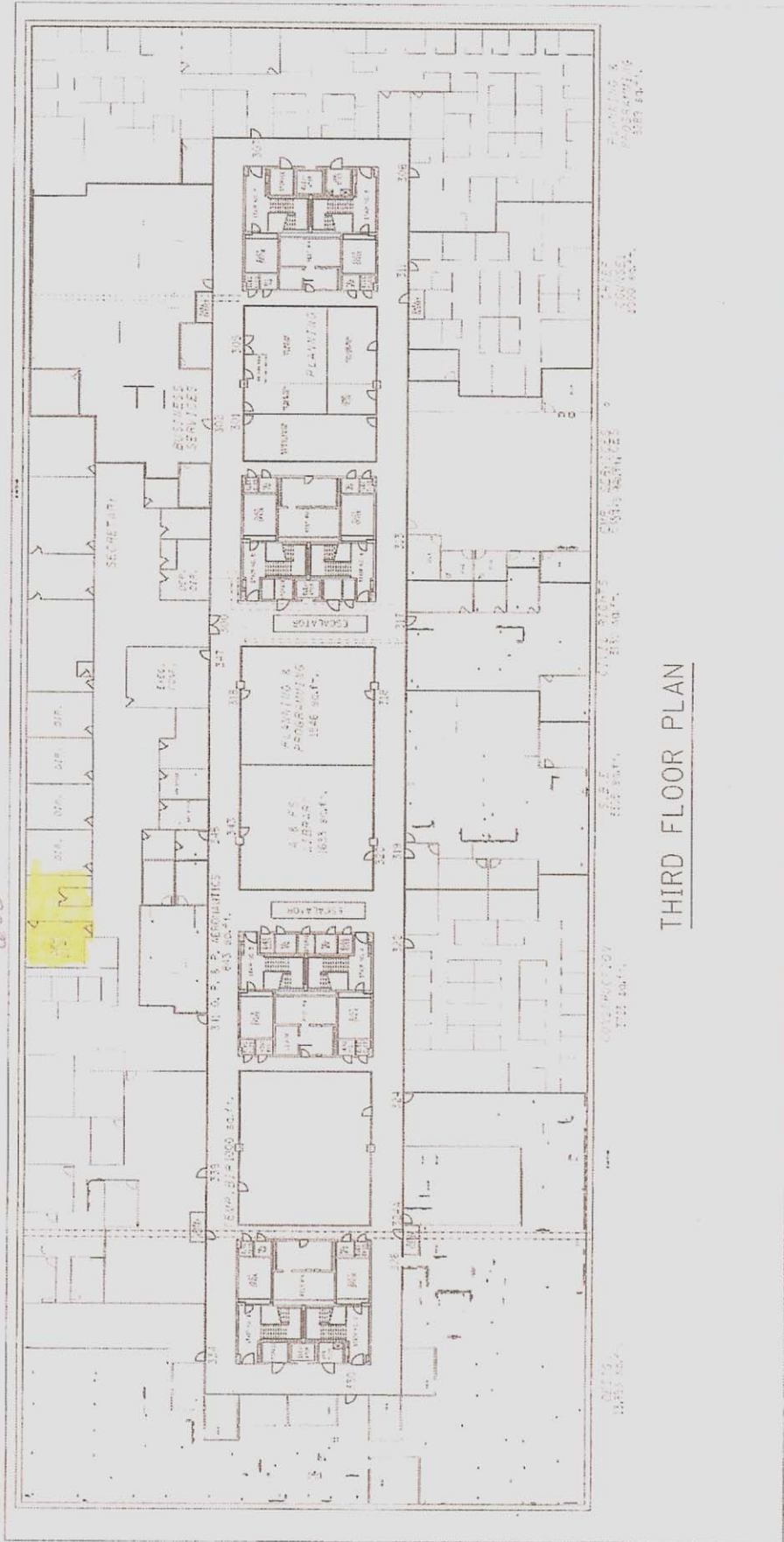
1700
24x48



SECOND FLOOR PLAN

4/A

600



THIRD FLOOR PLAN

PLANNING & PROGRAMMING
585 S.W. 3

DESIGN
585 S.W. 3

CONSTRUCTION
585 S.W. 3

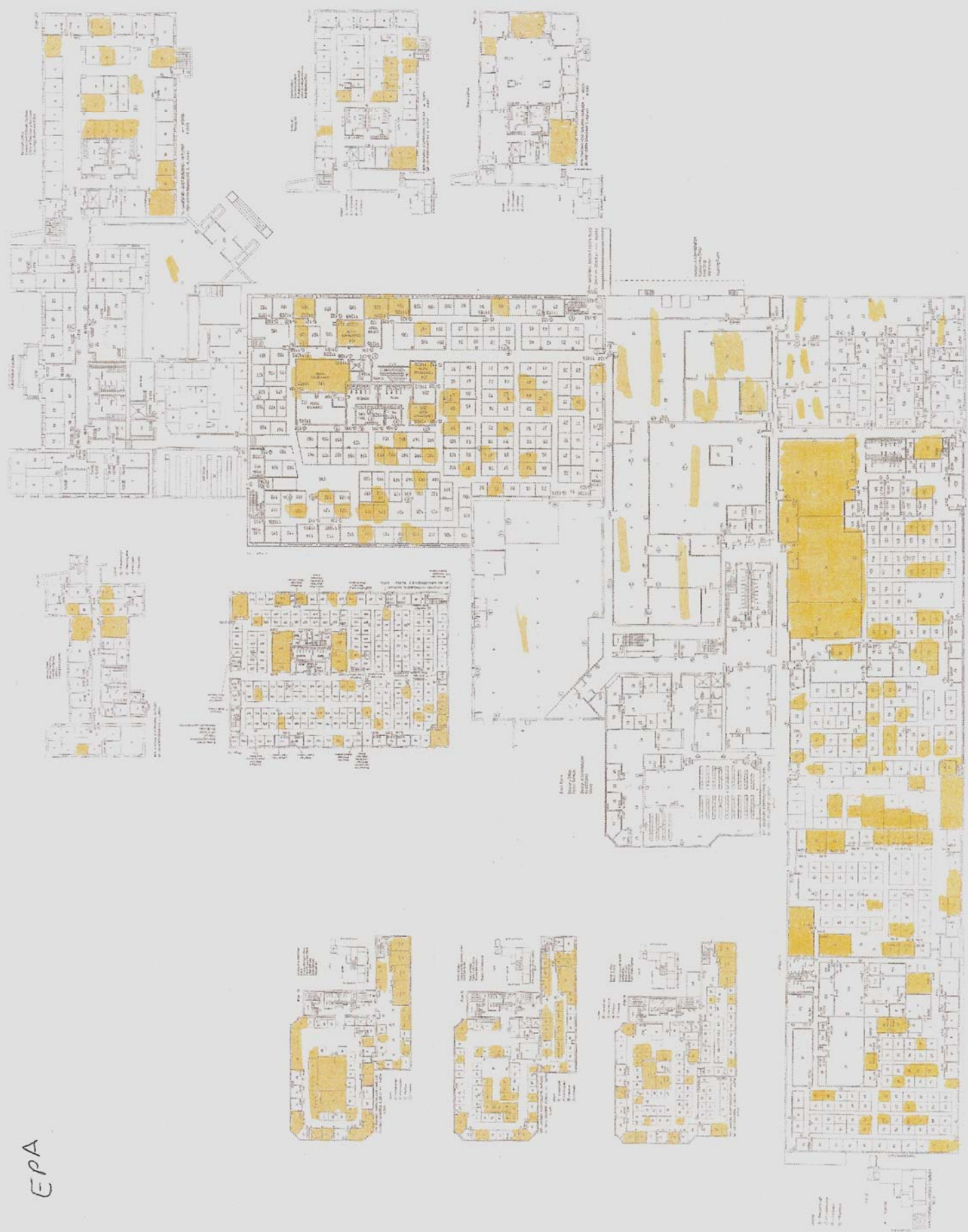
OPERATIONS
585 S.W. 3

MAINTENANCE
585 S.W. 3

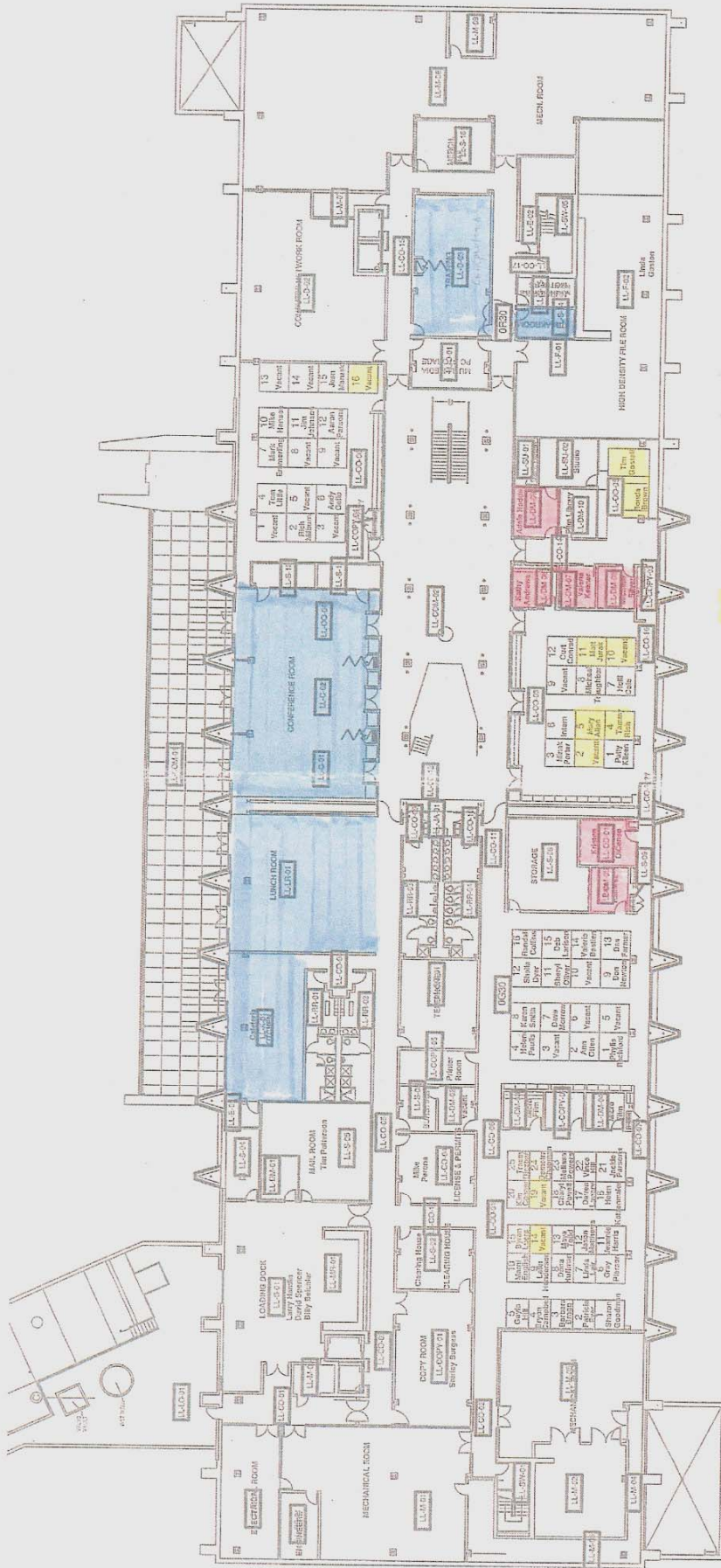
SECURITY
585 S.W. 3

RECEPTION
585 S.W. 3

EPA

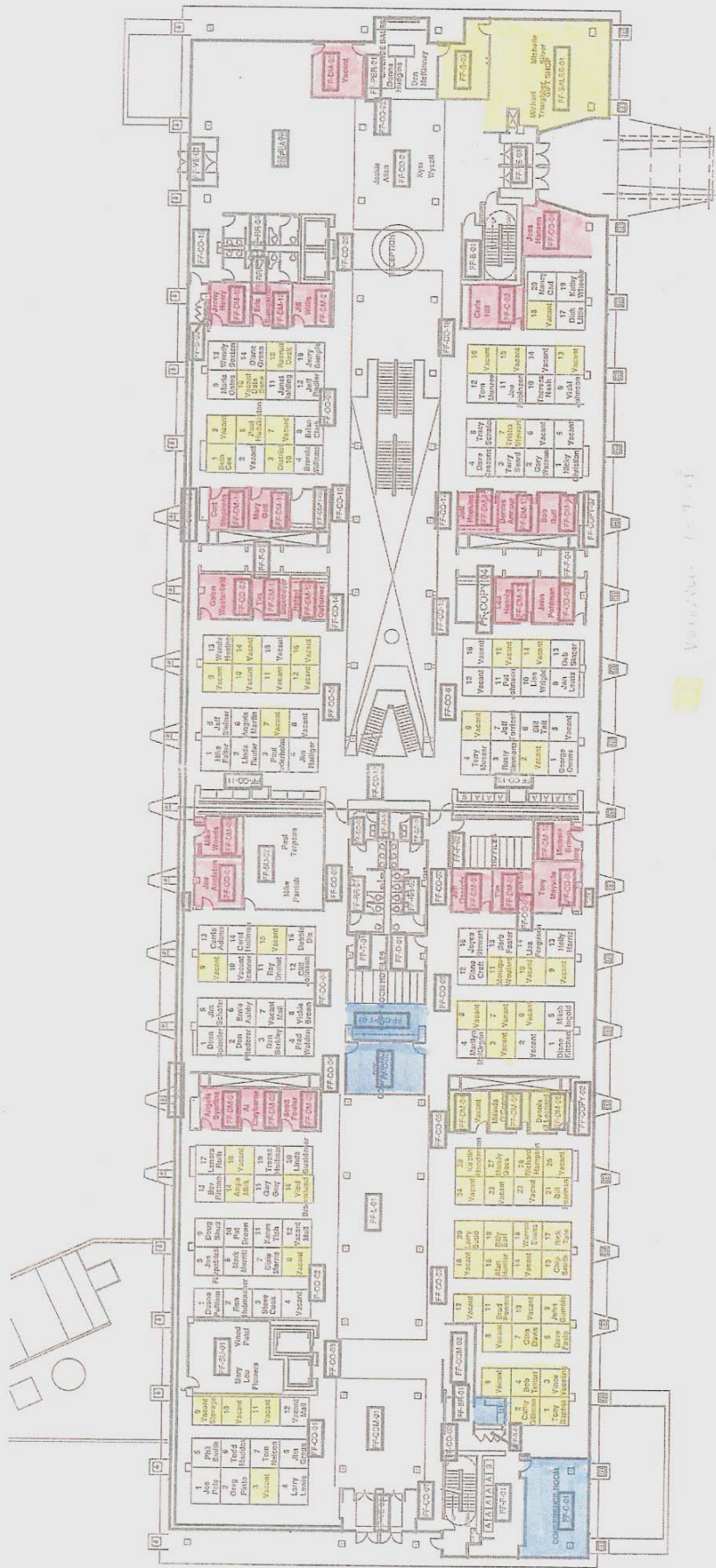


ALA 311-17



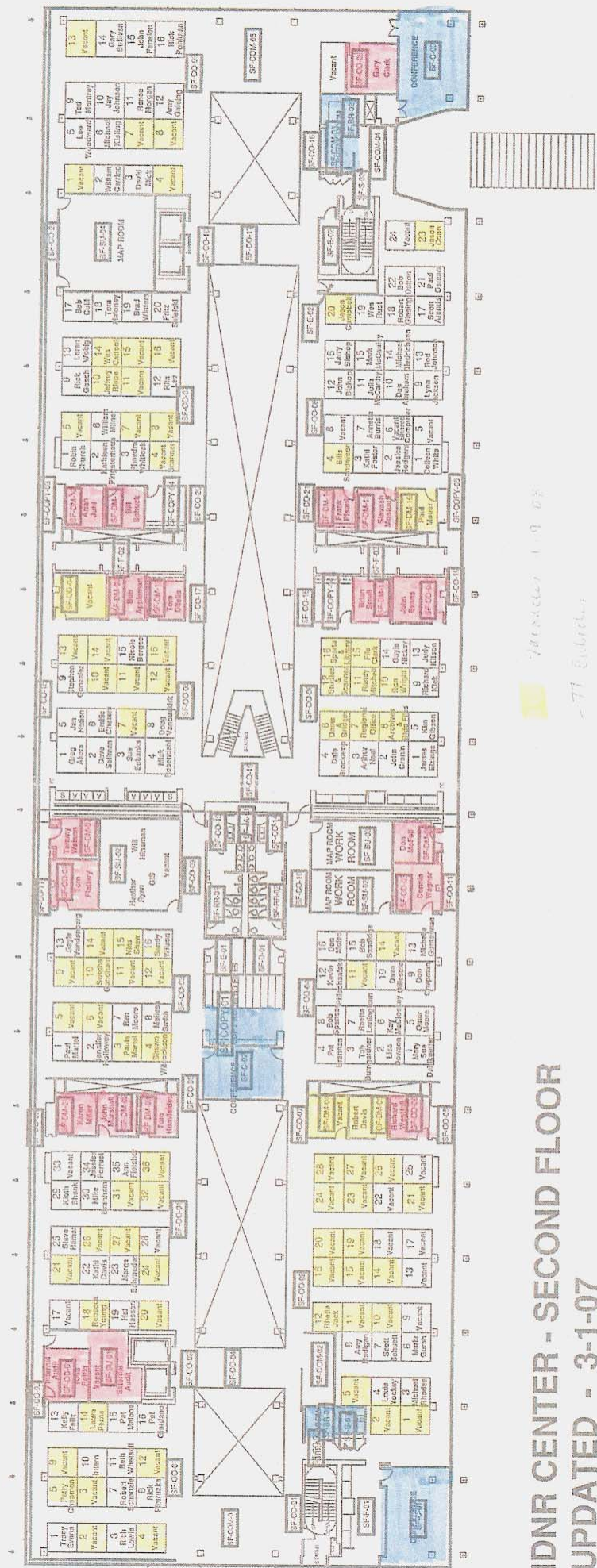
ALA 311-17

IDNR CENTER - LAKE LEVEL UPDATED - 3-1-06



12 Vacancies (1-7-01)
 28 Vacancies
 17 Offices
 1 Open Area (1, 6, 9, 11)

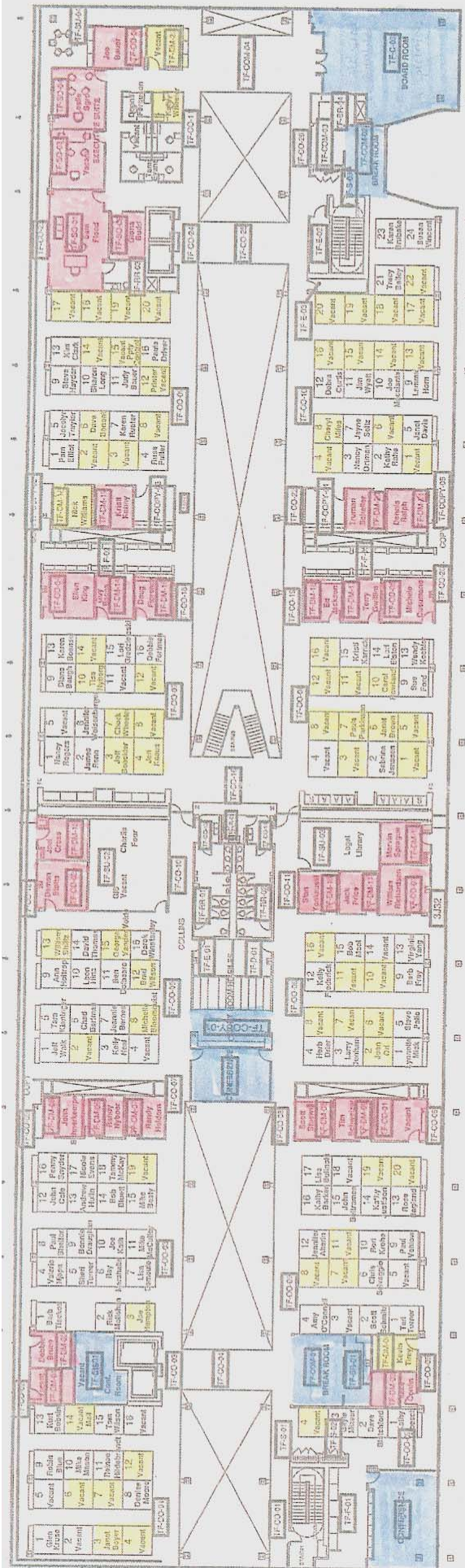
**IDNR CENTER - FIRST FLOOR
 UPDATED - 3-1-06**



**IDNR CENTER - SECOND FLOOR
UPDATED - 3-1-07**

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- 4 000000

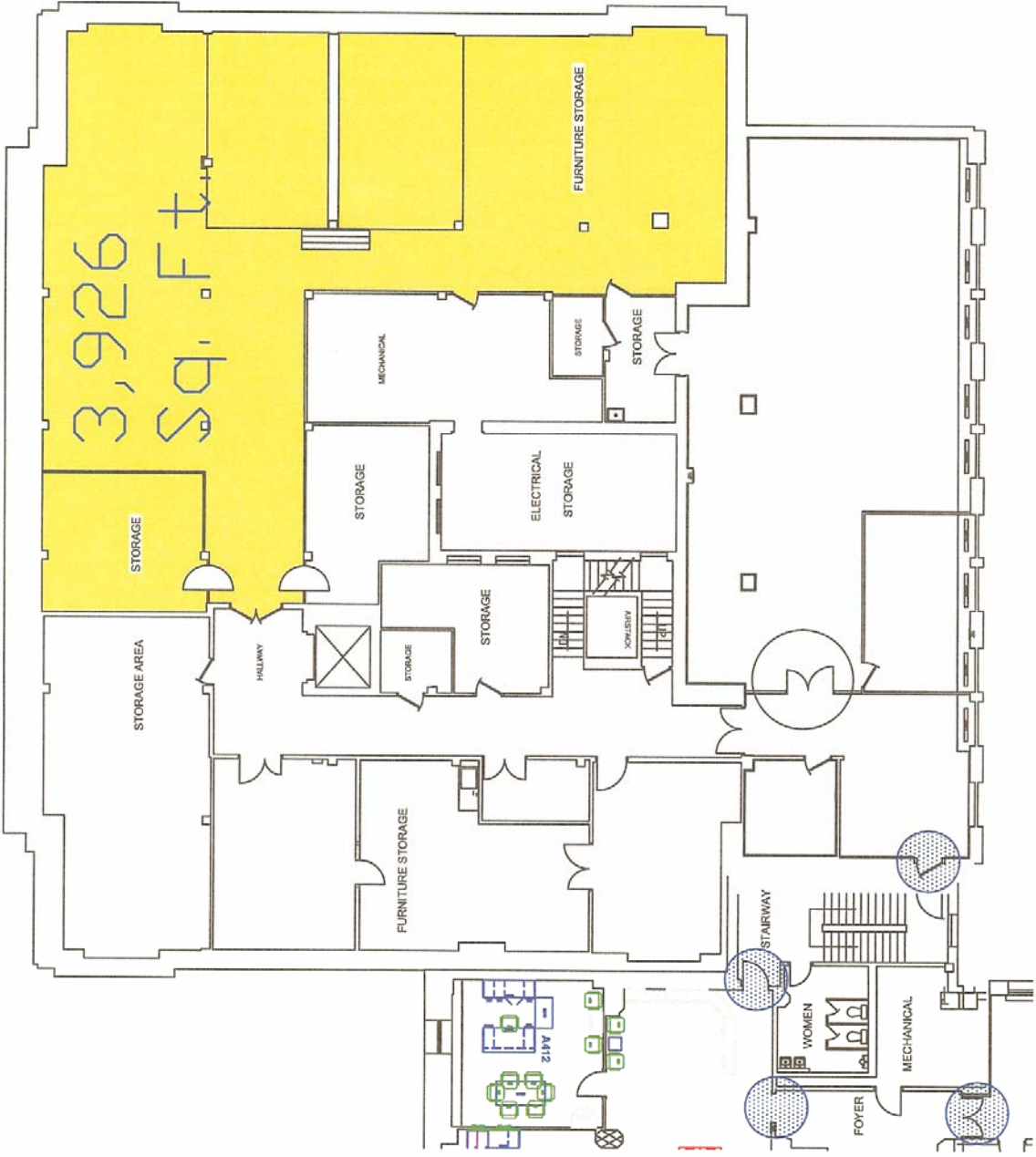


13
 23
 23
 23
 23

IDNR CENTER - THIRD FLOOR
UPDATED - 3-1-06

ISP

FOURTH FLOOR
NORTH BUILDING
11,539 sq ft



ISP

6th Street

ELEVENTH FLOOR SOUTH BUILDING

4,978 sq ft

ELEVENTH FLOOR ANNEX BUILDING

5,055 sq ft

Existing

