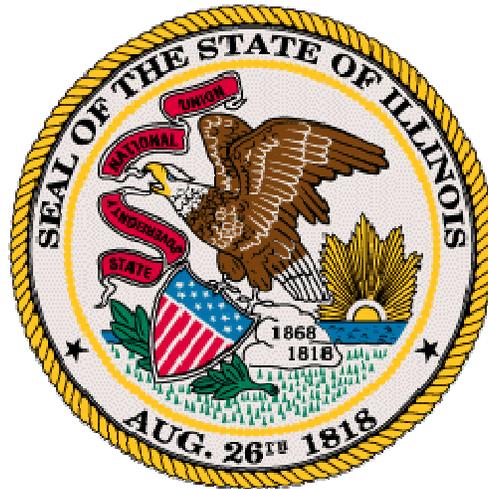




Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black



PROPERTY MANAGEMENT CONTRACT HEARING

FEBRUARY 9, 2012



Chairman: David Vaught
Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

AGENDA

February 9, 2012

James R. Thompson Center room 2-025 in Chicago
and connected via video to
Stratton Office Building, 401 S. Spring St., CDB room 349C in Springfield
10:00 a.m.

- I. Introduction
- II. Senator Susan Garrett
- III. Central Management Services
- IV. Pacific Management
- V. Additional Comments



Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

February 2, 2012

Susan Garrett
State Senator, 29th District
129 Capitol Building
Springfield, IL 62706

Dear Senator Garrett,

Contained herein is the Procurement Policy Board's (PPB) response to your request that the PPB obtain specific information and hold hearings regarding leases and management agreements in connection with State-leased buildings owned or managed by New Frontier Management and/or Pacific Management, Inc. (Cellini companies).

At the January 12, 2012 public meeting of the Procurement Policy Board, the Board set the date of the requested hearing as Thursday, February 9, 2012 at 10:00 a.m., in room 349C of the Stratton Office Building in Springfield, with a video connection to room 2-025 of the James R. Thompson Center in Chicago.

Once the hearing date was set and to obtain the requested information in a timely manner, PPB staff immediately sent letters to the Department of Central Management Services (CMS), Pacific Management, Inc. (Pacific), New Frontier Companies (New Frontier), and each entity holding a lease with the State of Illinois that uses Pacific Management, Inc. to manage the properties in question. Each entity was allowed approximately two weeks to respond.

Responses were received by CMS, Pacific, and New Frontier. Pacific did not directly address the questions put forth and New Frontier simply stated that "No New Frontier entity has any contract with the State for any office building lease". None of the leaseholders responded to the Board's inquiry. Copies of the Board's inquiries and the responses received are included in this packet.

Below you will find the Board's response to each of the points listed in your request. All supporting documentation is included in this packet.

1. How much money is actually paid by the leaseholders to these management companies for building management services?

Response: Unknown. While Pacific Management Inc. provided a response to the PPB's request, they did not directly answer any questions that were put forward. None of the leaseholders responded to the Board's inquiry.

2. Given that records show that the state has paid over \$14.4 million in rent last year alone for buildings that have been managed by either New Frontier Management or Pacific Management Company for decades, the public deserves to understand how much of that money is going to



Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

companies that are connected, either directly or indirectly, with a felon convicted of corruption in his business dealings with the state of Illinois. *It is critical that we untangle the relationship(s) between William Cellini, the Cellini Family and the state of Illinois, given the fact that Cellini has been convicted of felony charges and faces a five-year ban on getting any state contracts.*

Response: Again, unknown. While Pacific Management Inc. provided a response to the PPB's request, they did not directly answer any questions that were put forward. None of the leaseholders responded to the Board's inquiry.

3. Whether the property management rates (percentages) are consistent with average property management rates charged by other property management companies, especially in comparison to non-governmental, privately leased buildings.

Response: Unknown. Board staff was able to determine that typical property management fees range from 4 – 12% of the monthly rental fee. Again, while Pacific Management Inc. provided a response to the PPB's request, they did not directly answer any questions that were put forward. None of the leaseholders responded to the Board's inquiry.

4. Whether the contracts between the property owners and the property management companies for property management services have consistently gone out to bid.

Response: Again, unknown. While Pacific Management Inc. provided a response to the PPB's request, they did not directly answer any questions that were put forward. None of the leaseholders responded to the Board's inquiry.

5. Whether the rent or installments paid by the state for state agency office space is consistent with fair market rates for similar real property space, especially in comparison to non-governmental, privately leased buildings.

Response: CMS performs due diligence in comparing lease rates offered by leaseholders to other leases in a given area in addition to a comparison with established BOMA (Building Owners and Managers Association) rates in metropolitan areas. In addition, the PPB vets each lease prior to execution.

6. The ownership of the buildings, managed by New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies) that are leased and occupied by the State of Illinois and the terms of the development and ownership of those buildings.

Response: Again, unknown. While Pacific Management Inc. provided a response to the PPB's request, they did not directly answer any questions that were put forward. None of the leaseholders responded to the Board's inquiry.



Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

7. The ownership of state-owned buildings managed by New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies) and the terms associated with the development of those buildings. This would include properties held or occupied under certificates of participation ("lease to own").

CMS and the Illinois Student Assistance Commission (ISAC) have provided copies of the current installment purchase agreements. Copies of these agreements are included in this packet.

8. The terms of the management agreements with New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies) for state-occupied property.

ISAC has provided their estimated administrative expenses for fiscal years 2005 – 2012 for their facility in Deerfield as is required per the lease-purchase agreement. CMS was unable to provide the information to us prior to our finalizing this packet, however, we will include the information in a supplemental packet.

The terms are unknown for other State-occupied property (leased) as, once again, Pacific Management Inc. provided a response to the PPB's request, but they did not directly answer any questions that were put forward. None of the leaseholders responded to the Board's inquiry.

In closing, we are disappointed that Pacific Management, Inc. and the leaseholders were not more forthcoming in their responses. Perhaps additional information will be made available during the hearing.

Sincerely,

Aaron Carter
Executive Director

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Senator Garrett Request to the Procurement Policy Board



SUSAN GARRETT
STATE SENATOR - 29TH DISTRICT
MAJORITY CAUCUS WHIP

Committees
Commerce, Chair
Local Government, Vice Chair
Public Health
Education
Revenue

January 3, 2012

David Vaught, Chairman
Illinois Procurement Policy Board
511 W. Capitol Avenue, Suite 102
Springfield, IL 62704

Dear Mr. Vaught:

I am requesting that the Illinois Procurement Policy Board hold a public hearing pertaining to leases and management agreements in connection with state-leased buildings owned or managed by New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies).

It is clear, as published in an article in the Chicago Sun-Times today, January 3, 2012, that there is a lack of disclosure in the details of real estate management agreements between New Frontier Management and/or Pacific Management Company and owners of state-leased buildings.

Specifically, it is in the public's best interest to know:

1. How much money is actually paid by the leaseholders to these management companies for building management services.
2. Given that records show that the state has paid over \$14.4 million in rent last year alone for buildings that have been managed by either New Frontier Management or Pacific Management Company for decades, the public deserves to understand how much of that money is going to companies that are connected, either directly or indirectly, with a felon convicted of corruption in his business dealings with the state of Illinois. *It is critical that we untangle the relationship(s) between William Cellini, the Cellini Family and the state of Illinois, given the fact that Cellini has been convicted of felony charges and faces a five-year ban on getting any state contracts.*
3. Whether the property management rates (percentages) are consistent with average property management rates charged by other property management companies, especially in comparison to non-governmental, privately leased buildings.
4. Whether the contracts between the property owners and the property management companies for property management services have consistently gone out to bid.
5. Whether the rent or installments paid by the state for state agency office space is consistent with fair market rates for similar real property space, especially in comparison to non-governmental, privately leased buildings.

Attached, for your convenience is a copy of the article that appeared in the January 3, 2012 issue of the Chicago Sun-Times.

If you have any questions or to discuss further, please feel free to contact me at 847-433-2002.

Sincerely,

A handwritten signature in black ink that reads "Susan Garrett". The signature is written in a cursive, flowing style with a large, prominent 'S' at the beginning.

Susan Garrett
State Senator, 29th District

Edward Bedore, Illinois Procurement Policy Board
Ricardo Morales, Illinois Procurement Policy Board
Larry Ivory, Illinois Procurement Policy Board
Dave McKinney, Chicago Sun-Times
Tim Novak, Chicago-Sun-Times

suntimes

Felon William Cellini's family still profits off state contracts

By DAVE MCKINNEY AND TIM NOVAK

Staff Reporters / dmckinney@suntimes.com

Last Modified: Jan 3, 2012 09:12AM

As a convicted felon, William F. Cellini — the longtime Republican power broker recently convicted of corruption tied to former Gov. Rod Blagojevich's "pay-to-play" schemes — can no longer do business with the state of Illinois, as he has done for more than four decades.

But the Illinois law under which Cellini faces a five-year ban on getting any state contracts doesn't apply to his vast network of business ventures, some of which have been turned over to his daughter and son, according to state officials.

Cellini companies — New Frontier Management and an affiliate, Pacific Management Corp., which is owned in part by his daughter and son-in-law — have agreements with private landlords to manage 18 buildings now occupied by state agencies that include the Illinois Environmental Protection Agency, the Department of Human Services and the Department of Transportation, state officials say.

Cellini companies built or rehabbed many of those buildings, which the state began leasing during the administration of former Gov. James R. Thompson, one of the several Republican governors Cellini helped get elected over the past four decades.

This past year alone, Illinois taxpayers paid more than \$14.4 million in rent for 18 buildings that have been managed by companies linked for decades to Cellini or his family, records show.

Those companies also manage four other office buildings — including IDOT's Schaumburg offices and the Illinois Student Assistance Commission building in Deerfield — that state taxpayers are buying under installment deals that cost Illinois taxpayers \$9.4 million this year.

And Pacific Management — the company whose owners include Cellini's daughter and her husband — operates 13 affordable housing projects for the Illinois Development Housing Authority, a state agency that's given Cellini more than \$90 million in low-interest loans over the past three decades to build apartments in Chicago, the suburbs and Downstate.

The Cellini businesses get a percentage of the rent that the state pays the owners of the buildings. Just how much is something that's between the landlords and the Cellini companies, according to state officials, who say that, as a result, they don't know how much New Frontier or Pacific Management ended up getting paid on deals that indirectly involve state government.

"We do not have copies of the management agreement between the [landlords] and New Frontier, and the management fee paid to New Frontier would be included in the rent paid to each lessor and is not broken down separately," says Sunny Clark of the Illinois Department of Central Management Services,

the agency that oversees state leases.

To get an idea of the potential value, consider just one of those buildings — the Illinois Student Assistance Commission's Deerfield headquarters that was built by the Alter Group. The state owns that office complex, located just off the Tri-State Tollway, and is in year No. 19 of a 21-year contract with Pacific to handle utilities, janitorial services, security and the like for the building. On that one building alone, the state paid Pacific Management a total of \$814,265 this year, according to records from the office of Illinois Comptroller Judy Baar Topinka.

Cellini, 77, of Springfield, is the president of New Frontier Management, which state officials say managed 18 buildings leased by the state.

But Cellini's New Frontier Management no longer manages those properties, which are now overseen instead by Pacific Management, according to Kathleen M. Vyborny, an attorney for both companies.

Cellini has no ownership stake in Pacific Management. His daughter, Claudia Cellini, is listed in state records as Pacific Management's senior vice president. Pacific Management's corporate secretary, Vincent Forgione, and its treasurer, Susan Weber, report to Cellini at some of his companies, including New Frontier Management Corp.

Pacific and New Frontier share offices in downtown Chicago on the top floor of 20 S. Clark St., the nerve center of Cellini's business empire, as well as in Springfield, where both companies operate from a senior housing complex that Cellini built with low-interest state loans.

"New Frontier Management Corporation is not engaged in the property-management business," Vyborny says. "It ceased providing property-management services several years ago. Any statement, suggestion or implication to the contrary is false."

Vyborny says that Cellini "has no direct or indirect ownership interest" in Pacific Management, nor is he an officer or director of the business.

Patrick Somers — who is president and chief executive officer of Pacific Management and a longtime Cellini business associate — describes New Frontier and Pacific Management as "legally separate companies, and there is no overlap of ownership."

Somers disputes state records that show New Frontier continues to manage the buildings leased by the state, saying that "is incorrect" and that those records "must be considerably outdated."

Asked to explain whether the buildings are managed by Cellini's New Frontier Management or his daughter's Pacific Management, Clark, the spokeswoman for the Illinois Department of Central Management Services, says, "It is our understanding that New Frontier and Pacific Management are related entities."

The Chicago Sun-Times contacted several landlords of buildings housing state agencies, but none would discuss their management deals with New Frontier or Pacific Management. Those landlords include:

† Marilyn and Nick Cagnoni, who own three Springfield buildings that are leased by the state and managed by Cellini-linked companies. Her late father, Frank Mason, was a Springfield businessman who leased property to the state. Her husband is the son of the late Michael Cagnoni, a trucking executive who was killed in a mob hit when his Mercedes-Benz exploded on the Tri-State Tollway's

Ogden Avenue ramp on June 24, 1981, according to testimony during the “Operation Family Secrets” trial four years ago that ended with the convictions of top Chicago mobsters including Frank Calabrese Sr.

† Government Property Fund II, which owns the Prescott Bloom Building at 201 S. Grand Avenue East in Springfield, a building Cellini built for the state in the late 1980s. It’s now leased by the Illinois Department of Healthcare and Family Services. According to state records, Government Property Fund II is co-owned by Rumsey GPF I LLC. That business, in turn, is listed as being owned by Rumsey Indian Rancheria of the Wintun Indians, a tribe which operates a northern California casino.

Cellini — who was convicted in November of two of four corruption charges he faced — is awaiting sentencing for his role in an extortion conspiracy involving an attempted shakedown of Thomas Rosenberg, a Hollywood movie producer and investment-firm mogul, for \$1.5 million in Blagojevich campaign contributions.

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Senator Garrett Supplemental Request to the Procurement Policy Board



SUSAN GARRETT
STATE SENATOR - 29TH DISTRICT
MAJORITY CAUCUS WHIP

Committees
Commerce, Chair
Local Government, Vice Chair
Public Health
Education
Revenue

January 9, 2012

David Vaught, Chairman
Illinois Procurement Policy Board
511 W. Capitol Avenue, Suite 102
Springfield, IL 62704

Dear Mr. Vaught:

First, let me extend my appreciation for the Procurement Policy Board's decision to hold a hearing on the State's relationships with New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies). As a follow-up to my initial request for the hearing, I am asking that your board examine the following:

1. The ownership of the buildings, managed by New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies) that are leased and occupied by the State of Illinois and the terms of the development and ownership of those buildings.
2. The ownership of state-owned buildings managed by New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies) and the terms associated with the development of those buildings. This would include properties held or occupied under certificates of participation ("lease to own").
3. The terms of the management agreements with New Frontier Management and/or an affiliate, Pacific Management Company (Cellini companies) for state-occupied property.

If you have any questions or to discuss further, please feel free to contact me at 847-433-2002.

Sincerely,

A handwritten signature in black ink that reads "Susan Garrett".

Susan Garrett
State Senator, 29th District

District Office of
State Senator Susan Garrett (D-29)
425 Sheridan Rd.
Highwood, IL 60040
Phone: (847) 433-2002
Fax: (847) 433-8002
E-mail: ilsenate29@sbcglobal.net
Web: www.garrett98.com

Procurement Policy Board Request for
Information from Pacific Management
Inc and Response



STATE OF ILLINOIS
PROCUREMENT POLICY BOARD

David Vaught, Chairman

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

January 17, 2012

Mr. Patrick Somers, President
Pacific Management
241 North 5th Street
Springfield, IL 62701

Dear Mr. Somers,

As you likely know, the Procurement Policy Board will hold hearings in regards to current relationships involving Pacific Management Inc. and the State of Illinois. As such, the Board is requesting the following information not later than January 27, 2012:

1. Please provide documentation that details the ownership of Pacific Management Inc.
2. Attached is a listing of State of Illinois-leased/owned properties that have been identified as being managed by Pacific Management Inc. Please update the list to include any State-leased/owned properties not listed. Then, for each property listed, indicate details of the following:
 - a. Was the contract competitively bid?
 - b. If not, how was the contract procured?
 - c. What is the monthly fee?
 - d. Describe how the fees are determined.
 - e. Did New Frontier Companies and/or Pacific Management Inc. have any involvement in the development of the property?
 - f. If yes, what were the terms of the agreement?

In addition, for each property, forward a copy of the current management contract for these services.

3. Provide a list of any properties in which the State of Illinois is currently obligated in any certificates of participation ("lease to own") with New Frontier Companies or Pacific Management Inc. or related companies. Provide the details of the terms of each agreement.

The Board encourages your presence at the hearings, in addition to any additional persons who will be able to respond to any inquiries that the Board might have regarding current leases that are managed by Pacific Management Inc. and any staff who can respond to Board questions regarding State contracts with Pacific Management Inc. The hearings will be held at 10:00 a.m. on February 9, 2012 in room 349C of the William G. Stratton Building, 401 S. Spring Street in Springfield and will be connected via video to room 2-025 of the James R. Thompson Center, 100 West Randolph Street in Chicago. Your cooperation in this matter is appreciated.

Sincerely,

Aaron Carter
Executive Director

Agency	Owned/Leased	Lease Number	Address	City State Zip	Lessor Name	Lessor Address	Lessor City State Zip
Environmental Protection Agency	Lease/Purchase Agreement	CIPEPASANG	1021 North Grand Avenue East	Springfield, IL 62794	US Bank, Trust 4010351	209 S. LaSalle, Suite 300	Chicago, IL 60604
Environmental Protection Agency	Lease/Purchase Agreement		1340 North 9th Street	Springfield, IL 62794			
Department of Transportation	Lease/Purchase Agreement	5769	201 West Center Court	Schaumburg, IL 60195	US Bank Trust #4019412	209 S. LaSalle, Suite 300	Chicago, IL 60604
Department of Transportation	Lease/Purchase Agreement		399 West Center Street	Schaumburg, IL 60195			
Department of Healthcare and Family Services	Lease/Purchase Agreement		401 South Clinton	Chicago, IL 60607			
Department of Human Services	Lease/Purchase Agreement	5132	401 South Clinton	Chicago, IL 60607	US Bank, Trust 401029	PO Box 70870	St. Paul, MN 55170
Department of Human Services	Leased	2344	100 North First Street	Springfield, IL 62706	Alizina Building II LLC	241 N. 5th Street	Springfield, IL 62701
State Board of Education	Leased	R9003	100 North First Street	Springfield, IL 62701	Alizina Building II LLC	241 North Fifth Street	Springfield, IL 62701
Department of Human Services	Leased	4234	100 South Grand Avenue	Springfield, IL 62704	Harris Building I and II LLC	PO Box 2269	Springfield, IL 62705
Department of Human Services	Leased	6373	100 South Grand Avenue	Springfield, IL 62704	Harris Building I and II LLC	PO Box 2269	Springfield, IL 62705
Department of Healthcare and Family Services	Leased	6154	1001 North Walnut	Springfield, IL 62704	Midwest Equities LLC	241 N. 5th Street	Springfield, IL 62701
Environmental Protection Agency	Leased	3156	104-110 East Washington	Springfield, IL 62706	Cagnoni Development LLC	PO Box 2269	Springfield, IL 62705
Department of Employment Security	Leased	6176	11006 Airport Trail	Litchfield, IL 62056	DIO AIRA Properties LLC	290 Maple Street	Riverton, IL 62561
Department of Healthcare and Family Services	Leased	4611	1124 North Walnut Street	Springfield, IL 62704	Frank Mason Real Estate	3130 Chatham Road	Springfield, IL 62704
Department of Human Services	Leased	4611	1124 North Walnut Street	Springfield, IL 62707	Marilyn Mason	PO Box 2269	Springfield, IL 62705
Department of Corrections	Leased	4355	1301 Concordia Court	Springfield, IL 62702	Government Property Fund III	241 North 5th Street	Springfield, IL 62701
Department of Revenue	Leased	6118	201 East Madison	Springfield, IL 62701	Midwest Equities LLC	241 N. 5th Street	Springfield, IL 62701
Department of Healthcare and Family Services	Leased	4299	201 South Grand Avenue East	Springfield, IL 62706	Government Property Fund II	241 North 5th Street	Springfield, IL 62701
Department of Children & Family Services	Leased	6320(a)	208 West Cook Street	Springfield, IL 62704	John P. Pruitt, LLC	208 W. Cook, PO Box 2269	Springfield, IL 62705
Treasurer State of Illinois	Leased	N/A	245 North 5th Street	Springfield, IL 62701	Near North Village Associates	401 East Jefferson Street	Springfield, IL 62701
Department of Transportation	Leased	6348	2713 Stevenson Drive	Springfield, IL 62705	BJD Properties, LLC	PO Box 2269	Springfield, IL 62705
Housing Development Authority	Leased	6377	3130 Chatham Road	Springfield, IL 62704	Chatham Road LLC	PO Box 2269	Springfield, IL 62705
Department of Human Services	Leased	4467	319 East Jefferson Street	Springfield, IL 62701	Uptown, Inc.	P.O. Box 13453	Springfield, IL
Department of Human Services	Leased	5637	400 West Lawrence	Springfield, IL 62704	Public Asset Service Corp		Chicago, IL
Department of Human Services	Leased	2776, 3479, 4172	5000, 5010 & 5020 Industrial Drive	Springfield, IL 62704	Cagnoni Reyhan Partnership	241 N. 5th Street	Springfield, IL 62701
Department of Commerce and Economic Opportunity	Leased	3911	620 East Adams Street	Springfield, IL 62701	Government Property Fund LLC	241 North 5th Street	Springfield, IL 62701
Department of Children & Family Services	Leased	6320(b)	726 South College Street	Springfield, IL 62704	John P. Pruitt, LLC	208 W. Cook, PO Box 2269	Springfield, IL 62705
Department of Human Services	Leased	5679	809 Commercial Avenue	Springfield, IL 62702	Todd and Helen Renfrow	508 Blackwolf	Springfield, IL 62711
Department of Central Management Services	State-Owned		120 West Jefferson Street	Springfield, IL 62701			
Student Assistance Commission	State-Owned		1755 Lake Cook Road	Deerfield, IL 60015			
Department of Transportation	State-Owned		3215 Executive Park Drive	Springfield, IL 62707			
Southern Illinois University School of Nursing	State-Owned		409 West Calhoun Street	Springfield, IL 62704			
Workers Compensation Commission	State-Owned		701 South Second Street	Springfield, IL 62704			



Pacific Management, Inc



January 25, 2012

Dear Chairman Vaught,

Procurement Board Executive Director Aaron Carter sent a letter dated January 17, 2012, requesting information from us. Please find in the attached packet explanatory material similar to what was sent to State Senator Susan Garrett to show her that we believe she and you were misled by a Chicago Sun Times newspaper story containing incorrect information. (The Sun Times has since printed a retraction.)

I have been President and CEO of Pacific Management Inc. (PMI) for over 7 years and I have 28 years of experience managing our commercial office portfolio. I can personally assure you that all the rules and requirements of Central Management Services and the State of Illinois are taken seriously and have been followed meticulously.

Pacific Management Inc. has over 200 employees throughout Illinois who do an exemplary job providing maintenance services to the multiple private property owners for whom they work. PMI is owned by William Cellini Jr., age 42, and his sister, Claudia Cellini, age 37, and has been for several years.

William Cellini Jr. has worked several years in our Chicago offices. Claudia Cellini serves on the PMI Board, which is composed of real estate professionals, accountants, CPA's and an economist. Claudia Cellini is a seasoned business professional who has been internationally recognized by Newsweek Magazine and has owned and operated businesses in three countries.

I believe that when you read the attached packet you will concur that PMI and its owners should not be singled out because they are the adult children of a parent whose has a pending conviction, but absolutely no ownership in Pacific Management Inc. Thank you for taking time to review this information.

Sincerely,

Patrick Somers
President and CEO
Pacific Management Inc.

CC: Executive Director Aaron Carter
Edward J. Bedore
Larry Ivory
Bill Black
Ricardo Morales



kathleen m. vyborny

ATTORNEY AT LAW
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8312 KOSTNER
SKOKIE, IL 60076
VOICE (847) 763-1476
FAX (312) 896-1559

January 10, 2012

The Honorable Susan Garrett
Illinois General Assembly
129 Capitol Building
Springfield, IL 62706

Dear Senator Garrett:

This letter provides you with background about the January 3 *Chicago Sun Times* story which prompted you to call for hearings on State-leased buildings managed by Pacific Management, Inc. [PMI]. I believe that you have been misled.

The *Sun Times* distorted the facts. Two days after the story first ran, the State's Department of Central Management Services [CMS] confirmed that the *Sun Times* story contained errors. The *Sun Times* has now printed a retraction/correction. The events are listed below:

- On January 3, the *Sun Times* reporters stated that New Frontier Management Corp., a company owned by William Cellini, has agreements to manage buildings leased by the State of Illinois. This is false.
- Prior to publication— on December 13— I advised the *Sun Times* reporters that this statement was untrue.
- Prior to publication— on December 15— Patrick Somers, the President of PMI, advised the *Sun Times* reporters that this statement was untrue.
- On January 4, the *Sun Times* published another story, reporting your request to the Illinois Procurement Policy Board for hearings into PMI's management contracts.
- On January 5, the *State Journal Register* reported that CMS back-tracked, confirming that the *Sun Times* story was incorrect.
- On January 6, I advised the *Sun Times* that their January 3 article was based on CMS' error, demanding a retraction/correction.

- On January 9, the *Sun Times* printed a retraction/correction.

Despite our pre-publication advice to the *Sun Times*, the newspaper published erroneous statements, and failed to find what the *State Journal-Register's* quickly discovered. I am certain that you read the *State Journal-Register's* story, so you are aware that CMS changed its story.

A number of materials are enclosed with this letter:

- a copy of my December 13 letter to the *Sun Times* which confirmed, among other things, that:
 - New Frontier Management Corporation is not engaged in the property-management business. It ceased providing property-management services several years ago; and
 - William F. Cellini Sr. has no direct or indirect ownership interest in PMI. He is neither an officer nor a director of PMI.
- a copy of Mr. Somers' December 15 e-mail to the *Sun Times* reporters which confirmed that the earlier CMS-provided information is "incorrect" and "out-dated."
- a copy of the *State Journal-Register's* January 5 story reporting:
 - Statements by Alka Nayyar, a spokeswoman for CMS, who said that there was confusion when CMS reviewed the State leases. While New Frontier Management may have been mentioned in some of the leases, PMI actually managed the properties; and
 - Statements by Sunny Clark, the FOIA officer for CMS, who said that leases which mentioned New Frontier Management had expired, and that "There are currently no leases that have New Frontier listed as the management company."
- a copy of my January 6 letter to the *Sun Times* demanding a retraction/correction.
- a copy of the *Sun Times* Editor in Chief 's January 6 e-mail response to my demand, agreeing to print a correction.
- a copy of the January 9 *Sun Times* retraction/correction.

The Honorable Susan Garrett
January 10, 2011
Page -3-

In light of remarks by Ms. Nayyar and Ms. Clark and the *Sun Times* retraction/correction, I ask you to reconsider your request to the Illinois Procurement Policy Board regarding hearings into PMI's management contracts. Such a hearing would burden the various landlords and others who would merely confirm what has now been corrected stated:

New Frontier Management provides no management services to State-leased properties. PMI serves as property manager. There is absolutely no connection between Mr. Cellini's recent conviction, PMI or PMI's management contracts with landlords of State-leased, privately-owned, properties. Mr. Cellini has no direct or indirect ownership in PMI.

There are over 500 State leases of private property for offices state-wide. The State does not involve itself with property managers, maintenance-providers and other vendors who privately contract with the landlords. CMS has confirmed this. In the January 5 article where CMS acknowledged its error, Ms Nayyar stated:

I don't think the state has authority to dictate for a landlord with whom they can do business.

To try to do so would be extremely costly to the State, and would certainly increase the costs to the State for leasing transactions because of the regulations and enforcement it would entail.

Thank you for your time.



Kathleen M. Vyborny
KMV:saa/encl.

December 13 letter from PMI's
counsel to the Sun Times

kathleen m. vyborny

ATTORNEY AT LAW
vybornylaw@aol.com
8312 KOSTNER
SKOKIE, IL 60076
VOICE (847) 763-1476
FAX (312) 896-1559

December 13, 2011

Mr. John Barron Publisher Chicago Sun-Times 350 N. Orleans St., 10th Floor Chicago, IL 60654	Mr. Donald Hayner Editor-in-Chief Chicago Sun-Times 350 N. Orleans St., 10th Floor Chicago, IL 60654
Mr. Zach Finkin News Editor Chicago Sun-Times 350 N. Orleans St., 10th Floor Chicago, IL 60654	Mr. Dave McKinney Sun-Times Springfield Bureau Chief Chicago Sun-Times dmckinney@suntimes.com
Mr. Tim Novak Staff Reporter Chicago Sun-Times tnovak@suntimes.com	

Gentlemen:

I represent Pacific Management Inc. [PMI] and the New Frontier group of companies.

Reportedly, the Chicago Sun-Times has contacted private property owners whose projects are managed by PMI. Also reportedly, these inquiries relate to the terms of individual property leases between the State of Illinois and those private owners, as well as private PMI management contracts.

PMI has valid and enforceable property management agreements with numerous private property owners in Illinois. The inquiries and the innuendo employed by your reporters to elicit information from these owners are interfering in the good working relationships that PMI has enjoyed with these owners— in some cases— for decades.

That innuendo and its underlying assumptions are contrary to the facts. Here are some facts:

Messrs. Barron, Hayner, Finkin, McKinney, Novak
January 6, 2012
Page -2-

companies also manage four other buildings.

New Frontier Management has no contract to manage any buildings occupied by state agencies, and has not had any such agreements for years. Furthermore, as Mr. Somers and I previously advised you, New Frontier Management is not even engaged in the property management business. In writing your story, you cite information provided by a single, unsubstantiated source: the Illinois Department of Central Management Services [CMS]. Prior to publication, we advised your reporters that the CMS information was "incorrect" and "considerably out-dated." You chose to ignore our advice.

Your article went on to allege that New Frontier Management gets a "percentage of the rent that the state pays the owners of the buildings." Since New Frontier Management is not engaged in the property management business, this statement is also false.

On January 4, the State Journal-Register published a story reporting that CMS retracted their former, erroneous, statements. A copy of that article is enclosed. They confirmed what we had previously advised you: "there was confusion" at CMS, that:

...some state properties may have been managed by New Frontier, but that is not the case today.... There are currently no leases that have New Frontier listed as the management company.

Thus, CMS has acknowledged its own error. Of course, your reporters already possessed the correct information, but ignored it.

In my earlier letter, I urged the Chicago Sun-Times to report facts accurately. Your paper refused to do so. We demand that you immediately report the CMS admission of its error and retract any statements that state, allege or imply that New Frontier Management profits directly or indirectly from state leases. For fairness, that report and retraction should appear in a position of the same prominence in all media that carried the original story.

Very truly yours,



Kathleen M. Vyborny
KMV:saa

December 15 e-mail from PMI's
President to the Sun Times

----- Original Message -----

From: Patrick Somers [mailto:psomers@pacificmgt.net]

Sent: Thursday, December 15, 2011 06:17 AM

To: Novak, Timothy

Cc: McKinney, David

Subject: RE: Chicago Sun-Times inquiry

The information from your source is incorrect. Whomever's records you may be observing must be considerably out-dated. I have given you the facts.

Patrick Somers

Pacific Management, Inc.

312- 267-4850 or 217-789-1770



SJ-R.COM

The State Journal-Register • Springfield, IL • The oldest newspaper in Illinois

State Journal Register's
January 5 story

State senator seeks inquiry into Cellini connections to state leases

By CHRIS WETTERICH

The State Journal-Register

Posted Jan 04, 2012 @ 11:00 PM

Last update Jan 05, 2012 @ 07:01 AM

A state senator wants Illinois government to probe its leases of buildings connected to Springfield businessman and Republican fundraiser **William Cellini**, who was convicted of corruption in November.

State Sen. Susan Garrett, D-Lake Forest, made the request on Tuesday to the **Illinois Procurement Policy Board** after the Chicago Sun-Times reported that firms associated with Cellini or his children have contracts to manage more than a dozen buildings, most of them in Springfield, that have state agencies as tenants.

State law bars felons from having state contracts for five years. Cellini was convicted Nov. 1 of conspiracy to commit extortion and aiding and abetting in the solicitation of a bribe. He is attempting to get a new trial on the grounds of juror misconduct.

For decades, Cellini has done business with the state through a variety of firms and their subsidiaries. The **Sun-Times reported Tuesday** that two firms associated with Cellini, New Frontier Management Corp. and Pacific Management, have contracts with landlords to manage 18 state-occupied buildings worth more than \$14 million in rent to their owners last year.

New Frontier Management Corp. is owned by Cellini. Pacific Management is owned partly by Cellini's daughter, Claudia Cellini.

While state officials told the Sun-Times that New Frontier was still managing some buildings, it backtracked on Wednesday. Alka Nayyar, a spokeswoman for the Department of Central Management Services, said there was confusion when the agency reviewed the leases. While New Frontier may have been mentioned in some of the leases, Pacific Management actually managed the properties, she said.

In response to a State Journal-Register FOIA request, the state provided a list of 22 buildings occupied by the state on either a lease or lease-to-own basis that are managed by Pacific.

In the past, some state properties have been managed by New Frontier, but that is not the case today, according to CMS officials.

"Those leases have expired," Sunny Clark, the FOIA officer for the Department of Central Management Services, said in a letter. "There are currently no leases that have New Frontier listed as the management company."

Because of Cellini's felony conviction, the state must sort out its entanglements with his business empire, Garrett said.

"The fact is he has been a powerhouse for decades and has had his fingers in so many of the real estate transactions. And it appears it is continuing to go on, and we need to pull the plug," Garrett said.

A Cellini spokesman did not return an e-mail asking for comment on Garrett's request.

Untangling the state's relationship with Cellini-associated companies might be difficult. The state is not paying rent to Cellini-associated companies. The companies that own the buildings pay the Cellini-associated firms fees to manage them.

"I don't think state has the authority to dictate for a landlord with whom they can do business," said Nayyar.

When the state seeks to lease property, it puts out a request for information from property owners, spelling out the amount of space needed and other requirements.

"We can't pre-determine who responds to an RFI," Nayyar said. "In all cases possible, we try to go with the lowest respondent as long as their particular proposal meets all the space requirements for the agencies."

State-occupied properties managed by Pacific Management

January 6 letter from PMI's
counsel to the Sun Times

kathleen m. vyborny

ATTORNEY AT LAW
vybornylaw@aol.com
8312 KOSTNER
SKOKIE, IL 60076
VOICE (847) 763-1476
FAX (312) 896-1559

January 6, 2012

Mr. John Barron Publisher Chicago Sun-Times 350 N. Orleans St., 10th Floor Chicago, IL 60654	Mr. Donald Hayner Editor-in-Chief Chicago Sun-Times 350 N. Orleans St., 10th Floor Chicago, IL 60654 dhayner@suntimes.com
Mr. Zach Finkin News Editor Chicago Sun-Times 350 N. Orleans St., 10th Floor Chicago, IL 60654 zfinkin@suntimes.com	Mr. Dave McKinney Sun-Times Springfield Bureau Chief Chicago Sun-Times dmckinney@suntimes.com
Mr. Tim Novak Staff Reporter Chicago Sun-Times tnovak@suntimes.com	

Gentlemen:

As you know from my December 13, 2011 letter to all of you, I represent Pacific Management Inc. [PMI] and the New Frontier group of companies. A copy of that earlier letter is enclosed for your reference.

On January 3, 2012, your paper printed a false and erroneous story, entitled: "Felon William Cellini's Family Still Profits Off State Contracts."

In my earlier letter, I gave you the facts. On December 15, Mr. Patrick Somers, President of PMI, also—separately—reported the facts to your reporters, Messrs. McKinney and Novak. A copy of that e-mail is enclosed. Your paper chose to ignore the facts, and instead stated:

...New Frontier Management and an affiliate...have agreements with private landlords to manage 18 buildings now occupied by State agencies...Those

Messrs. Barron, Hayner, Finkin, McKinney, Novak
January 6, 2012
Page -2-

companies also manage four other buildings.

New Frontier Management has no contract to manage any buildings occupied by state agencies, and has not had any such agreements for years. Furthermore, as Mr. Somers and I previously advised you, New Frontier Management is not even engaged in the property management business. In writing your story, you cite information provided by a single, unsubstantiated source: the Illinois Department of Central Management Services [CMS]. Prior to publication, we advised your reporters that the CMS information was "incorrect" and "considerably out-dated." You chose to ignore our advice.

Your article went on to allege that New Frontier Management gets a "percentage of the rent that the state pays the owners of the buildings." Since New Frontier Management is not engaged in the property management business, this statement is also false.

On January 4, the State Journal-Register published a story reporting that CMS retracted their former, erroneous, statements. A copy of that article is enclosed. They confirmed what we had previously advised you: "there was confusion" at CMS, that:

...some state properties may have been managed by New Frontier, but that is not the case today.... There are currently no leases that have New Frontier listed as the management company.

Thus, CMS has acknowledged its own error. Of course, your reporters already possessed the correct information, but ignored it.

In my earlier letter, I urged the Chicago Sun-Times to report facts accurately. Your paper refused to do so. We demand that you immediately report the CMS admission of its error and retract any statements that state, allege or imply that New Frontier Management profits directly or indirectly from state leases. For fairness, that report and retraction should appear in a position of the same prominence in all media that carried the original story.

Very truly yours,



Kathleen M. Vyborny
KMV:saa

Sun Times Editor in Chief's
January 6 e-mail response

From: "Hayner, Donald A." <DHayner@SunTimes.Com>
Date: January 6, 2012 5:49:11 PM EST
To: <Vybornylaw@aol.com>
Subject: <no subject>

Dear Ms. Vyborny,

I'm responding to your letter regarding Frontier Management. I discussed your letter with our reporters and we will run a correction on p.2 Monday.

Cordially,
Don Hayner

--
Don Hayner
Editor in Chief
Chicago Sun-Times

FIELD

More caught at airports with guns in carry-ons

More people are being caught at the nation's airports with guns in their carry-on bags, despite heightened awareness about security.

The Transportation Security Administration says it found 1,238 firearms — an average of almost four a day — at its airport checkpoints last year. The number has been on the rise since 2007.

"Clearly just the fact that we are getting four to five guns every day indicates that there are people who are not focused on the security protocols," TSA Administrator John Pistole told Congress in November, a month when officers found nine guns in a single day.

The TSA says guns usually are found in carry-on bags that are X-rayed at security checkpoints.

Pistole says full-body scanning machines also detect contraband hidden beneath passengers' clothing, including a .38-caliber hand-

gun in one man's ankle holster in Detroit.

"More than 10 years after the Sept. 11, 2001, attacks people are still trying to bring deadly weapons into the cabin of an airplane," he says.

Passengers are required to declare their guns and then store them unloaded in hard containers in their checked bags.

The common reply from passengers when caught with a gun is that they forgot they were carrying one, the TSA says. That's what the 73-year-old man with the ankle holster said Dec. 10, Detroit airport spokesman Michael Conway says.

Same goes for a Georgia man, who was charged Dec. 11 with carrying a weapon at the Hartsfield-Jackson Atlanta International Airport after TSA officers found a loaded revolver in his messenger bag. The .22-caliber gun went off as officers tried to unload it.

Gannett News Service

City of MLK's death may have street named after

MEMPHIS, Tenn. — Hundreds of U.S. cities have streets named after slain civil rights leader Martin Luther King Jr. — but not Memphis, where he was assassinated April 4, 1968.

However, on Thursday, the city's Land Use Control Board will be asked to rename a 3,700-foot, downtown section of Linden



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AM
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for civil right
1960s. It's a
Street Hist
near FedEx

County Board President Todd Stroger

was mounted on poles also were according to the report. "These camcorder police parking lots, streets and with questionable homeland security investigators found. Fixed cameras in police station lobbies.

At the beginning, some of the 128 out after technical snafus. And in found "32 never had equipment, am" and at the end, just "71 have stems.

According to sources, investigated, have been filed.

Asks FEMA, the Federal Emergency Management Agency, to task for lack of

Security Initiative (UASI) grants from DHS to the State and on to the report concludes, "FEMA did ensure that the State of Illinois tutored Cook County's expendi-

is remain. "Both FEMA and the improve the review process and oversight," according to the IG, d actions to better monitor how "remains unresolved and open."

ager operational is Project Shield. ward President Toni Preckwinkle am last summer after a very trou- history.

U.S. debt now equal to economy

WASHINGTON — The soaring national debt has reached a symbolic tipping point: It's now as big as the entire U.S. economy.

The amount of money the federal government owes to its creditors, combined with IOUs to government retirement and other programs, now tops \$15.23 trillion.

That's roughly equal to the value of all goods and services the U.S. economy produces in one year: \$15.17 trillion as of Septem-

ber, the latest estimate. Private projections show the economy likely grew to about \$15.3 trillion by December — a level the debt should surpass this month.

"The 100 percent mark means that your entire debt is as big as everything you're producing in your country," says Steve Bell of the Bipartisan Policy Center, which has proposed cutting nearly \$6 trillion in red ink over 10 years. "Clearly, that can't continue."

Gannett News Service

MOST VIEWED @ SUNTIMES.COM

1. One killed, 9 hurt in fire
2. Bond denied for 2 accused of killing cop
3. Papa John's apologizes for racial slur on receipt
4. National Guardsman thwarts robbery on Red Line
5. Body found in car pulled from river

CORRECTION

Gov. Pat Quinn's administration said it incorrectly provided the Chicago Sun-Times with outdated records showing that a company led by felon William F. Cellini managed 18 state-leased buildings. The Quinn administration said a further review showed those buildings are managed by Pacific Management, a company partly owned by Cellini's daughter and son-in-law. "We apologize for the confusion," Quinn spokeswoman Sunny Clark wrote.

DO YOU GET PAIN IN LEGS WHILE YOU WALK?

It could be due to an arterial blood flow problem in your legs, also known as peripheral arterial disease, nerve disease, or intermittent claudication.

PARTICIPATE IN A RESEARCH PROGRAM DESIGNED TO HELP YOU IMPROVE YOUR WALKING ABILITY

If eligible, you may receive free access to an exercise program or health education sessions. Assistance to and from study visits may be provided.

If you are interested, please leave a message at:

312-503-6491



IRB#STU00022167



PACIFIC MANAGEMENT, Inc

February 6, 2012

Mr. Aaron Carter
Executive Director
Illinois Procurement Policy Board
511 W. Capitol Avenue
Suite 102
Springfield, IL 62704

Dear Mr. Carter:

I received your January 17 letter. Your letter asks me to voluntarily cooperate with the Procurement Policy Board [PPB] concerning matters relating to various companies, including Pacific Management, Inc. [PMI]. I am sending you this letter pursuant Section 3002.700 of the Illinois Administrative Act, Procurement Policy Board General Policies, which encourages comments from the public.

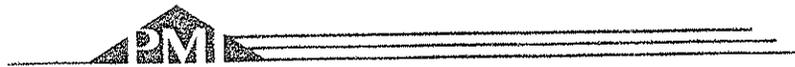
You now should have the most relevant responses to your questions.

The sources of this information can be found in:

- the state's own records of state lease transactions; we are not privy to these;
- media reports, including the recent Sun Times correction that was read into the minutes of the PPB's January 12 meeting. It was this correction that confirmed PMI's sole role as property manager to the state-leased buildings which you have identified, and thereby negated the stated purpose of your hearings; and
- materials previously sent to Senator Susan Garrett— who called for these hearings— which you have now received from us; and
- my earlier (January 25) letter to Chairman Vaught.

In summary:

○ Senator Garrett's concern was the ownership of PMI. This has been verified not to include Bill Cellini (Sr.). Mr. Cellini has no direct or indirect ownership interest in PMI. He is neither an officer nor a director of PMI. Ms. Sunny Clark of the state's own Department of Central Management Services [CMS] has apologized for its error in suggesting a role for Mr. Cellini. The Sun Times printed a correction.



○ CMS' own Ms. Alka Nayyar confirmed that the state does not delve into contracts-- such as PMI's-- that landlords have with private vendor/service providers. This includes both the private property owner/landlords and the intermediary corporations/landlords in the so-called "lease-purchase/certificate of participation" [COP] transactions.

○ Senator Garrett expressed a second concern-- that about COPs. COP transactions afford bond sale proceeds to an intermediary corporation to purchase office buildings that are then leased to the state. The state has the right to become the owner of these properties after it repays the bonds-- after 20 years.

○ You have listed four lease-purchase properties. No member of the Cellini family owns--or ever owned, nor controlled-- these properties, nor the intermediary corporation that now holds title to them.

○ PMI currently provides property management services to the intermediary corporation in these four lease-purchase transactions.

PMI's owners would like to point out the following to the Board:

- for over 20 years, neither Bill Cellini (Sr.), nor any member of his family has owned any office building leased to the state: none under Gov. Edgar; none under Gov. Ryan; none under Gov. Blagojevich; and none under Gov. Quinn.

- to continue with a hearing only singles out one third-party private vendor/service provider from among tens of thousands who provide goods and services to owners of state-leased buildings.

In closing, PMI has cooperated with the PPB by clearing up the confusion caused by the original and misleading Sun Times story. PMI conducts legal and legitimate property management business with private owners, some of whom choose to lease their office properties to the state of Illinois. No owner of PMI has been convicted-- or even accused-- of a crime. PMI has not been convicted or accused of any crimes. Therefore, all of this shows that the matter should now be resolved.

Very truly yours,

Patrick Somers
President

- C: Chairman Vaught
- Member Bedore
- Member Ivory
- Member Black
- Member Morales

Procurement Policy Board Request for
Information from New Frontier
Companies and Response



Chairman: David Vaught
Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

January 18, 2012

Mr. Vincent G. Forgione, President
New Frontier Companies
241 North 5th Street
Springfield, IL 62701

Dear Mr. Forgione,

As you likely know, the Procurement Policy Board will hold hearings in regards to current relationships involving New Frontier Companies, Pacific Management Inc. and the State of Illinois. As such, the Board is requesting the following information not later than January 27, 2012:

1. Please provide documentation that details the ownership of each entity of New Frontier Companies.
2. Provide a list of any properties in which the State of Illinois is currently obligated in any certificates of participation ("lease to own") with New Frontier Companies or related entity. Provide the details of the terms of each agreement.
3. Provide a list of all properties that the State of Illinois now owns that were developed or constructed by New Frontier Companies or related entity. Provide the details of the terms of each agreement.

The Board encourages your presence at the hearings, in addition to any additional persons who will be able to respond to any inquiries that the Board might have regarding New Frontier Companies or Pacific Management Inc. and any staff who can respond to Board questions regarding "lease to own" agreements with New Frontier Companies or related entities or State contracts with Pacific Management Inc. The hearings will be held at 10:00 a.m. on February 9, 2012 in room 349C of the William G. Stratton Building, 401 S. Spring Street in Springfield and will be connected via video to room 2-025 of the James R. Thompson Center, 100 West Randolph Street in Chicago. Your cooperation in this matter is appreciated.

Sincerely,

Aaron Carter
Executive Director

From: Vince Forgione [mailto:vforgione@newfrontiercos.com]
Sent: Friday, January 27, 2012 11:41 AM
To: Carter, Aaron
Subject: Your Letter Dated January 18, 2012

Dear Mr. Carter:

I received your January 18th letter. No New Frontier entity has any contract with the State for any office building lease.

Sincerely,

Vincent G. Forgione

Procurement Policy Board Request for
Information from the Department of
Central Management Services and
Response



STATE OF ILLINOIS
PROCUREMENT POLICY BOARD

David Vaught, Chairman

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

January 17, 2012

Mr. Malcolm Weems
Acting Director
Illinois Department of Central Management Services
James R. Thompson Center
100 W. Randolph Street
JRTC 4-500
Chicago, IL 60601

Dear Director,

As you likely know, the Procurement Policy Board will hold hearings in regards to current relationships involving New Frontier Companies and Pacific Management Inc. and the State of Illinois. As such, the Board is requesting the following information not later than January 27, 2012:

1. Any documentation in possession of CMS that details the ownership of Pacific Management Inc.
2. Attached is a listing of State of Illinois-owned properties that have been identified as being managed by Pacific Management Inc. Please update the list to include any State-owned properties not listed. Then, for each property listed, indicate details of the following:
 - a. Was the contract competitively bid?
 - b. If not, how was the contract procured?
 - c. What is the monthly fee?
 - d. Describe how the fees are determined.
 - e. Was the property developed for the State?
 - f. If yes, by whom and what were the terms of the agreement?

In addition, for each property, forward a copy of the current contract for these services.

3. Provide a list of any properties in which the State of Illinois is currently obligated in any certificates of participation ("lease to own") with any company with ties to William Cellini. Provide the details of the terms of each agreement.

The Board requests your presence at the hearings, in addition to any CMS staff who will be able to answer any questions that may be raised regarding current leases that are managed by New Frontier Companies or Pacific Management Inc. and any staff who can respond to Board questions regarding State contracts with New Frontier Companies or Pacific Management Inc. The hearings will be held at 10:00 a.m. on February 9, 2012 in room 349C of the William G. Stratton Building, 401 S. Spring Street in Springfield and will be connected via video to room 2-025 of the James R. Thompson Center, 100 West Randolph Street in Chicago. Your cooperation in this matter is appreciated.

Sincerely,

Aaron Carter
Executive Director

Agency	Owned/Leased	Lease Number	Address	City State Zip	Lessor Name	Lessor Address	Lessor City State Zip
Environmental Protection Agency	Lease/Purchase Agreement	CIPEPASANG	1021 North Grand Avenue East	Springfield, IL 62794	US Bank, Trust 4010351	209 S. LaSalle, Suite 300	Chicago, IL 60604
Environmental Protection Agency	Lease/Purchase Agreement		1340 North 9th Street	Springfield, IL 62794			
Department of Transportation	Lease/Purchase Agreement	5769	201 West Center Court	Schaumburg, IL 60195	US Bank Trust #4019412	209 S. LaSalle, Suite 300	Chicago, IL 60604
Department of Transportation	Lease/Purchase Agreement		399 West Center Street	Schaumburg, IL 60195			
Department of Healthcare and Family Services	Lease/Purchase Agreement		401 South Clinton	Chicago, IL 60607			
Department of Human Services	Lease/Purchase Agreement	5132	401 South Clinton	Chicago, IL 60607	US Bank, Trust 401029	PO Box 70870	St. Paul, MN 55170
Department of Human Services	Leased	2344	100 North First Street	Springfield, IL 62706	Alzina Building II LLC	241 N. 5th Street	Springfield, IL 62701
State Board of Education	Leased	R9003	100 North First Street	Springfield, IL 62701	Alzina Building II LLC	241 North Fifth Street	Springfield, IL 62701
Department of Human Services	Leased	4234	100 South Grand Avenue	Springfield, IL 62704	Harris Building I and II LLC	PO Box 2269	Springfield, IL 62705
Department of Human Services	Leased	6373	100 South Grand Avenue	Springfield, IL 62704	Harris Building I and II LLC	PO Box 2269	Springfield, IL 62705
Department of Healthcare and Family Services	Leased	6154	1001 North Walnut	Springfield, IL 62704	Midwest Equities LLC	241 N. 5th Street	Springfield, IL 62701
Environmental Protection Agency	Leased	3156	104-110 East Washington	Springfield, IL 62706	Cagnoni Development LLC	PO Box 2269	Springfield, IL 62705
Department of Employment Security	Leased	6176	11006 Airport Trail	Litchfield, IL 62056	DIO AIRA Properties LLC	290 Maple Street	Riverton, IL 62561
Department of Healthcare and Family Services	Leased	4611	1124 North Walnut Street	Springfield, IL 62704	Frank Mason Real Estate	3130 Chatham Road	Springfield, IL 62704
Department of Human Services	Leased	4811	1124 North Walnut Street	Springfield, IL 62707	Marilyn Mason	PO Box 2269	Springfield, IL 62705
Department of Corrections	Leased	4355	1301 Concordia Court	Springfield, IL 62702	Government Property Fund III	241 North 5th Street	Springfield, IL 62701
Department of Revenue	Leased	6118	201 East Madison	Springfield, IL 62701	Midwest Equities LLC	241 N. 5th Street	Springfield, IL 62701
Department of Healthcare and Family Services	Leased	4299	201 South Grand Avenue East	Springfield, IL 62706	Government Property Fund II	241 North 5th Street	Springfield, IL 62701
Department of Children & Family Services	Leased	6320(a)	208 West Cook Street	Springfield, IL 62704	John P. Pruitt, LLC	208 W. Cook, PO Box 2269	Springfield, IL 62705
Treasurer State of Illinois	Leased	N/A	245 North 5th Street	Springfield, IL 62701	Near North Village Associates	401 East Jefferson Street	Springfield, IL 62701
Department of Transportation	Leased	6348	2713 Stevenson Drive	Springfield, IL 62705	BJD Properties, LLC	PO Box 2269	Springfield, IL 62705
Housing Development Authority	Leased	6377	3130 Chatham Road	Springfield, IL 62704	Chatham Road LLC	PO Box 2269	Springfield, IL 62705
Department of Human Services	Leased	4467	319 East Jefferson Street	Springfield, IL 62701	Uptown Inc.	P.O. Box 13453	Springfield, IL
Department of Human Services	Leased	5637	400 West Lawrence	Springfield, IL 62704	Public Asset Service Corp		Chicago, IL
Department of Human Services	Leased		400 West Lawrence Avenue	Springfield, IL 62704			
Department of Commerce and Economic Opportunity	Leased	2776, 3479, 4172	5000, 5010 & 5020 Industrial Drive	Springfield, IL 62704	Cagnoni Reyhan Partnership	241 N. 5th Street	Springfield, IL 62701
Department of Children & Family Services	Leased	3911	620 East Adams Street	Springfield, IL 62701	Government Property Fund LLC	241 North 5th Street	Springfield, IL 62701
Department of Children & Family Services	Leased	6320(b)	726 South College Street	Springfield, IL 62704	John P. Pruitt, LLC	208 W. Cook, PO Box 2269	Springfield, IL 62705
Department of Human Services	Leased	5679	809 Commercial Avenue	Springfield, IL 62702	Todd and Helen Renfrow	508 Blackwolf	Springfield, IL 62711
Department of Central Management Services	State-Owned		120 West Jefferson Street	Springfield, IL 62701			
Student Assistance Commission	State-Owned		1755 Lake Cook Road	Deerfield, IL 60015			
Department of Transportation	State-Owned		3215 Executive Park Drive	Springfield, IL 62707			
Southern Illinois University School of Nursing	State-Owned		409 West Calhoun Street	Springfield, IL 62704			
Workers Compensation Commission	State-Owned		701 South Second Street	Springfield, IL 62704			



February 1, 2012

Mr. Aaron Carter
Executive Director
Procurement Policy Board
511 West Capitol, Suite 102
Springfield, Illinois 62704

Dear Mr. Carter:

In response to your letter dated January 17, 2012, set forth below is information regarding the properties identified as being owned by the State of Illinois (the "State") and those properties being purchased through certificates of participation that are managed by Pacific Management, Inc.

STATE-OWNED PROPERTIES

The only State-owned property on the list attached to your letter for which Central Management Services ("CMS") has information is the building located at 120 W. Jefferson Street, Springfield, IL. This property was managed by Pacific Management, Inc. at one time; however, the management agreement was terminated as of December 15, 2009. CMS does not contract with Pacific Management, Inc. to provide management services for State-owned properties.

The 120 W. Jefferson property was developed for the State. We will need to further review our lease files for the terms of the agreement to develop the property and will forward this information to the Policy Procurement Board ("PPB") prior to the hearing.

With regard to the other properties identified as being State-owned:

- Illinois Student Assistance Commission ("ISAC") 1755 Lake Cook Road, Deerfield, IL – This property is being purchased by the State. CMS does not have a copy of the installment purchase agreement. ISAC would have additional information regarding this property.
- Department of Transportation ("DOT") 3215 Executive Park Drive, Springfield, IL – This property was leased by DOT and is not State-owned. The lease was terminated as of 9/30/09 and DOT relocated to State-owned property. The building was developed for the State. We will forward information regarding the terms of the agreement to develop the property to the PPB prior to the hearing.
- Southern Illinois University School of Nursing 409 West Calhoun Street, Springfield, IL – CMS does not have information regarding this property.

- Workers Compensation Commission (“WCC”) 701 South Second Street, Springfield, IL
– This property was leased by WCC and is not State-owned. The lease was terminated as of 5/31/09 and WCC relocated to State-owned property.

CERTIFICATES OF PARTICIPATION

Attached are copies of the installment purchase agreements for the three (3) properties that the State is purchasing and which are paid through the Facilities Management Revolving Fund. We have included a spreadsheet with details on the financial terms of each agreement.

PACIFIC MANAGEMENT, INC.

Finally, attached is documentation in the possession of CMS that details the ownership of Pacific Management Inc. Included is a copy of the most recent annual report filed by the corporation with the Illinois Secretary of State.

* * * * *

Should you have any questions regarding the attached, please contact me or Nick Kanellopoulos of my staff.

Sincerely,



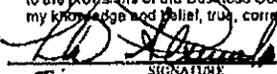
Malcolm Weems
Acting Director

MW:syk
Attachments

cc: Nick Kanellopoulos

Pacific Management Ownership
Information Provided by CMS

ILLINOIS DOMESTIC / FOREIGN ANNUAL REPORT

1) Corporate Name PACIFIC MANAGEMENT, INC.		2) File Number D 5541-321-5	3) State / Country Illinois	4) Inc / Qual Date 02/17/1985
5) President Name & Address + DIRECTOR PATRICK SOMERS 20 S. CLARK, STE 3000, CHICAGO, IL 60603				
Secretary Name & Address VINCENT G. FORZANO 20 S. CLARK, STE 3000, CHICAGO, IL 60603				
Officer / Director Name & Address SK. VIT, CLAUDIA CELLINI 20 S. CLARK, STE 3000, CHICAGO, IL 60603				
Officer / Director Name & Address VIT, RAFFI VARTANIAN 20 S. CLARK, STE 3000, CHICAGO, IL 60603				
Officer / Director Name & Address TRAS. 24.12 SUSAN WEBER 20 S. CLARK, STE 3000, CHICAGO, IL 60603				
6) Share Information				
Class	Series	Par Value	Number Authorized	Number Issued as of
COMM A		1.00000	1,000	20,000
COMM B		1.00000	1,000	980,000
7) Registered Agent		YEAR	7a) Principal Address of Corporation:	
SUSAN B WEBER 20 SOUTH CLARK 3000 CHICAGO IL 60603 Cook County		2011	20 S. CLARK STE 3000 CHICAGO IL 60603	
		CP0593252	Street City State Zip Code	
			7b) Under the penalty of perjury and as an authorized officer, I declare that this annual report, pur to the provisions of the Business Corporation Act, has been examined by me and is, to the be my knowledge and belief, true, correct and complete	
			 SECRETARY	
			TS SIGNATURE Title	

Corporate Annual Report
PACIFIC MANAGEMENT, INC.
File# D5541-321-5

5. Additional Officers

V.P. – Kathy Vollrath, 20 S. Clark, Ste 3000, Chicago, IL 60603

V.P. – Byron Deaner, 20 S. Clark, Ste 3000, Chicago, IL 60603

Assistant Treasurer – Thomas Storniolo, 20 S. Clark, Ste 3000, Chicago, IL 60603

Assistant Secretary – Robin Ellison, 20 S. Clark, Ste 3000, Chicago, IL 60603

Assistant Secretary – Elaine Haddad, 20 S. Clark, Ste 3000, Chicago, IL 60603



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CORPORATION FILE DETAIL REPORT

Entity Name	PACIFIC MANAGEMENT, INC.	File Number	55413215
Status	ACTIVE		
Entity Type	CORPORATION	Type of Corp	DOMESTIC BCA
Incorporation Date (Domestic)	02/17/1989	State	ILLINOIS
Agent Name	SUSAN B WEBER	Agent Change Date	11/14/2002
Agent Street Address	20 SOUTH CLARK 3000	President Name & Address	PATRICK SOMERS 20 S CLARK STE 300 CHICAGO 60603
Agent City	CHICAGO	Secretary Name & Address	VINCENT FORGIONE SAME
Agent Zip	60603	Duration Date	PERPETUAL
Annual Report Filing Date	00/00/0000	For Year	2012
Assumed Name	INACTIVE - THE NEW FRONTIER COMPANIES OF CHICAGO		

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 Pacific MANAGEMENT .INC	 Employee Info/Discussions
Wednesday, January 25, 2012	
Contact Us Company Bios Residential Management Commercial Management Leasing Opportunities	

Company Bios

President	Patrick Somers	Director of Training and Compliance	Richard Schmidt
VP of Residential Marketing	Kathy Vollrath	Asset Manager	Victoria Brooks
VP of Commercial Management	Byron Deaner	Regional Manager	Tammy Cloe
Controller	Tom Stomiolo	Regional Manager	Melissa Koopman
Account Manager	Melodi Fields	Regional Manager	Denise Tietz

 Pacific MANAGEMENT. Inc	 Employee Info/Discussions			
Wednesday, January 25, 2012				
Contact Us	Company Bios	Residential Management	Commercial Management	Leasing Opportunities

Contact Us

Patrick Somers
Pacific Management Inc.
241 North 5th Street
Springfield, IL 62701
217-789-1770 ph
217-544-0086 fax
email: psomers@pacificmgt.net

Byron Deaner
Pacific Management Inc.
241 North 5th Street
Springfield, IL 62701
217-789-1770 ph
217-544-0086 fax
email: bdeaner@pacificmgt.net

		 Employee Info/Discussions	
		Wednesday, January 25, 2012	
Contact Us	Company Bios	Residential Management	Commercial Management
Leasing Opportunities			

Company Bios

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VP of Commercial Management	Byron Deaner	Asset Manager	Victoria Brooks
Controller	Tom Storniolo	Regional Manager	Tammy Cloe
Account Manager	Melodi Fields	Regional Manager	Melissa Koopman
		Regional Manager	Denise Tietz

Patrick Somers, President

Mr. Somers has been involved with real estate and property management since 1981 and he has served as President of Pacific Management, Inc. since 2004. His professional experience includes commercial and residential facility management, contract negotiation and administration, budget preparation and financial reporting, personnel development and supervision.

As President, Mr. Somers is responsible for all management and service delivery operations. These duties include directing an executive staff responsible for the supervision and training of approximately 300 employees, management of over 4,400 units of residential housing and over 2,500,000 square feet of commercial office space with a value in excess of a quarter of a billion dollars, as well as directing Business Cleaning, a janitorial service company. Mr. Somers also provides support to an active development team and is involved in limited brokerage transactions.

During his years of property management and development experience his accomplishments include the following:

- Preparation and implementation of budgets exceeding \$35,000,000 of operating income.
- Successful lease negotiations and tenant relations with national commercial tenants including, Xerox, U.S. Sprint, MetLife, Walgreens and Caterpillar and with regional tenants including, the State of Illinois, the Illinois State Medical Society and the Illinois Association of Realtors.
- Negotiations for the acquisition of several millions of dollars of real estate.
- Union contract negotiations with the Operating Engineers and the Service Employees International.
- The design, development and execution of management and maintenance systems for a variety of real estate types, including residential, office, retail, warehouse and detention.

Education

BA Illinois State University, Normal, Illinois

Affiliations & Certification

Vice Chairman the Sangamon County Zoning Board of Appeals
Licensed Real Estate Broker

		 Employee Info/Discussions	
		Wednesday, January 25, 2012	
Contact Us	Company Bios	Residential Management	Commercial Management
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Company Bios

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Account Manager	Melodi Fields	Regional Manager	Denise Tietz

Byron Deaner, Vice President of Commercial Management

Byron joined the Pacific Management staff in 2003. His professional experience includes fifteen years in the real estate development industry supervising the design and construction of resort and residential golf communities throughout the continental United States. His skills include project management, budget preparation and tracking, contract negotiation, personnel supervision and project scheduling.

He is responsible for the management and operation of a commercial real estate portfolio that exceeds 2.5 million square feet of office space. His duties include the budget development and lease negotiations for this commercial portfolio, as well as the overall financial performance of each property for its ownership. Byron also coordinates a staff of facility management professionals who interact with tenants and capital improvement projects for ownership within the portfolio throughout the State of Illinois. While at Pacific Management, Inc. he has been in charge of the supervision and contract negotiations for \$1,800,000 worth of structural repairs, the implementation of operating budgets with net income over \$29,000,000, the selection of new management information systems and processes, and the implementation of work order and preventative maintenance systems for commercial properties.

Education

BBA in Finance/Economics, James Madison University, Harrisonburg, Virginia

Affiliations & Certification

Licensed Real Estate Broker in the State of Illinois

		 Employee Info/Discussions	
		Wednesday, January 25, 2012	
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Leasing Opportunities			

Company Bios

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Thomas Storniolo, CPA, Controller

As the Controller of Pacific Management, Inc. Mr. Storniolo oversees a staff dedicated to all accounting and tax related matters. This includes closely coordinating efforts with management personnel to accomplish the budgeting, auditing, treasury and tax planning functions for the company's managed portfolio of properties. Mr. Storniolo joined Pacific Management, Inc. in 1998 and brings over 25 years of financial management experience to his position as Controller.

Mr. Storniolo began his career at the CPA firm of Wolf and Grieco where he developed a passion for taxes and finance; the common thread for every position he has held throughout his career. After gaining experience as a tax accountant for the manufacturer, Joanna Western Mills, he advanced as the Tax Manager of S-B Power Tool Company and held the position as Finance Manager of John O. Butler Company. He became a Certified Public Accountant in 1988 is a member of the Illinois C.P.A. Society.

Education

BS Accounting and Finance, DePaul University, Chicago, IL.

Affiliations

Member of Illinois CPA Society
 Certified Public Accountant