

Report To

The Mississippi Legislature



REVIEW OF STATE AGENCY OFFICE SPACE LEASING

August 22 1989

PEER reviewed state office space leasing procedures of the Office of General Services, Division of Real Property Management. The division has failed to fully develop and uniformly enforce a lease control system. Property Management has permitted leases to take effect without prior approval; does not inspect potential lease sites prior to approval; makes no attempt to enforce leasing policies and procedures by seeking to prevent payments for unauthorized leases; has no valid database for determining prevailing market rates for properties; and is not assuring that offices in flood zones have flood insurance.

The Division of Property Management contended that PEER's recommendations would be costly to implement and were based merely on differences of opinion as to management style. However, PEER's conclusion is that even though sufficient administrative resources and clear authority exist, the division is not an independent advocate for a locator of adequate and economical office space. The division's passive management style has resulted in a subjective process dominated by individual agency preferences, property owner assertions, and the availability of public funds.

The PEER Committee

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues which may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

REVIEW OF STATE AGENCY OFFICE SPACE LEASING

August 22, 1989

Information Compiled and Prepared By:

Aurora Q. Baugh

Edited By:

Ava L. Welborn

The Mississippi Legislature
Joint Committee on Performance Evaluation and Expenditure Review

PEER Committee



SENATORS
CECIL E. MILLS
DOUG ANDERSON
BILL HARPOLE
ROBERT (BUNKY) HUGGINS
Vice Chairman
ROGER WICKER
Secretary

TELEPHONE:
(601) 359-1226

FAX:
(601) 359-1420

P. O. Box 1204
Jackson, Mississippi 39215-1204

JOHN W. TURCOTTE
Director

REPRESENTATIVES
J. P. COMPRETTE
Chairman
HILLMAN T. FRAZIER
DON GRIST
ASHLEY HINES
JERRY E. WILKERSON

OFFICES:
Central High Legislative
Service Building
259 North West
Jackson, Mississippi 39201

August 22, 1989

HONORABLE RAY MABUS, GOVERNOR
HONORABLE BRAD DYE, LIEUTENANT GOVERNOR
HONORABLE TIM FORD, SPEAKER OF THE HOUSE
MEMBERS OF THE MISSISSIPPI STATE LEGISLATURE

At its meeting of August 22, 1989, the PEER Committee authorized release of the report entitled
Review of State Agency Office Space Leasing.


REPRESENTATIVE J. P. COMPRETTE, CHAIRMAN

This report does not recommend increased funding
or additional staff.

TABLE OF CONTENTS

LETTER OF TRANSMITTAL.....	i
LIST OF EXHIBITS.....	v
EXECUTIVE SUMMARY.....	vii
INTRODUCTION	1
Authority	1
Scope and Purpose.....	1
Methodology.....	1
Overview	1
BACKGROUND	3
History and Organizational Structure	3
The Leasing Process.....	3
FINDINGS	7
Recommendations	10
Recommendation.....	11
Recommendations	13
Recommendations	22
Recommendation.....	25
Recommendations	26
Recommendation.....	27
COMPARISON OF MISSISSIPPI'S LEASING PROCESS TO THAT OF COMPARABLE SOUTHEASTERN STATES.....	28
Comparison of Decentralized Leasing Systems (Florida and Mississippi).....	28
Recommendation.....	31
APPENDIX A. Listing of State Office Space Leases By Lease Number (For Period July 1, 1989, through March 31, 1989).....	33
B. Property Management Lease Agreement.....	37
C. Form for State Agency Leasing in Non-State-Owned Space	42
AGENCY RESPONSE	45

LIST OF EXHIBITS

1. Organization Chart, Governor's Office of General Services,
Division of Real Property Management4

2. Flowchart of Lease Approval Process.....5

3. Disposition of Office Space Leases (For Active Leases
Effective From and After July 1, 1984).....8

4. Office of General Services Appropriations for Travel
(For Fiscal Years 1985 through 1989).....12

5. Requirements for Leasing Office Space Based on
Type of Lease15

6. Comparison of Oil and Gas Board and Agriculture
Department's Current and Former Leases17

7. General Services' Letter of Agreement with Oil and
Gas Board18

8. General Services' Letter of Agreement with Department
of Agriculture.....20

9. Division of Real Property Management Office
Space Criteria.....23

10. State Office Leases Compared (For Active Leases
From and After July 1, 1986).....24

11. Comparison of Mississippi's State Office Leasing
Process with Other Southeastern States.....29

REVIEW OF STATE AGENCY OFFICE SPACE LEASING

EXECUTIVE SUMMARY

Background

The Administrative Reorganization Act of 1984, Chapter 488, Laws of 1984, created the Governor's Office of General Services. The bill consolidated the previous functions and duties of the Capitol Commission, Building Commission, and Surplus Property Procurement Commission and placed the responsibility under the Office of General Services with additional review by the Public Procurement Review Board. The Office of General Services is the parent agency of the Bureau of Building, the Bureau of Capitol Facilities, the Bureau of Surplus Property, and the Purchasing Division.

The Administrative Reorganization Act of 1984 states that the Bureau of Building, Grounds and Real Property Management shall have a Property Management division. Property Management is responsible for inventory of state buildings and lands, floodplain management and insurance and review of state agency lease agreements outside Capitol Complex buildings. Property Management also oversees seat of government land leases, leasing of excess penitentiary farmlands, leasing of designated agricultural lands within state-owned wildlife management areas and the purchase, sale or lease of lands as directed by the Legislature.

House Bill 659 (1989 regular session of the Legislature) reorganized several major executive agencies. Effective July 1, 1989, the Office of General Services was placed within the new Department of Administration and Finance. Leasing responsibilities will now be assigned to the Office of Building, Grounds and Real Property Management, which is part of the department's Division of General Services.

Overview

In order to perform effectively, the division should operate in an aggressive, pro-active manner, attempting to predetermine space needs of user agencies and compiling a composite list of available lease sites. Instead, the division operates in a highly reactive manner, responding primarily to paperwork submitted by user agencies.

The division's failure to fully develop or to uniformly enforce a lease monitoring system negates its

purpose. Contributing weaknesses include an invalid method of analyzing market lease rates, inadequate recordkeeping, and faulty assurances that agencies located in flood zones have flood insurance.

Mississippi's decentralized leasing system, although most similar to that of Florida, lacks critical elements which would ensure effective, efficient administration of state agency leasing.

Findings

Property Management's lease monitoring system does not ensure that leases are reviewed by General Services and approved by the Procurement Board prior to their effective dates, as required by state law.

Property Management attempts to ensure compliance with MISS. CODE ANN. 29-5-2 (c) by notifying user agencies of lease expiration dates. Six months prior to the scheduled expiration, Property Management notifies the agency in writing that the lease should be renewed or a new lease negotiated at another site. Despite Property Management's notification procedures, fifty-eight, or 18%, of current office space leases went into effect prior to final approval by the Procurement Board. Sixteen, or 5%, were not approved by either Property Management or the Procurement Board.

Leases made effective prior to General Services review and Procurement Board approval are in violation of MISS. CODE ANN. Section 29-5-2 (c). In these cases, Property Management has not been allowed to exercise its oversight to assure that the leases are in the state's best interest. PEER attributes problems in this area to the following causes:

- Property Management was either unable to process the lease or to settle problems associated with the lease prior to the expiration of the user agency's current lease.
- Some federally funded agencies and agencies whose space is provided by the county do not consider themselves under Property Management's jurisdiction and, therefore, do not submit their leases to Property Management for review.

- Property Management's system of monitoring and notifying user agencies prior to lease expiration is cumbersome, poorly documented, and inefficient.
- Property Management does not actively seek to inform existing and newly created user agencies of leasing policies and procedures.

Recommendations

1. Property Management staff should continue notifying user agencies six months prior to the expiration of a lease. Division personnel should also modify the computer database program to electronically review existing lease dates to identify soon-to-expire leases, produce an exception report of those leases, and generate notification letters.
2. The Department of Finance and Administration should not approve requisitions for warrants for office space lease payments unless it receives evidence, either by a copy of the approval form or through query of an electronic database, that the Procurement Board has approved the leases. When auditing agencies whose funds are not maintained in the State Treasury, the Department of Audit should review each office space lease to determine compliance with state law regarding lease approval. For those agencies with existing office space leases which were not approved by the Procurement Board, the State Auditor should institute proceedings against agency directors to recover funds expended on such illegal leases.
3. The Department of Finance and Administration should require Property Management staff to track legislation to determine when new agencies are created and inform these agencies of leasing procedures.

Property Management does not routinely inspect proposed lease sites for disqualifying conditions during the lease review process.

Division personnel rely on user agencies' written descriptions in the lease review process. By failing to inspect proposed sites during the lease review process, Property Management personnel have no assurance that the site conditions agree with the description provided in the paperwork. According to division management, Property Management discovered nu-

merous significant discrepancies between site description documents and actual conditions when the division performed its last routine inspection of all leased properties in 1987. Prior inspections would have made Property Management aware of these conditions and the division could have rejected the proposed leases for failing to adhere to Property Management standards.

Recommendation

Based on state law and Property Management policies and procedures, division personnel should develop a comprehensive, on-site inspection checklist for leased property. Once this checklist has been developed, Property Management personnel should, within existing resources, immediately begin physically inspecting proposed lease sites as part of its review process.

Property Management does not consistently enforce its policy requiring user agencies to employ a standard lease agreement.

Property Management's Private Sector Leasing Policies and Procedures Manual states, "In all cases, the standard lease form should be used, since it will insure that no hidden deterrents to amicable leasing will occur." However, the division has allowed agencies to deviate from the standard lease agreement. User agencies do not consistently submit copies of official signed and notarized lease agreements. As a result of Property Management's failure to have copies of signed and notarized lease agreements, the division cannot ensure that property owners and user agencies abide by agreed-upon lease provisions.

Recommendations

1. Property Management should enforce its requirement that agencies employ a standard lease agreement. Agencies should not change lease provisions or add covenants or conditions without Property Management's prior written approval. Any such request should be submitted in writing to the division and state in detail why the change or addition is necessary and in the state's best interest.
2. Property Management should promulgate standards governing acceptable use and limits of escalation clauses.

Property Management does not consistently enforce its policy requiring user agencies to submit complete, descriptive lease proposals.

The Private Sector Leasing Policies and Procedures Manual requires user agencies to submit specified descriptive information during its review of lease proposals, but agencies do not consistently submit all the information required. Property Management's records management system contributes to the problem of missing documentation. In some cases, the user agency may submit all of the required information, but Property Management's filing method results in documents pertaining to a single lease being filed in as many as three locations. This method of filing lease information is confusing and could result in inadequate analysis of lease proposals.

The General Services Director overrode Property Management policies and procedures when handling lease negotiations for the Mississippi Oil and Gas Board and the Department of Agriculture and Commerce.

During calendar year 1988, the General Services Director requested the Mississippi Oil and Gas Board (Oil and Gas Board) and the Department of Agriculture and Commerce (Agriculture Department) to vacate their leased space in the Walter Sillers Building so that the newly consolidated Department of Economic Development (DED) and Research and Development Center could be located in the same building. Based on the limited lease information available, PEER determined that the General Services Director handled the processing of these leases without following division policies and procedures.

Lease files associated with these transactions did not contain sufficient justification and explanation to support the decisions to lease the particular office space currently occupied by these two agencies. The files also do not provide adequate information regarding other office space which may have been considered by the General Services Director.

The General Services Director utilized General Services administrative and repair and renovation funds for expenses relating to the agencies' moves from the Sillers Building. According to General Services accounting records, the agency expended \$42,343 to move the agencies, \$11,400 from administrative funds for moving charges, additional rent charges and relocation of telephones and \$30,943 from repair and renovation funds for furniture and equipment.

Recommendations

1. Property Management should review its policies and procedures and define critical elements of evaluation, particularly those pertaining to required information in lease proposals. Then Property Management should require agencies to adhere to its revised policies and procedures.
2. Property Management should provide information to the Public Procurement Review Board relevant to the leases with only one preference given so that the Procurement Board has the opportunity to request additional information and make informed decisions.
3. Property Management personnel should return to user agencies all lease proposals which do not contain all requested information. If for some reason a user agency cannot provide all information, Property Management should require a written explanation. In addition, Property Management should carefully review and analyze all information submitted for compliance with applicable state laws, particularly those dealing with conflict of interest situations.

Property Management does not consistently enforce its policy on office space allocation.

According to the division's Private Sector Leasing Policies and Procedures Manual: "Space requested should not exceed an average of 170 square feet per person. Space requested which exceeds this average requires written justification. Except in special circumstances, space allocation will be made on the basis of existing positions. Space requested must be accompanied by a narrative report justifying the request." Property Management has also set specific office space allocation criteria based on the level of personnel housed.

PEER reviewed 391 office leases totaling \$6,145,000 in annual rental expenditures. PEER could not analyze 130 of the office leases due to lack of Property Management information and the exclusion of leases prior to the effective date of the current policies and procedures manual. Of the remaining 261 office leases, PEER determined that Property Management has inconsistently enforced its space allocation limitations.

According to Property Management staff, the division does not adhere to its stated policies regarding space allocation due to problems with federally

funded and county-supported agencies. Property Management often permits federally funded agencies to utilize federal guidelines in the allocation of space per employee, which allow more space per employee than Property Management's space allocation criteria. Property Management has the authority to review leases regardless of the source of funding. Therefore, Property Management should not treat federally funded agencies differently unless the agencies can show that they will lose federal funding if they abide by Property Management's space criteria guidelines.

Recommendation

Property Management should uniformly and consistently enforce its policies and procedures in regard to space limitations. Property Management should require every agency, including those federally and locally funded, to adhere to these standards or change the standards for all agencies.

Property Management's rental market rate analysis methods are invalid.

During the lease review process, Property Management compares the proposed rental rates to its own rental market rate analysis. PEER reviewed Property Management's rental market rate analysis methods and those of the Florida Department of General Services, a decentralized leasing agency comparable to Mississippi's, and concluded that Property Management's rental rate analysis is inadequate for the following reasons:

- The database Property Management uses for market rate analysis is not representative of current market values because it includes only leases by state agencies and not comparable private sector leases.
- Some leases listed in Property Management's market analysis database are no longer in effect.
- Property Management staff admitted that a lease can be included in the database twice.
- Property Management's rental market analysis is distorted by including leases that do not have state costs associated with the lease (such as agencies whose office space is provided by a county).

Property Management's current system does not insure that user agencies pay fair market rental as determined by comparable space. In fact, the state could be paying more for private sector leases due to the use of inflated figures, duplication of figures, and use of obsolete figures. Since Property Management personnel emphasize the use of the rental market analysis in the lease review process, they should take precautions to ensure that the data used is representative of the current rental market and comparable to leases already approved.

Recommendations

1. Property Management should consult counterpart agencies in other states, the U. S. General Services Administration and the Mississippi Real Estate Commission for a means of developing comparable private sector rental rate information. Once this information has been developed, Property Management should include private sector rate information in its database for determining prevailing rates for comparable facilities in various sections of the state.
2. In an effort to assist agencies in evaluating lease proposals prior to submitting them to Property Management for review, division personnel should provide user agencies with maximum rental rate guidelines based on an analysis of prevailing market rates. Property Management should also establish procedures for requiring written justification for lease proposals exceeding the recommended allowable rate.

Property Management's recordkeeping procedures do not provide assurance that agencies located in flood zones have proper flood insurance.

State law mandates that Property Management monitor the flood insurance status of buildings under its purview. MISS. CODE ANN. Section 29-13-1 requires General Services to purchase and maintain flood insurance under the National Flood Insurance Program on state-owned buildings and buildings containing state-owned property.

In order to monitor flood insurance status, Property Management requires user agencies to show the floodplain zone and elevation on the RPM-1 form. PEER found that user agencies were inconsistent in reporting the proposed property floodplain zone and

elevation. Twenty-two office leases did not have documentation in the files to substantiate that the lessor, the user agency, or Property Management had actually purchased flood insurance.

Recommendation

Property Management should require agencies to provide floodplain status documentation in their lease proposals. If agencies are in a floodplain, they should provide a statement of insurability and, upon commencement of the lease, a copy of the flood insurance policy.

Comparison of Mississippi's Leasing Process to That of Comparable Southeastern States

PEER analyzed leasing procedures of Georgia, Arkansas, Alabama, Louisiana, and Florida. These states, except for Florida and Alabama, operate under a centralized system; the state leasing agency determines the user agency's needs, locates appropriate rental space, and acts as the agent in negotiating the lease. This report provides a more detailed comparison of Florida's Department of General Services because its system of control is the strongest of the systems similar to Mississippi's.

Although both Florida and Mississippi operate under a decentralized leasing system, Florida administers more control over the leasing process than Mississippi. Both Florida and Mississippi allow user agencies to submit the preferred lease. But Florida, unlike Mississippi, requires agencies entering a lease for 2,000 or more net square feet to solicit competitive proposals.

Additionally, Florida requires agencies to provide prospective lessors with specifications detailing the agencies' space requirements. The agency is also required to develop weighted evaluation criteria, which assign the most weight to criteria most significant to the user agency's needs.

Mississippi's leasing system lacks the following critical elements found in Florida's comparable agency:

- A system requiring user agencies to solicit competitive bids.
- An agreement with other state control agencies to impose sanctions on noncomplying user agencies.
- A list of maximum rental rates for user agencies.
- Definitions of various types of space for user agencies.
- Assurance that modified or renovated office space conforms to fire code.
- An adequate system of reviewing documentation.

Recommendation

Property Management should review Florida's Department of General Services policies and procedures, define critical elements of control, and implement control systems similar to those utilized by Florida's department.

For More Information or Clarification, Contact:

John W. Turcotte, Director
PEER Committee
Central High Legislative Services Building
Post Office Box 1204
Jackson, Mississippi 39215-1204
Telephone: (601) 359-1226

REVIEW OF STATE AGENCY OFFICE SPACE LEASING

INTRODUCTION

Authority

At its meeting on October 25, 1988, the PEER Committee, in response to a legislative request, approved a review of the Office of General Services' administration of state agency office space leasing. The Committee acted in accordance with MISS. CODE ANN. Section 5-3-57 (1972).

Scope and Purpose

This report focused on three areas of inquiry:

1. To determine the existence and uniformity of office space leasing procedures for state agencies;
2. To determine the consistency of agency lease negotiation; and,
3. To determine how state agencies deal with realtors and building managers in locating office space.

Methodology

In conducting this review, PEER performed the following tasks:

1. Reviewed applicable Mississippi statutes;
2. Interviewed the Director of the Office of General Services (General Services), Director of the Bureau of Building, Grounds and Real Property Management (Bureau of Building), and the Division of Real Property Management staff (Property Management);
3. Reviewed and analyzed Property Management files covering leases initiated in 1970 through February 1989;
4. Interviewed and collected information on property management practices from the Georgia Department of Administrative Services Space Management Division; Arkansas State Building Services; Alabama Department of Finance and Office of Space Management; Louisiana Division of Administration Real Estate Leasing; and Florida Department of General Services Division of Facilities Management.

Overview

The purpose of this review was to determine the consistency and uniformity of the Office of General Service's Division of Real Property Management's office space leasing procedures. In conducting this review, PEER expected to analyze a division which operated in an aggressive, pro- active manner, attempting to predetermine space needs of user agencies and compiling a composite list of available lease sites. Instead, PEER found a division which operates in a highly reactive manner, responding primarily to paperwork submitted by user agencies.

PEER concludes that the Division of Real Property Management's failure to fully develop or to uniformly enforce a lease monitoring system negates the division's value as a statutorily established control for the expenditure of state resources. Of 261 leases that PEER reviewed, 228 did not follow the division's policies and procedures regarding office space leasing. Twenty-four leases did not conform to prudent management practices. Eight leases of the Vocational Rehabilitation Division did not violate Property Management policies and procedures, but the lease files contained identical letters of justification, although lease sites varied. The one remaining lease of the 261 was not available in Property Management files. Because of inconsistencies and inadequacies in policies, procedures, and implementation, PEER has serious doubt as to the value of the current system of lease monitoring and the ability of the division to carry out its statutory mission. Weaknesses which contribute to this conclusion include an invalid method of analyzing market lease rates, inadequate recordkeeping, and faulty assurances that agencies located in flood zones have flood insurance.

PEER also determined that Mississippi's decentralized leasing system, although most similar to that of Florida, lacks critical elements which would ensure effective, efficient administration of state agency leasing present in other southeastern states.

BACKGROUND

History and Organizational Structure

The Administrative Reorganization Act of 1984, Chapter 488, Laws of 1984, created the Governor's Office of General Services. The bill consolidated the previous functions and duties of the Capitol Commission, Building Commission, and Surplus Property Procurement Commission and placed the responsibility under the Office of General Services with additional review by the Public Procurement Board. The Office of General Services is the parent agency of the Bureau of Building, the Bureau of Capitol Facilities, the Bureau of Surplus Property, and the Purchasing Division. (See Exhibit 1, page 4, for the Office of General Services organization chart.) (House Bill 659, passed during the 1989 regular session of the Legislature, resulted in reorganization of several major executive agencies. Effective July 1, 1989, the Office of General Services was incorporated within the new Department of Administration and Finance. Leasing responsibilities will now be assigned to the Office of Building, Grounds and Real Property Management which is part of the department's Division of General Services.)

The Bureau of Capitol Facilities assures that buildings under its jurisdiction are kept operable--maintaining grounds and performing custodial duties; performing clerical and hand mail duties; overseeing office space assignment within the Capitol complex; and protecting life and property for buildings. The Bureau of Purchasing, exercising authority originally given to the Fiscal Management Board, supervises purchases, lease-purchases, leases and rental of commodities or equipment. The Bureau of Surplus Property negotiates and contracts with federal agencies to secure surplus property, and to assist state and local government entities in purchasing surplus property.

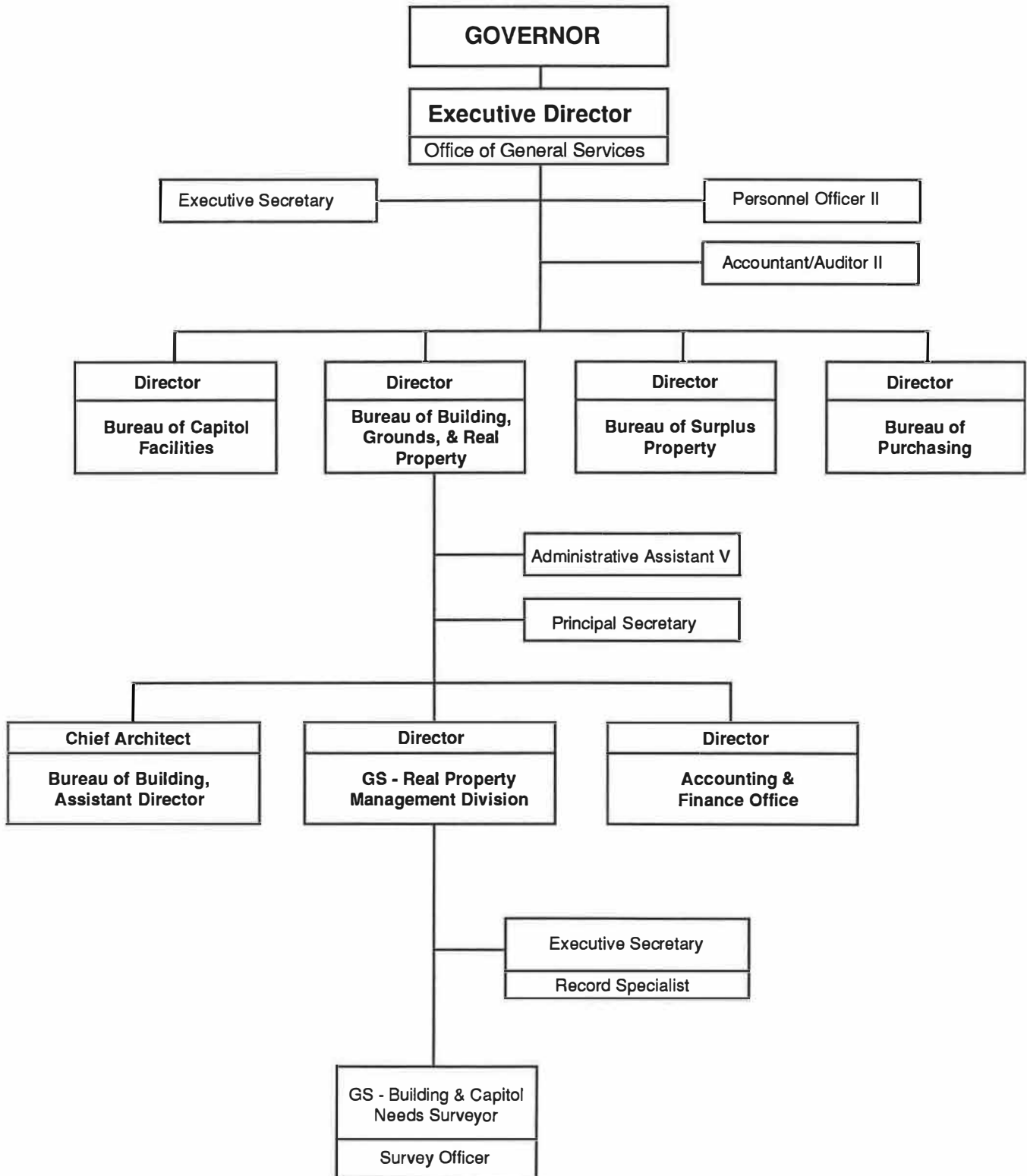
The Bureau of Building, Grounds and Real Property Management serves the state as the building authority in areas of construction not covered by the State Highway Department or other authority. The Administrative Reorganization Act of 1984 states that the bureau shall have two divisions: (1) The Division of Engineering and Construction, and (2) Property Management. The Division of Engineering and Construction is responsible for all construction phases. Property Management is responsible for inventory of state buildings and lands, floodplain management and insurance and review of state agency lease agreements outside Capitol Complex buildings. Property Management also oversees seat of government land leases, leasing of excess penitentiary farmlands, leasing of designated agricultural lands within state-owned wildlife management areas and the purchase, sale or lease of lands as directed by the Legislature.

The Leasing Process

Property Management has review authority over state agency leasing of private property. (Appendix A, page 33, lists active leases for the period July 1, 1986, through March 31, 1989.) Property Management sends agencies notices six months prior to their current leases' expiration. Property Management requires user agencies to submit lease proposals ninety days in advance of need to provide ample time for Property Management to evaluate the proposal. Agencies must submit specific information depending on their lease proposal type--renewal with no cost or space increase, renewal with cost or space increase, or space not presently occupied. Upon receipt of the lease proposal information, Property Management processes the information as follows. (See Exhibit 2, page 5, for a flowchart of the leasing process.)

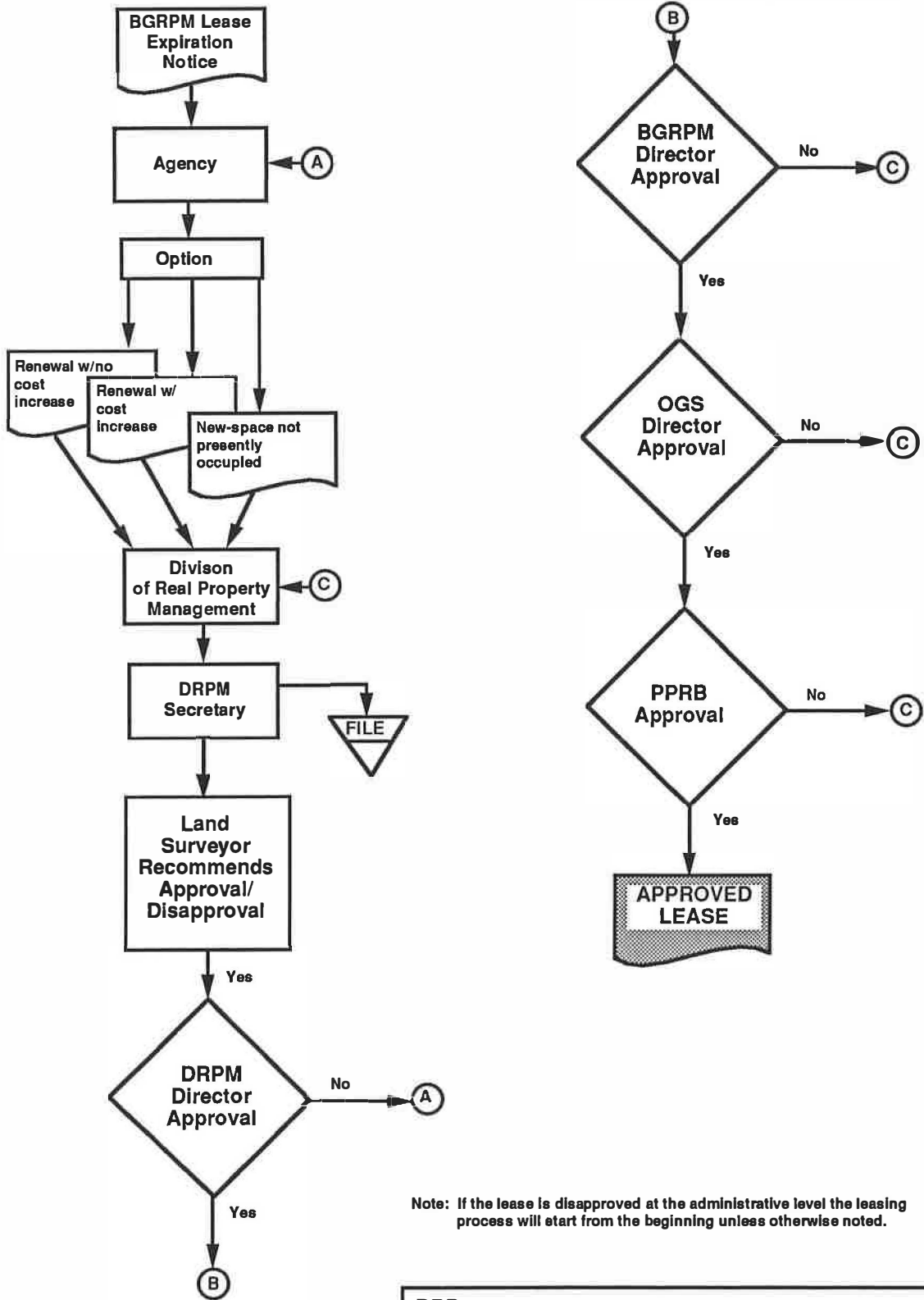
1. After receiving lease transactions, Property Management assigns a file number to each. Using a checklist, the executive secretary determines if the agency has included all required materials. If not, Property Management's official policy is to either return the package to the agency, hereafter referred to as the user agency, or call the user agency and request additional information. The incomplete proposal is held out of processing until all information has been received.

EXHIBIT 1
ORGANIZATION CHART
Governor's Office of General Services, Division of Real Property Management



SOURCE: Office of General Services Fiscal Year 1989 Budget Request.

**EXHIBIT 2
FLOWCHART OF LEASE APPROVAL PROCESS**



Note: If the lease is disapproved at the administrative level the leasing process will start from the beginning unless otherwise noted.

DRPM	Division of Real Property Management
BGRPM	Bureau of Building, Grounds and Real Property Management
OGS	Office of General Services
PPRB	Public Procurement Review Board

2. General Services reviews lease proposals at three different levels. At the first level, the Director, Property Management and Land Surveyor determine if the agency has included all required materials and has followed all established procedures. The Director, Property Management and Land Surveyor evaluate all submissions, analyzing the rental markets and investigating questionable items to determine whether agencies are paying fair market rate as defined by Property Management. If the Director, Property Management rejects the lease, the lease is returned to the user agency with a justification letter. After the user agency corrects problems cited by Property Management, it may resubmit the lease proposal. Upon completion of this review, Property Management personnel sign off on the checklist. PEER determined that Property Management staff sign off on the checklist to show that the file has been reviewed and approved by the division. The Director of Property Management stated that the file should not go forward until he initials the checklist. Of the files PEER reviewed, thirty-two did not contain the director's signature.
3. The Director, Bureau of Building reviews the lease proposal and may reject the lease. If the Director rejects the lease, the proposed lease is returned to Property Management and the process restarts. After review by the Director, Bureau of Building, the proposed lease is submitted to the Director, General Services for review.
4. The Director, General Services reviews the lease and prepares the proposed transaction for the monthly Public Procurement Board agenda. After Procurement Board approval, Property Management sends the user agency a notice.

PEER determined that from calendar years 1985 to 1988, Property Management reviewed 283 office leases and rejected forty, or fourteen percent. Property Management rejected these leases for one or more of the following reasons: excessive space requests, excessive rent costs, incomplete documentation, problems associated with the lease, discrepancies in the square footage reported, execution prior to review of General Services and approval by the Procurement Board, problems with utilities, and floodplain violations.

FINDINGS

PEER concludes that Property Management has failed to comply with its enabling legislation, primarily because it does not enforce its own leasing policies and procedures. Additionally, in some cases Property Management has failed to develop policies and procedures to control leasing and monitor expenditure of state resources. MISS. CODE ANN. 29-5-2 (c) provides the Office of General Services with the authority to "approve or disapprove through the Division of Real Property Management, and with the concurrence of the Public Procurement Review Board, any lease or rental agreements by any state agency or department, including any state agency financed entirely by federal funds, for space outside the buildings under jurisdiction of the Office of General Services." Property Management, with the concurrence of the Public Procurement Review Board, has the authority to review any state agency lease or rental agreement for space outside the Capitol Complex area. The law also states, "In no event shall any employee, officer, department, federally funded agency or bureau of the state be authorized to enter a lease or rental agreement without prior approval of the Office of General Services and the Public Procurement Review Board."

Property Management's lease monitoring system does not ensure that leases are reviewed by General Services and approved by the Procurement Board prior to their effective dates, as required by state law.

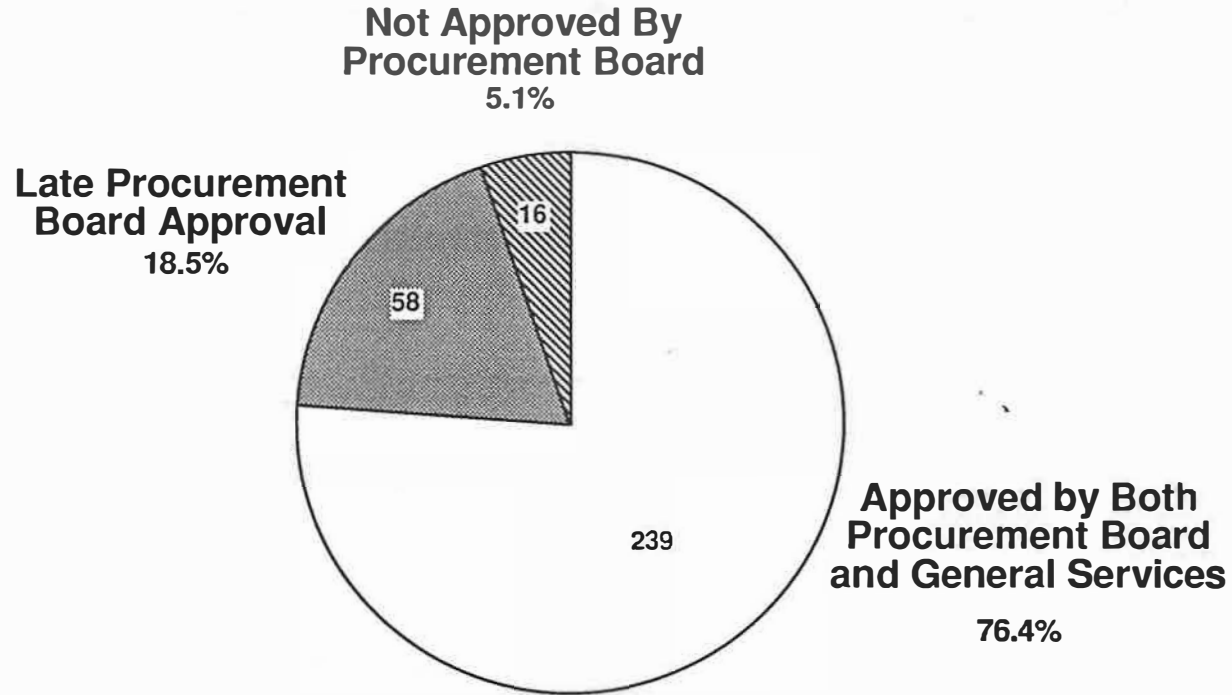
Property Management attempts to ensure compliance with MISS. CODE ANN. 29-5-2 (c) by notifying user agencies of upcoming lease expiration dates. Six months prior to the scheduled expiration date of a lease, Property Management notifies the user agency in writing that the lease should be renewed or a new lease negotiated at another site. If the user agency has not submitted leasing information to Property Management within three months prior to the expiration date, division staff telephone the user agency's contact person. If the user agency affirms that a lease proposal will be submitted prior to the expiration date, Property Management suspends any further correspondence or contact with the agency. The division does not have a procedure in place to notify user agencies who have never leased before of state leasing requirements.

Despite Property Management's lease notification procedures, PEER determined that user agency leases go into effect prior to proper review by Property Management and approval by the Procurement Board. PEER reviewed Property Management's current office space lease register and determined that fifty-eight, or 18%, of current office space leases went into effect prior to final approval by the Procurement Board. (See Exhibit 3, page 8.) For example, an office lease in Tupelo for the Mississippi Cooperative Extension Service went into effect 144 days prior to Procurement Board approval. Sixteen (5%) of the office space leases PEER analyzed had not been approved by the Procurement Board. These leases received final approval retroactively from the Procurement Board. In one instance, Property Management reviewed a lease for a Department of Natural Resources Jackson office eleven days prior to the effective date, but failed to submit the proposed lease to the Procurement Board which met prior to the lease's effective date. Thus, the Procurement Board did not approve the lease until its next meeting, twenty-five days after the lease's effective date.

PEER concludes that leases made effective prior to General Services review and Procurement Board approval are in violation of MISS. CODE ANN. Section 29-5-2 (c). In these cases, Property Management has not been allowed to exercise its oversight to assure that the leases are in the state's best interest. For example, the Department of Corrections' Grenada office lease, effective eighteen days prior to General Services review and Procurement Board approval, exceeded the community's prevailing rental rate by \$3.77 per square foot. The lease exceeded the required total square footage according to Property Management criteria, and the file did not contain a justification letter confirming the need for additional space. In addition, the lease exceeded an average of 170 square feet per person, which is the limit set in Property Management's policy and procedures manual.

EXHIBIT 3

DISPOSITION OF OFFICE SPACE LEASES
(for Active Leases Effective from and after July 1, 1984)
Total Leases Included=313



PEER reviewed Property Management's current register of 391 office space leases and determined that seventy-eight office leases were effective prior to creation of the Procurement Board. Fifty-eight (18.5%) leases of the remaining 313 were approved by the Procurement Board after the lease became effective. Sixteen leases were not approved by the Procurement Board.

SOURCE: Compiled by PEER Staff from data collected and maintained by the Office of General Services.

PEER attributes problems in this area to the following causes:

1. **Property Management was either unable to process the lease or to settle problems associated with the lease prior to the expiration of the user agency's current lease.** However, the lease was paid and commenced/renewed without proper approval.
2. **Some federally funded agencies and agencies whose space is provided by the county do not consider themselves under Property Management's jurisdiction and, therefore, do not submit their leases to Property Management for review.**

Even though Section 29-5-2 (c) states that the Office of General Services has authority over state agencies, including those receiving federal funds, Property Management reported to PEER that some agencies attempt to declare themselves exempt from the division's requirements. Property Management further stated that most of the agencies which attempt to be exempt are those receiving federal funds. According to division records, however, agencies in this category represent only a small portion of Property Management's user agencies. PEER determined that only one of the fifty-eight leases reviewed prior to Procurement Board approval were leased by agencies funded entirely by the federal government, and only one was leased by a state agency whose office space was provided by the county.

In some instances, agencies did not submit leases to Property Management until the Department of Audit had noted this deficiency in annual audits. For example, the Cooperative Extension Service cited the following law as justification for failing to submit its leases through Property Management.

The board of supervisors shall provide office space for the county extension department. . . .All such expense shall be paid out of the general fund of the county, but may be supplemented by the extension department of the Mississippi State University of Agriculture and Applied Science and/or the United States Department of Agriculture. (MISS. CODE ANN. 19-5-63)

The Department of Audit, during the course of its financial auditing, detected the lease and determined that it had not been reviewed by General Services and approved by the Procurement Board. Consequently, the Department of Audit informed MCES that it should submit the executed lease to Property Management for review.

3. **Property Management's system of monitoring and notifying user agencies prior to lease expiration is cumbersome, poorly documented, and inefficient.** Currently, the executive secretary utilizes a monthly printout of leases to send agencies a written notice six months prior to expiration. The executive secretary reviews the same list a second time three months prior to expiration. Property Management calls the agency to confirm that the leasing information will be forwarded.

The Property Management executive secretary does not record the dates of agency responses; she only records the date of the Procurement Board's approval. The printouts are not cumulative, nor are they updated in the computer. Instead of using a computer editing program to generate an exception report, the executive secretary reviews lengthy printouts to issue six-month notices and three-month calls.

4. **Property Management does not actively seek to inform existing and newly created user agencies of its leasing policies and procedures.** According to the Property Management Land Surveyor, some existing and newly created user agencies were unaware of the division's leasing policies and procedures and did not have sufficient time to complete the lease proposal process before their leases commenced. As a result, the leases became effective without Procurement Board approval.

Recommendations

1. In accordance with current policies and procedures, Property Management staff should continue notifying user agencies six months prior to the expiration of a lease. Division personnel should also modify the computer database program to electronically review existing lease dates to identify soon-to-expire leases. Once the computer program identifies expiring leases, the computer should produce an exception report of those leases and generate notification letters to be mailed to appropriate user agencies. The computer program should also be modified to delete from the database those expired leases which are not renewed. If the division determines that these computer modifications cannot be made by division personnel, Property Management should consider contracting with the Central Data Processing Authority's Bureau of Systems Policy and Planning for assistance.
2. In an effort to assist Property Management in enforcing compliance with MISS. CODE ANN. 29-5-2 (c) (1972), the Department of Finance and Administration should not issue requisitions for warrants for office space lease payments unless it receives evidence, either by a copy of the approval form or through query of an electronic database, that the Procurement Board has approved the leases. Prior to implementation, the Department of Finance and Administration should provide state agencies with at least three months' advance notice of this policy. During this three-month period, state agencies should review their office space leases and ensure that existing leases comply with Property Management policies.

When auditing agencies whose funds are not maintained in the State Treasury, the Department of Audit should review each office space lease to determine compliance with state law regarding lease approval. For those agencies with existing office space leases which were not approved by the Procurement Board, the State Auditor should institute proceedings against agency directors to recover funds expended on such unapproved leases.

3. The Department of Finance and Administration should require Property Management staff to track legislation to determine when new agencies are created and inform these agencies of leasing procedures. General Services should convey leasing requirements to existing agencies by incorporating them into budget request documents and the agency accounting manual. These instructions should include definitions of types of space leased.

Property Management does not routinely inspect proposed lease sites for disqualifying conditions during the lease review process.

Through interviews with division management, PEER determined that Property Management personnel do not inspect proposed sites during the lease review process. Currently, division personnel rely on user agencies' written descriptions in the lease review process. According to Property Management staff, it is impractical to inspect potential lease sites routinely due to reductions in the General Services travel budget and the deletion of the position responsible for periodic inspections. In 1988, Colonel Charles Blalock, former General Services Executive

Director, requested that the position of Leasing Officer be reallocated to an Administrative Secretary position to provide clerical support for the agency. (PEER determined that General Services' travel appropriation has remained relatively constant for the past three fiscal years and has not been reduced. See Exhibit 4, page 12.)

By failing to inspect proposed sites during the lease review process, Property Management personnel have no assurance that the site conditions agree with the description provided in the paperwork. According to division management, Property Management personnel discovered numerous significant discrepancies between site description documents and actual site conditions when the division performed its last routine inspection of all leased properties in the summer of 1987.

For example, the Department of Health leased 4,200 square feet of space in Natchez. According to Property Management personnel, the agency utilized only 1,300 square feet of space for its programs. The lessor utilized the remainder of the space, 2,900 square feet, for a retail establishment, even though the Department of Health was paying for the entire 4,200 square feet. In another case, the Department of Health leased office space in a building which contained three non-state agency tenants. According to Property Management personnel, the building had only one electricity meter. The building owner billed the Department of Health for all of the electricity used in the building. The other three tenants reportedly did not bear any of the electricity expense for the building.

The failure to inspect proposed lease sites particularly affects user agencies with unique site requirements. Some federally funded user agencies have shown in their lease proposals the need for a particular site due to federal handicap accessibility requirements. During 1987 routine site inspections and subsequent spot-checks, Property Management found the following problems at the offices of user agencies whose leases had been approved for handicap accessibility.

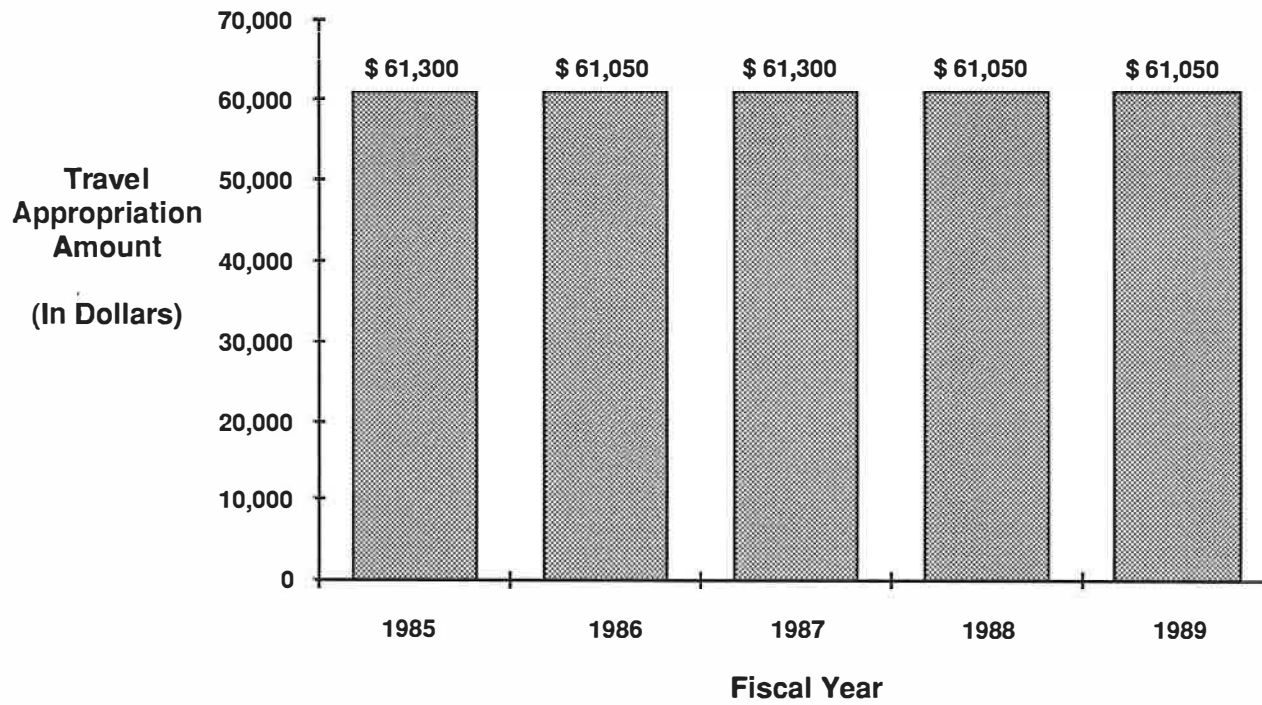
1. A lessor provided a unit of the University Medical Center with a wooden ramp extending from the first floor to the second at an angle too steep for wheelchair access. According to federal handicap regulations, an incline cannot be steeper than one foot per every twelve feet. In the opinion of Property Management staff, the UMC ramp failed to comply with this standard.
2. The Hattiesburg office of the Tax Commission leased office space on the second floor of a building that did not have an elevator. Agency personnel met with handicapped clients in the downstairs lobby if they were unable to take the stairs.
3. The Vocational Rehabilitation office in Natchez had a bathroom rail attached with a half-inch screw into a sheetrock wall. Property Management staff stated that the wall rail was not stable enough to withstand a strong tug from an individual in a wheelchair.

Prior inspection of these lease sites would have made Property Management aware of these conditions and the division could have rejected the proposed leases for failing to adhere to Property Management standards.

Recommendation

Based on state law and Property Management policies and procedures, division personnel should develop a comprehensive, on-site inspection checklist for leased property. Once developed, Property Management personnel should, within existing resources, immediately begin physically inspecting proposed lease sites as part of its review process prior to submission of leases for approval to the Procurement Board. (If division personnel determine that these inspections cannot be performed within existing resources, the division should request the Legislature to restore authorization for the division position previously deleted.) For all existing leases approved by the Procurement Board prior to this inspection procedure, Property

EXHIBIT 4
OFFICE OF GENERAL SERVICES APPROPRIATIONS FOR TRAVEL
(For Fiscal Years 1985 Through 1989)



SOURCE: General Laws of 1985, 1986, 1987, 1988, and 1989.

Management personnel should inspect such leases to ensure compliance with Property Management standards. Property Management personnel should attempt to complete these compliance inspections within a three-month period. When existing leases become eligible for renewal, Property Management personnel should utilize the on-site inspection check- lists to ensure that the property continues to comply with division standards.

Property Management does not consistently enforce its policy requiring user agencies to employ a standard lease agreement.

Property Management's Private Sector Leasing Policies and Procedures Manual states, "*In all cases, the standard lease form should be used, since it will insure that no hidden deterrents to amicable leasing will occur.*" After reviewing Property Management's leasing files, PEER determined that the division has allowed agencies to deviate from the standard lease agreement contained in the policies and procedures manual. (See Appendix B, page 37, for a copy of the standard lease agreement.) In addition, Property Management's lease files show that user agencies did not consistently submit copies of official signed and notarized lease agreements. As a result of Property Management's failure to have copies of signed and notarized lease agreements, the division cannot ensure that property owners and user agencies abide by agreed-upon lease provisions.

Property Management staff reported to PEER that they do not mandate the use of a standard lease agreement because the law does not specifically grant the division the authority to enforce compliance. Division personnel stated that they include a standard lease agreement in the policies and procedures manual to assist user agencies in negotiating leases which are in the state's best interest. PEER contends that the law provides the Office of General Services the authority "to approve and disapprove" leases of user agencies. This authority can be construed to include any provisions or requirements to ensure favorable leasing conditions for state agencies. Since state agencies are perceived as dependable and reliable tenants, PEER believes that Property Management and user agencies should have no problems locating potential lessors who would abide by established policies and procedures concerning a standard lease.

Recommendations

1. Property Management should enforce its requirement that agencies employ a standard lease agreement. Agencies should not change any lease provisions or add covenants or conditions without Property Management's prior written approval. Any such request should be submitted in writing to the division and state in detail why the change or addition is necessary and in the state's best interest.
2. Property Management should promulgate standards governing acceptable use and limits of escalation clauses.

Property Management does not consistently enforce its policy requiring user agencies to submit complete, descriptive lease proposals.

Property Management policies and procedures require the user agency to submit specified information for review. The Private Sector Leasing Policies and Procedures Manual requires the following descriptive information in lease proposals:

- (1) *A letter of justification stating why the space is needed*
- (2) *Narrative of duties and responsibilities*
- (3) *If moving from present location, a letter explaining why the present location is no longer acceptable*
- (4) *Statement of Facts for each preference (RPM-1)*

- (5) *Lessor Letter of Intent (RPM-2)*
- (6) *Office Space Evaluation Form (RPM-3)*

(See Appendix C, page 42, for copies of RPM-1, RPM-2, and RPM-3 forms.) (See Exhibit 5, page 15, for information required for leasing office space based on type of lease.) In addition, a user agency submitting a lease proposal for space not presently occupied (new lease) or renewal with an increase in cost or space must submit more than one preference in the event that the first choice is not available. If the user agency is unable to submit more than one preference, the agency must advertise for space and submit proof of advertisement. Additionally, the agency is to submit a list of all space reviewed but found to be unacceptable along with the reasons that the space does not meet agency requirements. Even when user agencies submit more than one preference or advertise, Property Management does not require them to take bids for rental sites, as other states do (see page 28).

PEER determined that user agencies do not consistently submit all the information required by Property Management's policy and procedures manual, as illustrated in the examples below.

1. Property Management allowed the Cooperative Extension Service to renew its Hattiesburg lease with an increase in cost or space, effective January 1, 1986, without the following information on file: letter signifying intent to stay at the present location, narrative of the duties and responsibilities of the agency, and office space evaluation form. In addition, the file did not include documentation showing that the agency had submitted more than one preference, or proof of advertisement for space. Further, the agency did not submit a list of all space reviewed but found to be unacceptable along with the reason that the space did not meet agency requirements.
2. One question on the division's RPM-1 form asks whether the space is "*owned all or in part by any official or employee of the State of Mississippi.*" PEER identified four leases which did not contain this information and there was no evidence in the file that Property Management had attempted to obtain it. Even in cases when user agencies provided this information, Property Management personnel did not properly evaluate it. For example, the Agricultural Aviation Board leased an office site from the board's administrative assistant investigator, who owned 100% of the building. The lease file contained no evidence that Property Management personnel had consulted the Mississippi Ethics Commission prior to approving the lease.

PEER found that Property Management's records management system contributes to the problem of missing documentation. In some cases, the user agency may submit all of the required information, but Property Management's filing method results in documents pertaining to a single lease being filed in as many as three locations. This method of filing lease information is confusing and could result in inadequate analysis of lease proposals.

If Property Management does not ensure that agencies submit all the required information, the Procurement Board may grant its approval based on inadequate information.

The General Services Director overrode Property Management policies and procedures when handling lease negotiations for the Mississippi Oil and Gas Board and the Department of Agriculture and Commerce.

During calendar year 1988, the General Services Director requested the Mississippi Oil and Gas Board (Oil and Gas Board) and the Department of Agriculture and Commerce (Agriculture Department) to vacate their leased space in the Walter Sillers Building so that the newly consolidated Department of Economic Development (DED) and Research and Development Center could be located in the same building. The director reported to PEER that Property Management and DED personnel searched for, but could not locate, adequate office space in the Jackson area to lease for the consolidated agency. When private space could not be located, General Services management decided that DED should be located in the Sillers Building, which

EXHIBIT 5
REQUIREMENTS FOR LEASING OFFICE SPACE
BASED ON TYPE OF LEASE

Information Required to Be Submitted to DRPM	Renewal lease no increase in cost or space	Renewal lease with increase in cost or space	Space not presently occupied (new lease)
Letter signifying intent to stay at present location	yes	yes	n/a
Letter of justification if an increase in space is requested	yes	yes	n/a
Narrative of duties and responsibilities of the agency	yes	yes	yes
Statement of Facts (RPM-1)	yes	yes	yes
Lessor's Letter of Intent (RPM-2)	yes	yes	yes
Office Space Evaluation Form (RPM-3)	yes	yes	yes
Letter of justification explaining the need for all space requested	yes	yes	yes
If moving from present location, letter explaining why present location is no longer acceptable. Copy of notice to vacate.	n/a	n/a	yes

n/a = Not Applicable

SOURCE: Mississippi Office of General Services, Bureau of Building, Grounds and Real Property Management Private Sector Leasing Policies and Procedures, July 1, 1986, pp. 4-6.

necessitated the relocation of the Oil and Gas Board and Agriculture Department. Both of these agencies eventually entered into contracts with R. N. Stockett, Jr. and Sam H. Stockett to lease space at 500 Greymont Avenue, Jackson, Mississippi. (See Exhibit 6, page 17, for details of these leases.)

According to Property Management personnel, the General Services Director personally handled the efforts to locate new office space for the Oil and Gas Board and Agriculture Department. The Oil and Gas Board lease file contains a handwritten note from the Property Management Land Surveyor stating, "*All leasing[sic] functions on this lease are instructions and/or performed by Mr. Hank Anderson.*" Based on the limited lease information available, PEER determined that the General Services Director handled the processing of these leases without following division policies and procedures. As illustrated in Exhibit 5, page 15, Property Management personnel, rather than the General Services Director, should have compiled the following information with regard to the Oil and Gas Board and the Agriculture Department.

- A. Narrative of each agency's duties and responsibilities;
- B. Statement of Facts (RPM-1) providing descriptive and cost information relative to each agency's preferred new space;
- C. Lessor's Letter of Intent (RPM-2) describing the lessor's offer and cost per square foot of each agency's preferred new space;
- D. Office Space Evaluation Form (RPM-3) detailing the square footage allotment per agency employee and additional area needed;
- E. Letter of justification explaining the need for all space requested;
- F. Listing of all other office space considered but deemed to be unacceptable by the user agency; and,
- G. Letter explaining why each agency's present location is no longer acceptable and intent to vacate. (Including a complete explanation as to why the newly formed Department of Economic Development's space requirement necessitated the removal of these agencies from the Sillers Building.)

Because the General Services Director handled these transactions and failed to adhere to division policies and procedures, Property Management personnel could not evaluate the leases accepted by the agencies to determine if they were in the best interest of the state. PEER determined that the lease files associated with these transactions did not contain sufficient justification and explanation to support the decisions to lease the particular office space currently occupied by these two agencies. For example, the files contain no information to justify a 24% increase by the Oil and Gas Board and 17% increase by the Agriculture Department in the total amount of office space needed. (See Exhibit 6, page 17.) These increases in space will result in the Oil and Gas Board and Agriculture Department expending an additional \$20,001 and \$14,850, respectively, in rent payments during FY 1990. The files also do not provide adequate information regarding other office space which may have been considered by the General Services Director. Although no written evidence supports the assertion, Agriculture Department officials told PEER that they were not required to do anything other than informally "drive by" one alternate site, which they rejected based on its location in the city.

In addition to overriding division policies and procedures, the General Services Director utilized General Services administrative and repair and renovation funds for expenses relating to the agencies' moves from the Sillers Building. The General Services Director stated that since he had requested the two agencies to move from the Sillers Building, he felt that he should make the moves as appealing as possible. As a result, the General Services Director offered both agencies certain inducements in return for their agreeing to move. (See Exhibits 7 and 8, pages 18 and 20.) According to General Services accounting records, the agency expended \$42,343 to move

EXHIBIT 6

COMPARISON OF OIL AND GAS BOARD AND AGRICULTURE DEPARTMENT'S
CURRENT AND FORMER LEASES

OIL AND GAS BOARD

	<u>Square Footage</u>	<u>Cost per Square Footage (1st Year)</u>	<u>Cost per Square Footage (2nd - 4th Year)</u>	<u>Total Cost (1st Year)</u>
500 Greymont Avenue	12,300	\$8.87	\$9.00	\$ 109,101
Sillers Building	<u>-9,900</u>			<u>-89,100</u>
	2,400			\$ 20,001
	24% increase			22% increase

AGRICULTURE DEPARTMENT

	<u>Square Footage</u>	<u>Cost per Square Footage (1st Year)</u>	<u>Cost per Square Footage (2nd Year)</u>	<u>Cost per Square Footage (3rd Year)</u>	<u>Total Cost (1st Year)</u>
500 Greymont Avenue	11,250	\$9.00	\$9.15	\$9.30	\$101,250
Sillers Building	<u>-9,600</u>				<u>-86,400</u>
	1,650				\$ 14,850
	17% increase				17% increase

SOURCE: PEER analysis of Property Management lease files.

EXHIBIT 7

GENERAL SERVICES' LETTER OF AGREEMENT
WITH OIL AND GAS BOARD

STATE OF MISSISSIPPI

RAY MABUS
GOVERNOR

January 18, 1989

Dr. A. Richard Henderson
State Oil & Gas Supervisor
State Oil & Gas Board
1401 Walter Sillers Building
Jackson, Mississippi 39201

Dear Dr. Henderson:

In response to your letter of January 13, 1989 regarding the move of the Oil & Gas Board to 500 Greymont Street, the Governor's Office of General Services agrees with the following:

1. Moving and packing of all Oil & Gas Board property located on the 14th floor of the Sillers Building (each employee will pack desk and credenza contents);
2. Payment of differences in rent for fiscal year 1989;
3. Installation of public and staff counters in the file area;
4. Window covering for all glass areas (blinds or drapes);
5. Purchase and installation of telephone system (including lines, sets and console, etc.);
6. Proper movement of computer system (including shut-down and start-up and proper wiring as required, etc.);
7. Moving and installation of hearing room furniture and check same for proper operation (including public address system, chairs, public hearing furniture, etc.);

EXHIBIT 7 (continued)

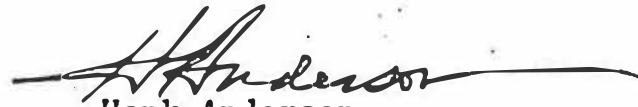
8. Moving and proper installation of paging system (including the hook-up of same to the telephone console, etc.); and,
10. Adherence to the "blue prints" as outlined by the staff of the Oil & Gas Board.

Additionally, as we discussed the move will begin on Wednesday, January 25, 1989.

Should you have any other concerns or questions, please feel free to call me.

Sincerely,

GOVERNOR'S OFFICE OF GENERAL SERVICES

A handwritten signature in cursive script, appearing to read "H. Anderson", with a long horizontal flourish extending to the right.

Hank Anderson
Executive Director

HA/gja

EXHIBIT 8

GENERAL SERVICES' LETTER OF AGREEMENT
WITH DEPARTMENT OF AGRICULTURE

STATE OF MISSISSIPPI

RAY MABUS
GOVERNOR

November 2, 1988

Mr. Jim Buck Ross, Commissioner
Mississippi Department of Agriculture
and Commerce
P. O. Box 1609
Jackson, Mississippi 39215-1609

Dear Commissioner Ross:

The Governor's Office of General Services will insure the following with respect to the proposed move from the 16th floor of the Walter Sillers Building:

1. The Department of Agriculture and Commerce and the Governor's Office of General Services will work together to facilitate this move with a minimal disruption of the Department's operation.
2. The Department will require 11,500 square feet of space at the new High Street Building. The space cost for rent, janitorial services, security and utilities will not exceed \$9.00 per square feet the first year; \$9.15 for the second year; and, 9:30 for the third year.
3. Assume all costs for moving the offices located on the 16th floor of the Walter Sillers Building and the Meat Inspection Office, the Petroleum Testing, Swine Health and Exotic Bird Law Operations located at the Farmers Central Market.
4. Assume all related costs of transferring and installing our telephone equipment and services in the new facility.
5. Insure that adequate paved parking spaces be available to the Department at the new location.

EXHIBIT 8 (continued)

6. Provide support and documentation of increased budget needs for this office space for Fiscal Year 1990.
7. Immediately initiate and expedite the preplanning process to insure that a Agriculture Building to be located at the Farmers' Central Market is considered for funding at the 1989 Session of the Mississippi Legislature.
8. Provide architects to assist the Department in more effectively utilizing the space in the new building.
9. Insure the Department that the new facility be accessible by the handicapped and that all restrooms, parking areas make provision for the handicapped.
10. The Governor's Office of General Services also agrees to help supplement the Department's budget for office rent in Fiscal Year 1989 in the amount of \$7,132.00.
11. The term of the lease shall not exceed 3 years in length. The standard provision for termination upon state-owned property becoming available will be included.

Sincerely,

GOVERNOR'S OFFICE OF GENERAL SERVICES



Hank Anderson
Executive Director

HA/gja

the agencies, \$11,400 from administrative funds for moving charges, additional rent charges and relocation of telephones and \$30,943 from repair and renovation funds for furniture and equipment.

Recommendations

1. Property Management should review its policies and procedures and define critical elements of evaluation, particularly those pertaining to required information in lease proposals. Once its policies have been reviewed and revised, Property Management should require agencies to adhere to established leasing policies and procedures.
2. Property Management should provide information to the Public Procurement Review Board relevant to the number of leases with only one preference given so that Procurement Board has the opportunity to request additional information and make informed decisions.
3. Property Management personnel should return to user agencies all lease proposals which do not contain all requested information. If for some reason a user agency cannot provide all information, Property Management should require a written explanation. In addition, Property Management should carefully review and analyze all information submitted for compliance with applicable state laws, particularly those dealing with conflict of interest situations.

Property Management does not consistently enforce its policy on office space allocation.

Property Management has promulgated specific policies and procedures regarding space limitations. According to the Private Sector Leasing Policies and Procedures Manual: "*Space requested should not exceed an average of 170 square feet per person. Space requested which exceeds this average requires written justification. Except in special circumstances, space allocation will be made on the basis of existing positions. Space requested must be accompanied by a narrative report justifying the request.*" In addition, Property Management has set specific office space allocation criteria based on the level of personnel housed (see Exhibit 9, page 23).

PEER reviewed 391 office leases totaling \$6,145,000 in annual rental expenditures. PEER could not analyze 130 of the office leases due to lack of Property Management information and the exclusion of leases prior to the effective date of the current policies and procedures manual. Of the remaining 261 office leases, PEER determined that Property Management has inconsistently enforced its space allocation limitations, as detailed below.

- Of 261 office leases, 201 (77%) exceeded an average of 170 square feet per person. Seventy-one office leases did not have written justification of additional space. (See Exhibit 10, page 24.) One lease, for the Eleemosynary Board, initiated in 1988, averaged 490 square feet per person and the file did not include a justification letter.

(In conducting this analysis, PEER determined that letters of justification provided by user agencies were not always responsive to individual proposals. PEER determined that most letters of justification did not contain sufficient information with which Property Management could analyze needs of the agency and determine compliance with division regulations. For example, the majority of the Department of Rehabilitation Services lease files contained identical letters of justification, although the lease sites varied according to total square footage, number of personnel, and geographical location.)

According to Property Management staff, the division does not adhere to its stated policies regarding space allocation due to problems with federally funded and county-supported agencies. Property Management often permits federally funded agencies to utilize federal guidelines in the allocation of space per employee, and these guidelines allow more space per

EXHIBIT 9

DIVISION OF REAL PROPERTY MANAGEMENT
OFFICE SPACE CRITERIA

<u>TYPE PERSONNEL</u>	<u>SPACE ALLOTMENT</u>	
Director/Directors	225	square feet
Top Management	150	square feet
Middle Management	100	square feet
Professional and/or Technical	100	square feet
Clerical and/or Support	80	square feet
Work Station	50	square feet

Multiply total of office work station space by 20% to allow accommodations for circulation and file areas.

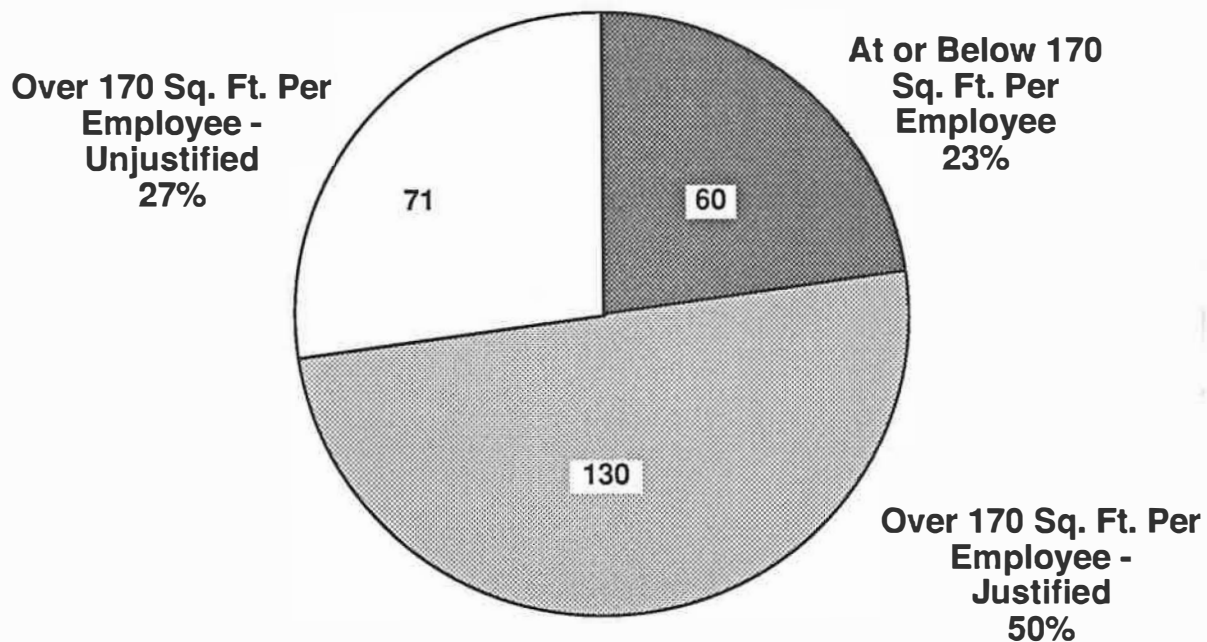
Additional Space:

Waiting Room (per person based on average occupancy for a typical 1 hour period)	15	square feet
Conference Room (per person based on average occupancy)	25	square feet

Add total and multiply by 15% to obtain maximum allowable square footage.

SOURCE: Mississippi Office of General Services, Bureau of Building, Grounds and Real Property Management Private Sector Leasing Policies and Procedures Manual, July 1, 1986, pp.7-9.

EXHIBIT 10
STATE OFFICE LEASES COMPARED
(For Active Leases From and After July 1, 1986)
Total Leases Included = 261 *



* Office leases with complete employee data totaled 261. Of 261 office leases reviewed, 201 (77.0 % of the total) exceeded an average of 170 square feet per employee. One hundred sixty-seven lease files did not contain justification for exceeding the 170 square foot average.

SOURCE: Compiled by PEER Staff from data collected by the Office of General Services.

employee than Property Management's space allocation criteria. Whereas the state bases its space guidelines on the level of personnel housed ("middle management," "clerical and support," etc.), the federal government bases space guidelines on the number of employees (one to five employees, 300 to 385 square feet per person, etc.) In the case of agencies whose space is supplied by the county, Property Management believes that it cannot require adherence to space allocation guidelines.

Property Management has the authority to review leases regardless of the source of funding. Therefore, Property Management should not treat federally funded agencies differently unless the agencies can show that they will lose federal funding if they abide by Property Management's space criteria guidelines. Property Management's inconsistency in enforcing established space allocation policies allows agencies to receive more space than appropriate and possibly to incur unnecessary leasing expense.

Recommendation

Property Management should uniformly and consistently enforce its policies and procedures in regard to space limitations. Property Management should require every agency, including those federally and locally funded, to adhere to these standards or change the standards for all agencies.

Property Management's rental market rate analysis methods are invalid.

During the lease review process, Property Management compares the proposed rental rates to its own rental market rate analysis. Property Management's Private Sector Leasing Policies and Procedures Manual states: "Square foot price limits will be based on current market conditions in a locality. When examining rental rates, the state will not exceed the rental rate prevailing in the community for comparable facilities." The agency's 1990 budget request further states, "The Division of Real Property Management will make an analysis of rental markets throughout the State to insure that agencies are paying fair market rental as determined by comparable space." According to Property Management staff, Property Management calculates the average cost per square foot by city and type of lease (base, including utilities, including janitorial service, etc.) from its record of active leases to ensure that user agencies do not exceed the rental rate prevailing in the community for comparable facilities.

PEER reviewed Property Management's rental market rate analysis methods and those of the Florida Department of General Services, a decentralized leasing agency comparable to Mississippi's, and concluded that Property Management's rental rate analysis is inadequate because:

1. **The database Property Management uses for market rate analysis is not representative of current market values because it includes only leases by state agencies and not comparable private sector leases.** Although Property Management uses reports in state and local business periodicals in comparing rates for rental facilities in the Jackson area, Property Management does not employ a system which collects leasing data from the private sector on a case-by-case basis. Property Management does not have a system incorporating both state agency and private sector leasing information which will yield:
 - an average base for floor space for comparable facilities;
 - a range of rental rates by zone for comparable facilities; and,
 - recommendations to user agencies on maximum allowable per- square-foot costs.
2. **Some leases listed in Property Management's market analysis database are no longer in effect.** For example, an Institutions of Higher Learning lease which began in November 1977 did not have an expiration date listed in the database (sixty-five

other leases did not show expiration dates either), thus the computer did not delete the lease. Upon further review, PEER found that Property Management had received a letter in February 1987 from IHL officials stating that IHL had purchased the site and was no longer leasing. The invalid lease had been listed in the database for at least nine months.

3. **Property Management staff admitted that a lease can be included in the database twice.** Property Management staff prints out the leases monthly by city and county. If an agency renews its lease prior to the expiration date, the list of leases by city and county could show the lease twice until the first lease expires. Every six months the executive secretary attempts manually to delete leases that have been renewed. Although Property Management's computer program was designed to automatically eliminate leases on the expiration date, PEER found instances when this did not occur. A Bureau of Narcotics lease in Gulfport was listed twice in the database: once effective June 1, 1986, through March 31, 1989, and again from April 1, 1989, through March 31, 1997. The square footage cost (\$7.50) was listed twice, distorting the average.

On a February 1989 Property Management lease register, Property Management listed two leases for the Tupelo office of the Employment Security Commission at the same address: one for July 1, 1980, through September 30, 1989, and one for October 1, 1989, through September 30, 1999.

4. **Property Management's rental market analysis is distorted by including leases that do not have state costs associated with the lease (such as agencies whose office space is provided by a county).** Although Property Management does not enter a rental rate into the database for averaging, it counts the lease in the total number of leases used for averaging. For example, the database showed that two state agencies, the Forestry Commission and the Department of Mental Health, leased office space in Winona, Mississippi. The database listed the cost of the Forestry Commission's space as zero (space paid by the county). It listed the cost of the Department of Mental Health's space as \$3.49 per square foot. Property Management averaged the two amounts and determined that the prevailing rate for office space in Winona was \$1.89 per square foot. (Using Property Management's method, PEER calculated the average to be \$1.745 per square foot.)

Property Management's current system does not insure that user agencies pay fair market rental as determined by comparable space. In fact, the state could be paying more for private sector leases due to the use of inflated figures, duplication of figures, and use of obsolete figures. Since Property Management personnel emphasize the use of the rental market analysis in the lease review process, they should take precautions to ensure that the data used is representative of the current rental market and comparable to already approved leases.

Recommendations

1. Property Management should consult counterpart agencies in other states, the U. S. General Services Administration and the Mississippi Real Estate Commission for a means of developing comparable private sector rental rate information. Once developed, Property Management should include private sector rate information in its database for determining prevailing rates for comparable facilities in various sections of the state. Once private sector rental information is included in the database, division personnel should annually survey private sector property owners to obtain updated information.

In an effort to maintain current comparative information, Property Management personnel should, on a monthly basis, purge its database of leases no longer in effect, duplicative leases, and no-cost leases.

2. In an effort to assist agencies in evaluating lease proposals prior to submitting them to Property Management for review, division personnel should provide user agencies with

maximum rental rate guidelines based on an analysis of prevailing market rates. Property Management should also establish procedures for requiring written justification for lease proposals exceeding the recommended allowable rate.

Property Management's recordkeeping procedures do not provide assurance that agencies located in flood zones have proper flood insurance.

State law mandates that Property Management monitor the flood insurance status of buildings under its purview. MISS. CODE ANN. Section 29-13-1 requires General Services to purchase and maintain flood insurance under the National Flood Insurance Program on state-owned buildings and buildings containing state-owned property. The program's objective is to minimize flood loss by requiring state user agencies to locate outside flood zones whenever possible. Property Management modified the regulations to require lessors to purchase flood insurance for state-owned contents. Property Management staff informed PEER that in some cases the lessor refuses to purchase flood insurance. Consequently, the user agency or Property Management purchases insurance.

In order to monitor the insurance status of agencies located in flood zones, Property Management requires user agencies to show the floodplain zone and elevation on the RPM-1 form. In reviewing the files, PEER found that user agencies were inconsistent in reporting the proposed property floodplain zone and elevation. For example, the North Mississippi Retardation Center listed as its floodplain zone 02, which is not among the accepted floodplain designations. PEER randomly selected four leases that did not show the floodplain zone and asked Property Management staff to determine the zone. Property Management staff was unable to provide the floodplain zone.

PEER determined that twenty-two office leases did not have documentation in the files to substantiate that the lessor, the user agency, or Property Management had purchased flood insurance. Property Management staff stated that the lessors had informed Property Management of the intent to purchase flood insurance. However, Property Management did not conduct any follow-up to determine whether the lessors had actually purchased flood insurance.

Property Management's procedures are inadequate because they do not require compiled records showing the floodplain and insurance status of user agencies. As a result, properties required to have flood insurance under the National Flood Insurance Program may not be in compliance. If these user agencies do not have flood insurance, the state will have to replace damaged property in the event of a flood. Under the present system, Property Management would not have figures available to assess the extent of flood damage.

Recommendation

Property Management should require agencies to provide documentation of floodplain status in their lease proposals. If agencies are in a floodplain, they should provide a statement of insurability and, upon commencement of the lease, a copy of the flood insurance policy.

COMPARISON OF MISSISSIPPI'S LEASING PROCESS TO THAT OF COMPARABLE SOUTHEASTERN STATES

PEER analyzed leasing procedures of Georgia, Arkansas, Alabama, Louisiana, and Florida. These states, except for Florida and Alabama, operate under a centralized system; the state leasing agency determines the user agency's needs, locates appropriate rental space, and acts as the agent in negotiating the lease.

PEER provides a more detailed comparison of the Florida Department of General Services because Florida's system of control is the strongest of the systems similar to Mississippi's. Alabama's Department of Office Space Management, even though it is classified as decentralized, differs significantly from Florida's and Mississippi's leasing agencies. In Alabama, the Department of Office Space Management locates appropriate rental space for all state offices in Montgomery (the state capital) and acts as the agent in negotiating leases for smaller agencies which do not have the knowledge and expertise to solicit office space. Agencies outside Montgomery locate their own rental space, negotiate with lessors, and submit proposals to the Department of Office Space Management for approval.

Comparison of Decentralized Leasing Systems (Florida and Mississippi)

Although both Florida and Mississippi operate under a decentralized leasing system, Florida administers more control over the leasing process than Mississippi. Both Florida and Mississippi allow user agencies to submit the preferred lease. But Florida, unlike Mississippi, requires agencies entering a lease for 2,000 or more net square feet to solicit competitive proposals. Additionally, Florida requires the user agencies to provide prospective lessors with specifications detailing the agencies' space requirements. The user agency is also required to develop weighted evaluation criteria, which assign the most weight to criteria most significant to the user agency's needs.

Mississippi's leasing system lacks the following critical elements found in Florida's comparable agency, the Department of General Services Division of Facilities Management. (See Exhibit 11, page 29).

- 1. A system requiring user agencies to solicit competitive bids**--Florida requires all agencies requesting more than 2,000 square feet of office space to take bids on rental sites. Upon receipt of the bids, each agency forms an evaluation committee to evaluate all proposals received. Each member of the committee personally inspects the proposed facility and evaluates the location on the basis of the criteria contained in the specifications. After members have individually assessed and awarded factor points for each bid proposal, the committee develops a determination of the lowest and best bid based on the overall award factor ratings. After the user agency publicly announces the selection, the lease is submitted for approval by the Florida Department of General Services. Mississippi does not solicit bids in any phase of the leasing process.
- 2. An agreement with other state control agencies to impose sanctions on noncomplying user agencies**--Property Management has not consistently required agencies to abide by its policies and procedures and, as a result, operational weaknesses such as those mentioned in this report have developed. Whereas Property Management has no control mechanism in place to prevent agencies from leasing office space prior to review and approval, Florida insures compliance by submitting a list of all leases approved to the Department of the Comptroller. The Department of the Comptroller will not pay any lease that does not appear on the list.

EXHIBIT 11

**COMPARISON OF MISSISSIPPI'S STATE OFFICE
LEASING PROCESS WITH OTHER SOUTHEASTERN
STATES**

	MS	FL	AL	AR	GA	LA	TN
Has a centralized leasing process	NO	NO	NO	YES	YES	YES	YES
Standard lease agreement	YES	YES	YES	YES	YES	YES	YES
Prohibits escalation clauses	NO	YES	NO	NO	NO	NO	YES
Routine analyses of quality and condition of facility prior to approval by oversight agencies or user agencies	NO	YES	NO	YES	YES	YES	YES
Requires all user agencies to accept competitive bids or proposals	NO	YES	NO	N/A	N/A	N/A	N/A
Requires lessor to furnish all utilities and janitorial services	NO	NO	NO	NO	NO	NO	NO
Legislation excludes federally funded agencies from leasing process	NO	NO	NO	NO	NO	NO	NO
Legislation excludes agencies whose lease is provided by the county from the leasing process	NO	YES	YES	NO	NO	NO	NO
Provides a listing of leases approved to agency monitoring payment of leases	NO	YES	YES	N/A	N/A	N/A	N/A
Law specifies enforcement power	NO	NO	NO	NO	NO	NO	NO

N/A = Not Applicable

SOURCE: Interviews with Southeastern state leasing agencies and agencies' policy and procedures manuals.

3. **A list of maximum rental rates for user agencies**--When examining leasing files, PEER determined that Property Management, in its lease review, emphasizes whether or not an agency's lease proposal exceeds the rental rate prevailing in the community for comparable facilities. Nevertheless, Property Management does not provide rental rate data to the user agencies. As a result, user agencies negotiating leases are unaware of the prevailing rental rates. The lack of knowledge could cause agencies to resubmit leases due to high rental cost, resulting in leases effective prior to review by General Services and approval by the Procurement Board. Florida's Department of General Services provides the rates to each agency prior to lease negotiations. This information provides guidance in regard to price range for the user agencies.
4. **Definitions of various types of space for user agencies**--Property Management analyzes leases for office space, warehouses, houses, and laboratories. Property Management does not provide user agencies with a classification of types of rental space. Based on interviews with Property Management staff, PEER determined that user agencies may not understand the correct categorization of their lease. Property Management informed PEER that during an inspection of leased properties, Property Management discovered that the Department of Health leased space which consisted of a warehouse and an office. The agency's proposal showed only that the space was an office. Property Management determined that the lease should have been classified as a warehouse. Florida's Department of General Services policy and procedures manual details the categories, consisting of definitions, descriptions, and limitations as to what should not be included under a specific category.
5. **Assurance that modified or renovated office space conforms to fire code**--PEER determined that the fire marshal checks office space buildings for compliance at least every two years. To insure that buildings recently renovated are in compliance prior to the biannual check by the fire marshal, Florida requires the agency to submit renovation plans to the fire marshal for approval. Whenever the state fire marshal determines that a renovation plan is not in compliance with fire safety standards, the Office of General Services rejects the proposed lease until the facility and/or renovation plan complies with fire safety standards.
6. **An adequate system of reviewing documentation**--Florida's Department of General Services adheres to a Lease Submittal Review Checklist. The list is used to ensure that the required information is in the files (corporate seal of lessor, signature of lessor and lessee, floor plan, etc.). Although Mississippi's General Services has a checklist, it is less detailed. Property Management checks to see if the forms are in the files, but not whether the information is accurately completed within the forms. In addition, Florida provides the user agency with a certification of compliance form. This form is completed by the user agency to aid in determining whether it is in compliance with all applicable leasing criteria.

Further, Mississippi allows agencies without adequate guidance and knowledge of real estate to negotiate leases with realtors.

Property Management's failure to impose sanctions on noncomplying agencies weakens its enforcement authority. The failure to provide user agencies with maximum rental rates and definitions of lease space dilutes Property Management's usefulness to state agencies. Finally, Property Management's failure to ensure fire code compliance in state-leased buildings could endanger lives and property.

Recommendation

Property Management should review Florida's Department of General Services policies and procedures and define critical elements of control. Once the policies have been reviewed, Property Management should implement control systems similar to those utilized by Florida's department.

APPENDIX A

LISTING OF STATE OFFICE SPACE LEASES BY LEASE NUMBER
(FOR PERIOD JULY 1, 1986, THROUGH MARCH 31, 1989)

LEASE NUMBER	AGENCY NAME	LOCATION	SPACE INSPECTED	STANDARD LEASE	COPY OF NOTARIZED STANDARD LEASE	SPACE OWNED BY EMPLOYEE OF THE STATE OR OFFICIAL	EFFECTIVE PRIOR TO PPRB APPROVAL	FLOOD ZONE LISTED	INSURANCE ON FILE IF LOCATED IN A FLOOD ZONE	COMPLIED WITH POLICIES ON SUBMITTING FORMS *	NARRATIVE OF DUTIES AND RESPONSIBILITIES	EXCEEDS 170 SQUARE FEET PER EMPLOYEE WITH NO JUSTIFICATION
025-672-89A	AGRICULTURAL AVIATION	Moorhead	not inspected	standard lease	not notarized	employee of state		not listed			ND	
025-672-90A	AGRICULTURAL AVIATION	Moorhead	not inspected	standard lease	not notarized	employee of state		not listed			ND	
055-251-89A	MISSISSIPPI AIRCRAFT POOL	Jackson	not inspected				YES				ND	
075-251-92A	ATTORNEY GENERAL	Jackson	not inspected	standard lease	not notarized						ND	
085-181-92A	AUDIT, DEPARTMENT OF	Hattiesburg	not inspected	standard lease	not notarized						ND	
085-221-92A	AUDIT, DEPARTMENT OF	Grenada		standard lease	not notarized						ND	
110-242-92A	BLIND, VOCATIONAL REHAB.	Gulfport	not inspected				YES		NO ADVER, NO LIST		ND	no justification
110-242-92B	BLIND, VOCATIONAL REHAB.	Gulfport		non standard lease			YES				ND	no justification
110-242-92C	BLIND, VOCATIONAL REHAB.	Gulfport	not inspected	standard lease	not notarized		YES				ND	no justification
110-242-92D	BLIND, VOCATIONAL REHAB.	Gulfport	not inspected	standard lease	not notarized		YES		NO RPM3, NO ADVER, NO LIST		ND	no justification
110-251-89B	BLIND, VOCATIONAL REHAB.	Jackson	not inspected	standard lease	not notarized				NO ADVER, NO LIST		ND	no justification
110-251-89C	BLIND, VOCATIONAL REHAB.	Jackson	not inspected	standard lease	not notarized				NO ADVER, NO LIST		ND	no justification
110-251-89D	BLIND, VOCATIONAL REHAB.	Jackson	not inspected	standard lease	not notarized						ND	no justification
110-401-90A	BLIND, VOCATIONAL REHAB.	Carthage	not inspected	standard lease	not notarized						ND	no justification
110-441-89A	BLIND, VOCATIONAL REHAB.	Columbus	not inspected	standard lease					NO RPM3		ND	no justification
110-572-90A	BLIND, VOCATIONAL REHAB.	McComb	not inspected								ND	no justification
110-761-90A	BLIND, VOCATIONAL REHAB.	Greenville	not inspected	standard lease					NO ADVER, NO LIST		ND	no justification
160-181-00A	MISS. COOPERATIVE EXTENSION SER.	Hattiesburg	not inspected								ND	no justification
160-241-90A	MISS. COOPERATIVE EXTENSION SER.	Biloxi	not inspected	non standard lease				no insurance policy	NO RPM2		ND	no justification
160-342-90A	MISS. COOPERATIVE EXTENSION SER.	Laurel	not inspected	standard lease					NO RPM2, RPM3		ND	no justification
160-412-92A	MISS. COOPERATIVE EXTENSION SER.	Tupelo	not inspected	non standard lease			YES	not listed			ND	no justification
160-612-90A	MISS. COOPERATIVE EXTENSION SER.	Pearl	not inspected						NO RPM2		ND	no justification
170-011-92A	CORRECTIONS, DEPT. OF	Natchez	not inspected	standard lease	not notarized	official of state	YES				ND	no justification
170-021-89A	CORRECTIONS, DEPT. OF	Corinth	not inspected	standard lease							ND	no justification
170-061-89A	CORRECTIONS, DEPT. OF	Cleveland		standard lease							ND	no justification
170-131-91A	CORRECTIONS, DEPT. OF	West Point		standard lease	not notarized		YES				ND	no justification
170-221-90A	CORRECTIONS, DEPT. OF	Grenada		standard lease	not notarized		YES				ND	no justification
170-241-92A	CORRECTIONS, DEPT. OF	Biloxi		standard lease	not notarized				NO RPM2		ND	no justification
170-242-91A	CORRECTIONS, DEPT. OF	Gulfport		standard lease	not notarized						ND	no justification
170-303-89A	CORRECTIONS, DEPT. OF	Pascagoula	not inspected	standard lease	not notarized		YES	no insurance policy			ND	no justification
170-421-93A	CORRECTIONS, DEPT. OF	Greenwood	not inspected				YES	not listed	NO RPM2		ND	no justification
170-441-90A	CORRECTIONS, DEPT. OF	Columbus	not inspected					not listed			ND	no justification
170-481-89A	CORRECTIONS, DEPT. OF	Aberdeen	not inspected	standard lease							ND	no justification
170-531-92A	CORRECTIONS, DEPT. OF	Starkville		non standard lease			YES	no insurance policy			ND	no justification
170-572-93A	CORRECTIONS, DEPT. OF	McComb	not inspected	standard lease							ND	no justification
170-611-92A	CORRECTIONS, DEPT. OF	Brandon	not inspected	standard lease	not notarized		YES	not listed			ND	no justification
180-251-93A	COSMETOLOGY, BOARD OF	Jackson		non standard lease			YES		NO RPM2, RPM3		ND	no justification
230-061-89A	EDUCATION, LEARNING RESOURCES	Cleveland	not inspected	standard lease	not notarized						ND	no justification
230-181-92A	EDUCATION, LEARNING RESOURCES	Hattiesburg		standard lease	not notarized		YES				ND	no justification
230-242-90A	EDUCATION, LEARNING RESOURCES	Gulfport						not listed			ND	no justification
230-251-90A	EDUCATION, LEARNING RESOURCES	Jackson		standard lease				no insurance policy			ND	no justification
230-361-92A	EDUCATION, LEARNING RESOURCES	Oxford	not inspected	standard lease	not notarized			not listed			ND	no justification
230-431-89A	EDUCATION, LEARNING RESOURCES	Brookhaven		standard lease	not notarized						ND	no justification
230-512-89A	EDUCATION, LEARNING RESOURCES	Newton	not inspected	standard lease							ND	no justification
230-531-89A	EDUCATION, LEARNING RESOURCES	Starkville									ND	no justification
245-251-93A	EDUCATIONAL TELEVISION	Jackson	not inspected								ND	no justification
250-251-91A	ELDERLY BOARD	Jackson	not inspected	standard lease	not notarized						ND	no justification
260-021-93A	EMPLOYMENT SECURITY COMM.	Corinth		non standard lease							ND	no justification
260-021-96B	EMPLOYMENT SECURITY COMM.	Corinth						not listed			ND	no justification
260-041-94A	EMPLOYMENT SECURITY COMM.	Kosciusko									ND	no justification
260-041-99A	EMPLOYMENT SECURITY COMM.	Kosciusko		non standard lease							ND	no justification
260-061-93A	EMPLOYMENT SECURITY COMM.	Cleveland		non standard lease				not listed			ND	no justification
260-131-93A	EMPLOYMENT SECURITY COMM.	West Point		non standard lease							ND	no justification
260-141-93A	EMPLOYMENT SECURITY COMM.	Clarksdale		non standard lease				not listed			ND	no justification
260-151-91A	EMPLOYMENT SECURITY COMM.	Hazelhurst	not inspected					not listed			ND	no justification
260-181-98A	EMPLOYMENT SECURITY COMM.	Hattiesburg	not inspected					not listed			ND	no justification
260-221-96B	EMPLOYMENT SECURITY COMM.	Grenada	not inspected	standard lease	not notarized						ND	no justification
260-241-93A	EMPLOYMENT SECURITY COMM.	Biloxi		non standard lease							ND	no justification
260-242-90A	EMPLOYMENT SECURITY COMM.	Gulfport		non standard lease							ND	no justification
260-251-89A	EMPLOYMENT SECURITY COMM.	Jackson	not inspected								ND	no justification

* Abbreviations for lease description are as follows: NO ADVER = No Advertisement, NO LIST = No list of spaces reviewed was provided, NO RPM3 = No Office space evaluation form, NO RPM2 = No lessors letter of intent provided, NO RPM1 = No statement of facts provided.

APPENDIX A (continued)

LEASE NUMBER	AGENCY NAME	LOCATION	SPACE INSPECTED	STANDARD LEASE	COPY OF NOTARIZED STANDARD LEASE	SPACE OWNED BY EMPLOYEE OF THE STATE OR OFFICIAL	EFFECTIVE PRIOR TO PPRB APPROVAL	FLOOD ZONE LISTED	INSURANCE ON FILE IF LOCATED IN A FLOOD ZONE	COMPLIED WITH POLICIES ON SUBMITTING FORMS *	NARRATIVE OF DUTIES AND RESPONSIBILITIES	EXCEEDS 170 SQUARE FEET PER EMPLOYEE WITH NO JUSTIFICATION
260-251-89B	EMPLOYMENT SECURITY COMM.	Jackson	not inspected	non standard lease							NO	no justification
260-251-94A	EMPLOYMENT SECURITY COMM.	Jackson	not inspected	non standard lease					no insurance policy		NO	
260-251-94B	EMPLOYMENT SECURITY COMM.	Jackson	not inspected	non standard lease				not listed			NO	no justification
260-303-99A	EMPLOYMENT SECURITY COMM.	Pascagoula	not inspected	non standard lease				not listed			NO	no justification
260-342-98A	EMPLOYMENT SECURITY COMM.	Laurel		non standard lease				not listed			NO	no justification
260-361-93A	EMPLOYMENT SECURITY COMM.	Oxford		non standard lease							NO	no justification
260-412-99A	EMPLOYMENT SECURITY COMM.	Tupelo		non standard lease							NO	no justification
260-421-94A	EMPLOYMENT SECURITY COMM.	Greenwood		non standard lease				not listed			NO	no justification
260-461-92A	EMPLOYMENT SECURITY COMM.	Columbia	not inspected					not listed			NO	no justification
260-482-92A	EMPLOYMENT SECURITY COMM.	Amory	not inspected	non standard lease				not listed			NO	no justification
260-501-92A	EMPLOYMENT SECURITY COMM.	Philadelphia		non standard lease				not listed			NO	no justification
260-512-91A	EMPLOYMENT SECURITY COMM.	Newton		non standard lease				not listed			NO	no justification
260-551-92A	EMPLOYMENT SECURITY COMM.	Picayune	not inspected	non standard lease				not listed		NO RPM2, RPM3	NO	no justification
260-642-00A	EMPLOYMENT SECURITY COMM.	Mendenhall	not inspected	non standard lease				not listed		NO RPM 2, RPM3	NO	no justification
260-691-92A	EMPLOYMENT SECURITY COMM.	Senatobia	not inspected	non standard lease				not listed		NO RPM2	NO	no justification
260-751-96A	EMPLOYMENT SECURITY COMM.	Vicksburg		non standard lease				not listed		NO RPM2, RPM3	NO	no justification
260-761-94A	EMPLOYMENT SECURITY COMM.	Greenville		non standard lease				not listed			NO	no justification
260-801-94A	EMPLOYMENT SECURITY COMM.	Louisville		non standard lease				not listed		NO RPM2	NO	no justification
260-821-93A	EMPLOYMENT SECURITY COMM.	Yazoo City		non standard lease						NO RPM2, NOADVER	NO	no justification
265-251-89A	ENERGY & TRANSPORTATION	Jackson	not inspected	non standard lease							NO	
265-251-89B	ENERGY & TRANSPORTATION	Jackson	not inspected	non standard lease			YES				NO	
265-251-89C	ENERGY & TRANSPORTATION	Jackson	not inspected	non standard lease							NO	
265-251-89D	ENERGY & TRANSPORTATION	Jackson	not inspected	non standard lease			YES				NO	
305-251-91A	FEDERAL-STATE PROGRAMS	Jackson	not inspected	non standard lease						NO RPM2	NO	
305-412-00A	FEDERAL-STATE PROGRAMS	Jackson	not inspected	non standard lease						NO ADVER, NO LIST	NO	
330-081-89A	FORESTRY COMMISSION	Carrollton	not inspected	non standard lease						NO RPM2, RPM3	NO	no justification
330-111-89A	FORESTRY COMMISSION	Port Gibson	not inspected	non standard lease							NO	
330-151-89A	FORESTRY COMMISSION	Hazelhurst	not inspected	non standard lease							NO	
330-161-89A	FORESTRY COMMISSION	Collins	not inspected	non standard lease							NO	
330-181-89A	FORESTRY COMMISSION	Hattiesburg	not inspected	non standard lease							NO	no justification
330-191-89A	FORESTRY COMMISSION	Meadville	not inspected	non standard lease							NO	
330-201-90A	FORESTRY COMMISSION	Lucoedale	not inspected	non standard lease							NO	no justification
330-321-90A	FORESTRY COMMISSION	Lucoedale	not inspected	non standard lease			YES			NO ADVER, NO LIST	NO	
330-351-89A	FORESTRY COMMISSION	DeKalb	not inspected	non standard lease							NO	no justification
330-381-89A	FORESTRY COMMISSION	Meridian	not inspected	non standard lease							NO	no justification
330-421-91A	FORESTRY COMMISSION	Greenwood		non standard lease						NO RPM1	NO	
330-431-89A	FORESTRY COMMISSION	Brookhaven		non standard lease							NO	
330-441-89A	FORESTRY COMMISSION	Columbus	not inspected	non standard lease							NO	no justification
330-501-89A	FORESTRY COMMISSION	Philadelphia		non standard lease							NO	no justification
330-522-89A	FORESTRY COMMISSION	Macon	not inspected	non standard lease							NO	no justification
330-562-89B	FORESTRY COMMISSION	Richton	not inspected	non standard lease						NO ADVER, NO LIST	NO	no justification
330-591-89A	FORESTRY COMMISSION	Booneville		non standard lease							NO	
330-631-00B	FORESTRY COMMISSION	Rolling Fork	not inspected	non standard lease							NO	
330-701-89A	FORESTRY COMMISSION	Ripley	not inspected	non standard lease							NO	
330-801-89A	FORESTRY COMMISSION	Louisville		non standard lease					no insurance policy		NO	
335-251-89A	FUNERAL SERVICES, BOARD OF	Jackson	not inspected	non standard lease							NO	no justification
390-181-90D	HEALTH, STATE DEPT. OF	Hattiesburg	not inspected	non standard lease							NO	
390-181-94A	HEALTH, STATE DEPT. OF	Hattiesburg	not inspected	non standard lease							NO	
390-211-89A	HEALTH, STATE DEPT. OF	Leakesville	not inspected	non standard lease							NO	
390-242-93A	HEALTH, STATE DEPT. OF	Gulfport		non standard lease							NO	
390-251-89N	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease					no insurance policy	NO ADVER, NO LIST	NO	
390-251-90A	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease						NO ADVER, NO LIST	NO	
390-251-90C	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease						NO ADVER, NO LIST	NO	
390-251-91A	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease					no insurance policy		NO	
390-251-91B	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease							NO	
390-251-91C	HEALTH, STATE DEPT. OF	Jackson	FILE UNAVAILABLE						no insurance policy		NO	
390-251-92B	HEALTH, STATE DEPT. OF	Jackson	not inspected								NO	
390-251-93A	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease							NO	
390-251-95A	HEALTH, STATE DEPT. OF	Jackson	not inspected	non standard lease							NO	
390-253-92A	HEALTH, STATE DEPT. OF	Clinton	not inspected	non standard lease							NO	no justification
390-262-89A	HEALTH, STATE DEPT. OF	Tchula	not inspected	non standard lease							NO	no justification
390-381-93A	HEALTH, STATE DEPT. OF	Meridian		non standard lease						NO ADVER, NO LIST	NO	
390-421-91B	HEALTH, STATE DEPT. OF	Greenwood	not inspected	non standard lease					no insurance policy	NO ADVER, NO LIST	NO	
390-471-89B	HEALTH, STATE DEPT. OF	Holly Springs	not inspected	non standard lease						NO ADVER, NO LIST	NO	
390-531-92B	HEALTH, STATE DEPT. OF	Starkville	not inspected	non standard lease							NO	
390-572-92A	HEALTH, STATE DEPT. OF	McComb	not inspected	non standard lease							NO	
390-591-90A	HEALTH, STATE DEPT. OF	Booneville		standard lease	not notarized						NO	
390-621-89A	HEALTH, STATE DEPT. OF	Forest	not inspected	standard lease	not notarized					NO ADVER, NO LIST	NO	

APPENDIX A (continued)

LEASE NUMBER	AGENCY NAME	LOCATION	SPACE INSPECTED	STANDARD LEASE	COPY OF NOTARIZED STANDARD LEASE	SPACE OWNED BY EMPLOYEE OF THE STATE OR OFFICIAL	EFFECTIVE PRIOR TO PPRB APPROVAL	FLOOD ZONE LISTED	INSURANCE ON FILE IF LOCATED IN A FLOOD ZONE	COMPLIED WITH POLICIES ON SUBMITTING FORMS *	NARRATIVE OF DUTIES AND RESPONSIBILITIES	EXCEEDS 170 SQUARE FEET PER EMPLOYEE WITH NO JUSTIFICATION
390-731-92A	HEALTH, ST ATE DEPT. OF	New Albany	not inspected	non standard lease			YES					
390-761-89A	HEALTH, STATE DEPT. OF	Greenville	not inspected	standard lease	not notarized							
395-172-89A	HIGHWAY DEPARTMENT	Southern	not inspected	standard lease	not notarized							
395-251-89A	HIGHWAY DEPARTMENT	Jackson	not inspected					no insurance policy			ND	no justification
395-251-90A	HIGHWAY DEPARTMENT	Jackson	not inspected	standard lease							ND	no justification
395-342-89B	HIGHWAY DEPARTMENT	Laurel	not inspected	non standard lease							ND	no justification
395-821-90A	HIGHWAY DEPARTMENT	Yazoo City	not inspected	standard lease	not notarized						ND	no justification
515-181-90A	MEDICAID COMMISSION	Hattiesburg	not inspected	standard lease							ND	no justification
515-251-90A	MEDICAID COMMISSION	Jackson	not inspected	standard lease	not notarized		YES			NO ADVER., NO LIST	ND	no justification
515-381-92A	MEDICAID COMMISSION	Meridian	not inspected	standard lease	not notarized						ND	no justification
515-441-91A	MEDICAID COMMISSION	Columbus	not inspected	standard lease	not notarized						ND	no justification
515-615-90A	MEDICAID COMMISSION	Flowood	not inspected	standard lease	not notarized			no insurance policy	NO ADVER., NO LIST		ND	no justification
515-751-90A	MEDICAID COMMISSION	Vicksburg	not inspected	standard lease	not notarized						ND	no justification
515-761-90A	MEDICAID COMMISSION	Greenville	not inspected	standard lease	not notarized		YES				NO	
530-072-89A	MENTAL HEALTH, DEPT. OF	Bruce	not inspected	standard lease	not notarized					NO ADVER., NO LIST		
530-171-89B	MENTAL HEALTH, DEPT. OF	Hernando	not inspected	standard lease	not notarized							
530-181-89C	MENTAL HEALTH, DEPT. OF	Hattiesburg	not inspected	standard lease			YES			NO RPM2		
530-291-89A	MENTAL HEALTH, DEPT. OF	Fulton	not inspected	standard lease	not notarized						ND	
530-361-89E	MENTAL HEALTH, DEPT. OF	Oxford	not inspected	standard lease	not notarized						ND	
530-412-89A	MENTAL HEALTH, DEPT. OF	Tupelo	not inspected	standard lease	not notarized			no insurance policy			ND	
530-471-89A	MENTAL HEALTH, DEPT. OF	Holly Springs	not inspected	standard lease	not notarized						ND	
555-251-93A	MOTOR VEHICLE COMMISSION	Jackson	not inspected	standard lease	not notarized			no insurance policy	NO ADVER., NO LIST		ND	no justification
580-181-90A	NARCOTIC, BUREAU OF	Hattiesburg	not inspected	standard lease							ND	no justification
580-242-92A	NARCOTIC, BUREAU OF	Gulfport	not inspected	standard lease	not notarized						ND	no justification
580-361-89A	NARCOTIC, BUREAU OF	Oxford	not inspected	standard lease	not notarized				NO ADVER., NO LIST		ND	
580-381-90A	NARCOTIC, BUREAU OF	Meridian	not inspected	non standard lease							ND	no justification
580-412-89B	NARCOTIC, BUREAU OF	Tupelo	not inspected	standard lease	not notarized						ND	no justification
580-421-92A	NARCOTIC, BUREAU OF	Greenwood	not inspected	standard lease	not notarized		YES	no insurance policy			ND	
580-572-89A	NARCOTIC, BUREAU OF	McCamb	not inspected	standard lease	not notarized						ND	
595-251-89B	NATURAL RESOURCES, DEPT. OF	Jackson	not inspected	standard lease	not notarized		YES	no insurance policy			ND	
595-362-89A	NATURAL RESOURCES, DEPT. OF	University	not inspected	non standard lease			YES				ND	
595-612-89A	NATURAL RESOURCES, DEPT. OF	Pearl	not inspected	standard lease	not notarized		YES				ND	
655-251-91A	PHARMACY BOARD	Jackson	not inspected	non standard lease					NO ADVER., NO LIST		ND	no justification
670-251-97A	PUBLIC SAFETY, DEPT. OF	Jackson	not inspected								ND	no justification
670-761-90A	PUBLIC SAFETY, DEPT. OF	Greenville	not inspected	standard lease	not notarized						ND	no justification
673-244-90A	PUBLIC SERVICE COMMISSION	Pass Christian	not inspected	standard lease					NO RPM2, NO ADVER, NO LIST		ND	no justification
705-251-89A	REAL ESTATE COMMISSION	Jackson	not inspected	standard lease	not notarized						ND	no justification
710-751-91A	VOCATIONAL REHABILITATION	Vicksburg	not inspected				YES	no insurance policy			ND	
725-011-93A	REHAB. SERVICES - VOC. REHAB.	Natchez	not inspected	standard lease	not notarized						ND	
725-041-90A	REHAB. SERVICES - VOC. REHAB.	Kosciusko	not inspected	standard lease			YES				ND	
725-061-91A	REHAB. SERVICES - VOC. REHAB.	Cleveland	not inspected	standard lease	not notarized						ND	
725-091-91A	REHAB. SERVICES - VOC. REHAB.	Houston	not inspected	standard lease	not notarized						ND	
725-141-90A	REHAB. SERVICES - VOC. REHAB.	Clarksdale	not inspected								NO	
725-151-94A	REHAB. SERVICES - VOC. REHAB.	Hazelhurst	not inspected	standard lease							ND	
725-171-89A	REHAB. SERVICES - VOC. REHAB.	Hernando	not inspected	standard lease							ND	
725-181-89B	REHAB. SERVICES - VOC. REHAB.	Hattiesburg	not inspected	standard lease	not notarized						ND	
725-181-92A	REHAB. SERVICES - VOC. REHAB.	Hattiesburg	not inspected	standard lease			YES				ND	
725-201-90A	REHAB. SERVICES - VOC. REHAB.	Lucedale	not inspected	standard lease							ND	
725-231-89A	REHAB. SERVICES - VOC. REHAB.	Bay St. Louis	not inspected	standard lease							ND	
725-241-90A	REHAB. SERVICES - VOC. REHAB.	Biloxi	not inspected	standard lease			YES				ND	
725-241-90B	REHAB. SERVICES - VOC. REHAB.	Biloxi	not inspected	standard lease					NO ADVER, NO LIST		ND	no justification
725-241-91A	REHAB. SERVICES - VOC. REHAB.	Biloxi	not inspected	non standard lease							ND	
725-242-89A	REHAB. SERVICES - VOC. REHAB.	Gulfport	not inspected	standard lease			YES				ND	
725-242-90A	REHAB. SERVICES - VOC. REHAB.	Gulfport	not inspected	standard lease							ND	
725-242-90B	REHAB. SERVICES - VOC. REHAB.	Gulfport	not inspected	standard lease					NO ADVER, NO LIST		ND	
725-251-91A	REHAB. SERVICES - VOC. REHAB.	Jackson	not inspected								ND	
725-261-93A	REHAB. SERVICES - VOC. REHAB.	Lexington	not inspected	standard lease							ND	
725-302-90A	REHAB. SERVICES - VOC. REHAB.	Ocean Springs	not inspected	standard lease	not notarized						ND	
725-303-89A	REHAB. SERVICES - VOC. REHAB.	Pascagoula	not inspected	standard lease							ND	
725-303-91A	REHAB. SERVICES - VOC. REHAB.	Pascagoula	not inspected	standard lease	not notarized						ND	
725-303-91B	REHAB. SERVICES - VOC. REHAB.	Pascagoula	not inspected	standard lease	not notarized		YES				ND	
725-311-90A	REHAB. SERVICES - VOC. REHAB.	Bay Springs	not inspected	standard lease							ND	
725-331-92A	REHAB. SERVICES - VOC. REHAB.	Prentiss	not inspected	standard lease							ND	
725-361-89A	REHAB. SERVICES - VOC. REHAB.	Oxford	not inspected	standard lease	not notarized						ND	
725-361-91A	REHAB. SERVICES - VOC. REHAB.	Oxford	not inspected	standard lease	not notarized						ND	
725-401-00A	REHAB. SERVICES - VOC. REHAB.	Carthage	not inspected	standard lease			YES	no insurance policy	NO RPM2, NO ADVER, NO LIST		ND	
725-401-91A	REHAB. SERVICES - VOC. REHAB.	Carthage	not inspected	standard lease	not notarized						ND	
725-412-90A	REHAB. SERVICES - VOC. REHAB.	Tupelo	not inspected	standard lease			YES				ND	

CS

APPENDIX A (continued)

LEASE NUMBER	AGENCY NAME	LOCATION	SPACE INSPECTED	STANDARD LEASE	COPY OF NOTARIZED STANDARD LEASE	SPACE OWNED BY EMPLOYEE OF THE STATE OR OFFICIAL	EFFECTIVE PRIOR TO PRRB APPROVAL	FLOOD ZONE LISTED	INSURANCE ON FILE IF LOCATED IN A FLOOD ZONE	COMPLIED WITH POLICIES ON SUBMITTING FORMS *	NARRATIVE OF DUTIES AND RESPONSIBILITIES	EXCEEDS 170 SQUARE FEET PER EMPLOYEE WITH NO JUSTIFICATION
725-412-90B	REHAB. SERVICES - VOC. REHAB.	Tupelo	not inspected	standard lease			YES					
725-421-00A	REHAB. SERVICES - VOC. REHAB.	Greenwood	not inspected	standard lease							NO	no justification
725-421-91B	REHAB. SERVICES - VOC. REHAB.	Greenwood	not inspected	standard lease	not notarized				no insurance policy	NO RPM2, RPM3 NO ADVER., NO LIST		
725-431-93A	REHAB. SERVICES - VOC. REHAB.	Brookhaven	not inspected	standard lease	not notarized					NO ADVER., NO LIST		no justification
725-441-90B	REHAB. SERVICES - VOC. REHAB.	Columbus		standard lease								
725-451-91A	REHAB. SERVICES - VOC. REHAB.	Canton		standard lease							NO	
725-461-90A	REHAB. SERVICES - VOC. REHAB.	Columbia	not inspected	standard lease							NO	
725-482-91A	REHAB. SERVICES - VOC. REHAB.	Amory	not inspected	standard lease								
725-491-89A	REHAB. SERVICES - VOC. REHAB.	Winona	not inspected	standard lease								
725-501-90A	REHAB. SERVICES - VOC. REHAB.	Philadelphia	not inspected	standard lease								
725-541-91A	REHAB. SERVICES - VOC. REHAB.	Batesville		standard lease								
725-541-91B	REHAB. SERVICES - VOC. REHAB.	Batesville	not inspected	standard lease								
725-551-89A	REHAB. SERVICES - VOC. REHAB.	Picayune		standard lease								
725-572-91A	REHAB. SERVICES - VOC. REHAB.	McComb	not inspected									
725-572-91B	REHAB. SERVICES - VOC. REHAB.	McComb	not inspected	standard lease						NO ADVER., NO LIST	NO	
725-591-90A	REHAB. SERVICES - VOC. REHAB.	Booneville	not inspected				YES				NO	
725-611-93A	REHAB. SERVICES - VOC. REHAB.	Brandon	not inspected	standard lease								
725-612-89A	REHAB. SERVICES - VOC. REHAB.	Pearl	not inspected	standard lease			YES		no insurance policy			
725-612-89B	REHAB. SERVICES - VOC. REHAB.	Pearl	not inspected	standard lease			YES		no insurance policy	NO ADVER., NO LIST		no justification
725-621-89A	REHAB. SERVICES - VOC. REHAB.	Forrest	not inspected									
725-641-93A	REHAB. SERVICES - VOC. REHAB.	Magnolia		standard lease							NO	
725-641-93B	REHAB. SERVICES - VOC. REHAB.	Magnolia	not inspected	standard lease	not notarized					NO ADVER., NO LIST		
725-681-92A	REHAB. SERVICES - VOC. REHAB.	Charleston		standard lease			YES					
725-691-90A	REHAB. SERVICES - VOC. REHAB.	Senatobia	not inspected	standard lease								
725-691-91A	REHAB. SERVICES - VOC. REHAB.	Senatobia	not inspected	standard lease	not notarized							
725-701-89A	REHAB. SERVICES - VOC. REHAB.	Ripley		standard lease			YES					
725-761-90A	REHAB. SERVICES - VOC. REHAB.	Greenville		standard lease								
725-791-89A	REHAB. SERVICES - VOC. REHAB.	Woodville		standard lease		employee of state				NO ADVER., NO LIST		
725-801-91A	REHAB. SERVICES - VOC. REHAB.	Louisville		standard lease								
725-812-89A	REHAB. SERVICES - VOC. REHAB.	Water Valley	not inspected	standard lease			YES					
725-821-91A	REHAB. SERVICES - VOC. REHAB.	Yazoo City	not inspected									
735-412-90A	RESEARCH AND DEVELOPMENT	Tupelo		standard lease	not notarized				no insurance policy		NO	
755-251-90A	SAVINGS ASSOCIATION	Jackson		standard lease	not notarized							no justification
765-614-91B	STATE AID ROADS	Richland	not inspected	standard lease						NO ADVER, NO LIST		
775-242-89B	SECRETARY OF STATE	Gulfport										
800-011-89A	TAX COMMISSION	Natchez	not inspected	standard lease							NO	
800-061-91A	TAX COMMISSION	Cleveland	not inspected	standard lease			YES			NO ADVER, NO LIST	NO	
800-061-91B	TAX COMMISSION	Cleveland	not inspected	standard lease						NO ADVER, NO LIST	NO	
800-141-91A	TAX COMMISSION	Clarksdale		standard lease							NO	
800-303-89A	TAX COMMISSION	Pascagoula	not inspected	standard lease							NO	
800-381-89B	TAX COMMISSION	Meridian					YES				NO	
800-381-94A	TAX COMMISSION	Meridian	not inspected	standard lease						NO ADVER, NO LIST	NO	
800-421-90A	TAX COMMISSION	Greenwood		standard lease							NO	no justification
800-431-93A	TAX COMMISSION	Brookhaven	not inspected	standard lease						NO ADVER, NO LIST	NO	no justification
800-441-92A	TAX COMMISSION	Columbus	not inspected	standard lease							NO	
800-761-89A	TAX COMMISSION	Greenville	not inspected	non standard lease					no insurance policy			no justification
800-901-89A	TAX COMMISSION	Memphis	not inspected	standard lease								
852-251-88A	UNIVERSITY MEDICAL CENTER	Jackson	not inspected	non standard lease			YES			N RPM3	NO	
852-251-89A	UNIVERSITY MEDICAL CENTER	Jackson	not inspected	non standard lease			YES			NO RPM3	NO	no justification
865-011-90A	WELFARE, DEPT. OF PUBLIC	Natchez	not inspected	non standard lease						NO ADVER, NO LIST	NO	no justification
865-141-89A	WELFARE, DEPT. OF PUBLIC	Clarksdale	not inspected	non standard lease							NO	no justification
865-172-89A	WELFARE, DEPT. OF PUBLIC	Southaven	not inspected	non standard lease							NO	no justification
865-221-89A	WELFARE, DEPT. OF PUBLIC	Grenada	not inspected	non standard lease			YES			NO ADVER, NO LIST	NO	no justification
865-221-89B	WELFARE, DEPT. OF PUBLIC	Grenada	not inspected								NO	no justification
865-241-89A	WELFARE, DEPT. OF PUBLIC	Biloxi	not inspected	non standard lease							NO	no justification
865-242-89A	WELFARE, DEPT. OF PUBLIC	Gulfport	not inspected	non standard lease							NO	no justification
865-251-89B	WELFARE, DEPT. OF PUBLIC	Jackson	not inspected	non standard lease						NO ADVER, NO LIST	NO	no justification
865-251-89C	WELFARE, DEPT. OF PUBLIC	Jackson	not inspected	non standard lease							NO	no justification
865-381-89A	WELFARE, DEPT. OF PUBLIC	Meridian	not inspected	non standard lease								no justification
865-412-89A	WELFARE, DEPT. OF PUBLIC	Tupelo	not inspected	non standard lease								
865-421-00A	WELFARE, DEPT. OF PUBLIC	Greenwood	not inspected	standard lease	not notarized		YES			NO ADVER, NO LIST	NO	
865-441-00A	WELFARE, DEPT. OF PUBLIC	Columbus	not inspected	non standard lease							NO	no justification
865-761-89B	WELFARE, DEPT. OF PUBLIC	Greenville	not inspected	non standard lease							NO	
875-241-91A	WILDLIFE CONSERVATION	Biloxi		standard lease							NO	
885-412-89A	YOUTH SERVICES	Tupelo		standard lease	not notarized						NO	no justification

SOURCE: PEER analysis.

CG

APPENDIX B

PROPERTY MANAGEMENT LEASE AGREEMENT

L E A S E A G R E E M E N T

THIS LEASE AGREEMENT made and entered into this the _____ day of _____ 19____, by and between _____, whose address is _____, (hereinafter referred to as "Lessor"), and the _____, whose address is _____ (hereinafter referred to as "Lessee"). The terms "Lessor" and "Lessee" shall include, whenever the context admits or requires singular or plural, the heirs, legal representatives, successors and assigns of the respective parties.

WITNESSETH

FOR AND IN CONSIDERATION of the rental, covenants and conditions hereinafter stipulated to be paid and performed by Lessee, Lessor does hereby demise and let unto Lessee and Lessee does hereby accept and let from Lessor, the following described property situated in the City of _____, County of _____, Mississippi, described as follows, to-wit:

SECTION 1. The primary term of this Lease shall be for _____, commencing on _____, and ending at 12:00 midnight on _____

SECTION 2. The Lessee agrees to pay _____ Dollars (\$ _____) per _____ to the Lessor for the demised premises, pursuant to the following described terms and conditions:

SECTION 3. Lessee shall have, hold and use the demised premises for the purposes of conducting the business activities of _____

SECTION 4. Lessee will, at all times, attempt to act in a prudent manner to conserve the amount of utilities consumed. Lessor shall furnish and pay for, as and when due, all utilities consumed or used incident to the demised premises, such as electricity, gas, water, sewer and all other public utilities of every nature, kind and description used in said premises unless otherwise agreed to in a later section of this Lease or on the following lines:

SECTION 5. Lessee will, at all times, take good and ordinary care and precaution for the preservation of the demised premises. Lessor shall furnish the following janitorial services:

APPENDIX B (continued)

SECTION 6. Any notice required to be given by either party to the other party under the terms of this Lease shall be served upon such party by United States Certified Mail as follows:

To Lessor: _____

To Lessee: _____

SECTION 7. It is expressly understood and agreed that the Lessee's assumption of occupancy and the payment of rental is conditional on the receipt of Federal and State funds. and in the event of a discontinuance or decrease in Federal and/or State funds for any cause necessitating a reduction in the Lessee's staff or need for office space, the Lessee's obligation for the payment of rental shall be diminished in proportion to the reduction in office space without penalty or interest. As a condition precedent to the reduction of rental paid by Lessee herein, the Lessee shall notify the Lessor at least thirty (30) days in advance of any reduction in space necessitated by the discontinuance or decrease in Federal and/or State funds.

SECTION 8. It is distinctly understood and agreed by and between the parties hereto that in the event office space becomes available to the Lessee herein in any State-owned building, this Lease shall be terminated within thirty (30) days from and after the date of written notice of termination of said Lease by the Lessee to the Lessor.

SECTION 9. Lessee shall not, without the previous consent in writing of the Lessor, assign this Lease or sublet the whole or any part of the demised premises or permit the demised premises or any part thereof to be used or occupied by others, which consent by Lessor shall not be unreasonably withheld. In event Lessor consents to any such assignment or subletting, Lessee shall remain and continue primarily liable for the performance of the covenants and obligations on his part to be performed under this Lease during the primary or any extended term hereof.

SECTION 10. Lessor agrees to keep the building improvements erected on the demised premises insured against loss or damage by fire and all standard extended coverage perils for the full, fair insurable value thereof in a solvent and responsible company or companies authorized to do business in the State of Mississippi.

SECTION 11. At the expiration of the tenancy hereby created and any extended term thereof, Lessee shall surrender the leased premises in the same condition as the leased premises were in upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by unavoidable casualty excepted, and Lessee's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

SECTION 12. The Lessor covenants to keep and maintain, at Lessor's expense, said demised premises and facilities in a state of tenantable repair during the term of the Lease: provided, however, that Lessor shall not be called upon to make any such repairs occasioned by the acts of negligence of the Lessee, its agents, patrons, or employees, except where covered under Lessor's fire and extended coverage insurance.

SECTION 13. Should the demised office building be totally or substantially destroyed by fire, the elements or otherwise, so as to render the demised office building untenable, either party shall have the option to cancel the remaining portion of this Lease or of any extended term or period hereof. Lessee shall have no obligation to pay rent of any nature so long as the demised office building is untenable.

SECTION 14. Failure on the part of the Lessee to pay any installment of rent as above set out as and when the same becomes due and payable, or failure of Lessee promptly and faithfully to keep and perform each and every covenant agreed and stipulated herein on the part of the Lessee to be kept and performed, shall at the option of the Lessor cause a forfeiture of this Lease.

Nothing contained in the foregoing paragraph shall be construed to waive either party's right to cancel this Lease in event of any forfeiture or breach on the part of the other party hereto, all of which rights or cancellation are herein specifically reserved.

Prior to a declaration of forfeiture for default in payment of rent or additional rent, Lessor shall give to Lessee a Notice in writing thirty (30) days prior thereto in the manner provided for by Section 6 hereof, during which time Lessee may purge itself on the grounds of forfeiture by paying such rent.

APPENDIX B (continued)

As to default by Lessee in performing covenants other than for payment of rent prior to a declaration of forfeiture, Lessor shall give to Lessee a notice in writing 30 days prior thereto in the manner provided for by Section 6 during which time Lessee may purge itself on the grounds of forfeiture by curing the stated grounds of forfeiture within such 30 days or within such longer term as may be reasonably necessary to cure such defect.

SECTION 15. Lessor shall pay during the term of this lease and any extended term hereof all State, County and City ad valorem taxes and special assessments assessed against the property here demised, unless otherwise agreed to in a later Section of this Lease, excluding any such taxes as may be assessed against Lessee's fixtures and equipment used in said demised premises.

SECTION 16. Lessor covenants that the Lessee, on paying the rent herein reserved and performing the covenants and agreements hereof, shall peaceably have, hold and enjoy the demised premises and all rights, easements and privileges belonging or anyway pertaining thereto, during the full term of this Lease, and any extension thereof.

SECTION 17. Lessor will provide paved parking area sufficient for the operation of said agencies on the leased premises, without additional cost to Lessee. Lessor will maintain such parking lot throughout the term of this Lease and any extension thereof in a serviceable condition.

Lessor agrees to keep all parking areas provided to Lessee clean and free of trash and debris.

SECTION 18. This Lease will not become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board. No amendment to or modification of this Lease shall become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review board.

SECTION 19. Lessor hereby grants to Lessee the right and option to extend this Lease for a further term of up to three months commencing at the expiration of the original term; provided, however, that written notice of the exercise of such option shall be given by Lessee to Lessor at least thirty (30) days before the expiration of the term of this Lease. Such extension shall be at the same annual rental rate as that provided herein for the last year of the original term and the actual rental amount shall be prorated according to the length of the additional term. All other terms and conditions set out herein shall be in effect during the term of the extension.

IN WITNESS WHEREOF, this Lease Agreement has been duly executed in duplicate originals on the date hereinabove set forth.

LESSOR (Individual or Corporation)

BY: _____

LESSEE

BY: _____

APPENDIX B (continued)

As to default by Lessee in performing covenants other than for payment of rent prior to a declaration of forfeiture, Lessor shall give to Lessee a notice in writing 30 days prior thereto in the manner provided for by Section 6 during which time Lessee may purge itself on the grounds of forfeiture by curing the stated grounds of forfeiture within such 30 days or within such longer term as may be reasonably necessary to cure such defect.

SECTION 15. Lessor shall pay during the term of this Lease and any extended term hereof all State, County, and City ad valorem taxes and special assessments assessed against the property here demised, unless otherwise agreed to in a later Section of this Lease, excluding any such taxes as may be assessed against Lessee's fixtures and equipment used in said demised premises.

SECTION 16. Lessor covenants that the Lessee, on paying the rent herein reserved and performing the covenants and agreements hereof, shall peaceably have, hold and enjoy the demised premises and all rights, easements and privileges belonging or anyway pertaining thereto, during the full term of this Lease, and any extension thereof.

SECTION 17. Lessor will provide paved parking area sufficient for the operation of said agencies on the leased premises, without additional cost to Lessee. Lessor will maintain such parking lot throughout the term of this Lease and any extension thereof in a serviceable condition.

Lessor agrees to keep all parking areas provided to Lessee clean and free of trash and debris.

SECTION 18. This Lease will not become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board. No amendment to or modification of this Lease shall become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board.

SECTION 19. Lessor hereby grants to Lessee the right and option to extend this Lease for a further term of up to three months commencing at the expiration of the original term; provided, however, that written notice of the exercise of such option shall be given by Lessee to Lessor at least thirty (30) days before the expiration of the term of this Lease. Such extension shall be at the same annual rental rate as that provided herein for the last year of the original term and the actual rental amount shall be prorated according to the length of the additional term. All other terms and conditions set out herein shall be in effect during the term of the extension.

SECTION 20. Lessor shall pay all utility and/or janitorial service charges assessed against the demised premises during the first year of the original term of this Lease as set out in Sections 4 & 5 of this Lease. However, if the total expense for utility and/or janitorial services in succeeding years should increase over the total expense incurred during the first year of the original term, then the Lessee shall reimburse the Lessor for such additional sums. Prior to payment of such additional sums, Lessor shall provide Lessee with copies of all utility and/or janitorial service charge statements, and all supporting calculations, as confirmation of such amounts due. Upon receipt of satisfactory documentation of such charges, Lessee shall pay to Lessor such additional sums within sixty (60) days.

SECTION 21. Lessor shall pay all taxes assessed against the demised premises during the first year of the original term of this Lease as set out in Section 15 of this Lease. However, if the total expense for taxes in succeeding years should increase over the total taxes incurred during the first year of the original term, then the Lessee shall reimburse the Lessor for such additional sums. Prior to payment of such additional sums, Lessor shall provide Lessee with copies of all tax statements and all supporting calculations as confirmation of such amounts due. Upon receipt of satisfactory documentation of such charges, Lessee shall pay to Lessor such additional sums within sixty (60) days.

SECTION 22. Lessor agrees that the total additional sums due by the Lessee as payment for any increase, as provided by Sections 20 & 21 of this lease, shall not exceed \$ _____ per sq. ft. of leased area in any one year.

IN WITNESS WHEREOF, this Lease Agreement has been duly executed in duplicate originals on the date hereinabove set forth.

LESSOR (Individual or Corporation)

BY: _____

LESSEE

BY: _____

APPENDIX B (continued)

(Lessee's acknowledgement)

STATE OF MISSISSIPPI
COUNTY OF _____

On this the _____ day of _____, 19____, before me, _____, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires _____

(Lessor's acknowledgement for an individual)

STATE OF _____
COUNTY OF _____

On this the _____ day of _____, 19____, before me, _____, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires _____

(Lessor's acknowledgement for a corporation)

STATE OF _____
COUNTY OF _____

On this the _____ day of _____, 19____, before me _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires _____

APPENDIX C

FORM FOR STATE AGENCY LEASING IN NON-STATE-OWNED SPACE

STATE AGENCY LEASING IN NON-STATE-OWNED SPACE

7/01/86

**BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY MANAGEMENT
STATEMENT OF FACTS**

- This is a renewal lease with no increase in cost.
- This is a renewal lease with an increase in cost.
- This is a lease for space not presently occupied.

Agency Name: _____ Lessor Name: _____

Agency Contact: _____ Address: _____

Telephone : _____ City: _____

Agency Preference: 1 ___ 2 ___ 3 ___

Lease Begins: _____	
Lease Expires: _____	
Total Sq. Ft.: _____	
Type of Space:	
Office Space Sq. Ft.	_____
Warehouse Space Sq. Ft.	_____
Storage Space Sq. Ft.	_____
Other _____ Space Sq.Ft.	_____
Annual Cost Per Sq. Ft.: _____	
Monthly Rent: _____	
Are Utilities Included?	Y ___ N ___
Are Janitorial Services Included?	Y ___ N ___
FOR OFFICE SPACE:	
Number of Employees:	_____
Sq. Ft. Per Employee:	_____
Cost Per Employee:	_____
FOR SERVICE AGENCY	
Sq. Ft. per Patron:	_____
Parking Provided?	Y ___ N ___
Parking Available?	Y ___ N ___
Bldg. Accessable to Handicap?	Y ___ N ___
Bldg. Accessable to Wheelchair?	Y ___ N ___
Escalation Clause Included?	Y ___ N ___
Explain _____	
Deviation from Standard Lease?	Y ___ N ___
Explain _____	

Location of Property: _____
City: _____

Percent Federally Funded: _____

Proposed Use of Space: _____

Floodplain Zone: _____
Floodplain Elevation: _____

If not included in Rent:

Estimated Total Utility Cost
Per Year: _____

Estimated Total Janitorial Cost
Per Year: _____

Number of Employees by Type
DR: _____ TM: _____
MM: _____ PT: _____
CS: _____ WS: _____

Number of Participants/Clients
Served by this Office _____

Number of Parking Spaces: _____

Does Your Budget Include Enough
Funds for This Lease? Y ___ N ___

Number of visitors other than State
Employees expected?
Daily _____ Weekly _____

Other pertinent information: _____

If this lease provides more than the allowable space as determined by RPM-3 attach a narrative explaining the reasons for submitting this lease a preference.

If this is a new location attach documented move cost for office fixtures and telecommunication equipment.

Is this space owned all or in part by any official or employee of the State of Mississippi? _____ If yes, specify person, position and percentage of ownership.

Has this space been measured according to RPM Guidelines by a member of your agency and found to be correct _____ YES _____ NO

Date _____ Signature of Agency Head _____

APPENDIX C (continued)

REAL PROPERTY MANAGEMENT DIVISION

LESSOR'S LETTER OF INTENT

Date Submitted to Agency _____

(I/WE), _____,
propose to lease the following (office/warehouse/_____) space
located at the following address to _____:
(State Agency)

(Street Address)

(City)

Number of Square Feet: _____ (As per RPM Policy)

\$ Amount Per Square Foot: _____ (Area assigned
specifically to agency)

Annual \$ Amount: _____

Are utilities included? _____

Are janitorial services included? _____

Exceptions, if any, to Standard Lease Agreement: _____

This proposal is binding until: _____, 198__.

(Signature of Lessor/Lessor's Agent)

(Title)

(Street)

(City, State, Zip)

(Business Telephone)

APPENDIX C (continued)

STATE AGENCY LEASING IN NON-STATE-OWNED SPACE

7/01/86

BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY MANAGEMENT
OFFICE SPACE EVALUATION FORM

Agency employees are classified into the following categories:

Employee	Number	Allotment	Requirement
Director/Directors (DR)	_____ X	225 s.f.	= _____
Top Management (TM)	_____ X	150 s.f.	= _____
Middle Management (MM)	_____ X	100 s.f.	= _____
Professional and/or Technical (PT)	_____ X	100 s.f.	= _____
Work Stations (WS) 1 per person with justification	_____ X	50 s.f.	= _____
Clerical and/or Support (CS)	_____ X	80 s.f.	= _____
Work Station (WS) 1/2 per person with justification	_____ X	25 s.f.	= _____

Sub Total = _____

Sub Total _____ X 1.2 (20%) = _____

ADDITIONAL AREA NEEDS

* All area listed below requires a narrative explaining the necessity for this space.

Waiting Room Based on average occupancy for a typical 1 hour period of the day	_____ X	15 S.F.	= _____
Conference Room Based on average occupancy	_____ X	25 S.F.	= _____
Supply/Storage/ Office Machine	ACTUAL FLOOR SPACE REQUIRED _____		
Other Space	Describe by narrative. Explain method used to determine area. _____		

Sub Total = _____

AREA TOTAL _____

ALLOWABLE SPACE (AREA TOTAL + 15%) = _____ SQ. FT.

AGENCY RESPONSE



STATE OF MISSISSIPPI

DEPARTMENT OF FINANCE AND ADMINISTRATION

RAY MABUS
GOVERNOR



August 17, 1989

Mr. John Turcotte, Executive Director
Legislative PEER Committee
P. O. Box 1204
Jackson, MS 39215-1204

Dear Mr. Turcotte:

We have reviewed your report on state agency office space leasing and have enclosed our responses thereto. In addition to responses to each of the specific findings, we have some general reactions to the process and the report as a whole.

A number of your findings deal with management practices within the agency. Others point out that on occasion the Property Management Division does not comply with its own policies and procedures. In the latter case we agree that, as you point out in your executive summary, "Property Management should review its policies and procedures and define critical elements of the evaluation....Then Property Management should require agencies to adhere to its revised policies and procedures." In the former case, we will review our policies in light of your comments. However, it is our position that managers should manage based upon their experience, best judgement and management styles. Decisions with regard to such matters as use of a standard lease agreement and recordkeeping are, within limits, a matter of judgement on the part of management.

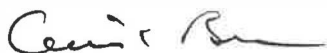
A number of the recommendations in your report would require additional funds and staff. Examples include the recommendation that the Department of Finance and Administration approve requisitions for warrants for office space lease payments only after comparing the requisition with the lease or through query of an electronic data base. Those options would require either additional staff or additional computer programming. Another example of remedies requiring funds is illustrated in the comment regarding the routine inspection of proposed lease sites. As we point out in our response, we have neither enough staff nor an adequate level of funding for such inspections.

John Turcotte
August 17, 1989
Page 2

We appreciate the courtesy of your staff in the preparation of this report. As we point out later in our responses, we are currently reviewing your recommendations and will implement policies to comply with many of them. In other instances, however, we reserve the right to exercise our own judgement in structuring the process of the review of state agency office space leasing.

Very truly yours,

DEPARTMENT OF FINANCE AND ADMINISTRATION



Cecil C. Brown
Executive Director



Hank Anderson
Deputy Director

CCB:cs

Enclosure

1. Property Management's lease monitoring system does not ensure that leases are reviewed by General Services and approved by the Procurement Board prior to their effective dates, as required by state law.

While it is true that some leases have a beginning date prior to Public Procurement Review Board approval, Section 18 of the Standard Lease Form states:

"This lease will not become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board. No amendment to or modification of this lease shall become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board."

Therefore, leases, by their own terms, cannot become effective until the agency has received notice that the Public Procurement Review Board has approved their lease request.

Despite Real Property Management's notices to agencies that they have leases that will expire and despite Real Property Management's request that leases be submitted at least ninety (90) days prior to their beginning date, agency personnel still fail to submit their lease request in a timely manner to Real Property Management (REFERENCE: Policies and Procedures Manual as amended December 11, 1987, page 1 and 2, General Guidelines to be followed #1 and #10, and letters to Executive Directors).

Agencies, by their own admission, have interpreted Section 29-5-2(c) incorrectly and have failed to submit to Real Property Management rental agreements for space they occupy which, in most cases, was leased to them by county supervisors. In these instances, Real Property Management has found that the payments from agency to county were for utilities used by agency. The rental agreements generally call for agency to reimburse county for utilities, therefore, agency did not consider these payments payment for rent. In all instances in which Real Property Management has been informed as to the existence of such rental agreements, Real Property Management has made continuous efforts to have the agency send these agreements to Real Property Management for review. Real Property Management has taken the position that any type of agreement which allows an agency to occupy space is considered to be a rental agreement and that any payment made by an agency for their occupancy of space is considered to be rent. Section 29-5-2(c) allows for leases or rental agreements.

While it is the option of PEER that our system for notifying agencies of expiration dates of their leases is inadequate, this system has served the needs for Real Property Management effectively since 1984. This notification, six (6) months in advance, is a service which Real Property Management decided to offer agencies and is not a requirement under any laws of this state. We also follow this notice at three (3) month intervals to further inform each agency of lease expirations. With the computer system and staff presently available to Real Property Management, this has been the most effective method of notification that Real Property Management has been able to generate. We will review our system of tracking in accordance with our answer under the "Corrective Action" section of this response.

Real Property Management has on several occasions in the past few years notified the Executive Director of each agency by letter informing them of the following:

1. The state's law for submitting lease proposals to the Office of General Services and the Public Procurement Review Board for approval;
2. The Policies and Procedures as established by Real Property Management for submittal of their leases;
3. All updates in Policies and Procedures of Real Property Management (REFERENCE: Letters from Real Property Management to Executive Directors).

Some agency personnel, at their own election and without our knowledge, choose to execute leases without proper approval. They do not forward a copy of the lease to Real Property Management. It is only by the Audit Department's annual review process that some of these leases are discovered. When these leases are forwarded to us, generally they are not put on the Public Procurement Review Board's agenda, due to the fact they were not executed with approval. Without our approval, these leases usually have been in effect for a long period of time. It is Real Property Management's position not to request retroactive approval for leases. However, these leases are placed in our files and in the event we receive a request for renewal, they are then examined under the same procedure as all other leases. Real Property Management is not aware of any authority under state law to cancel these leases, or to require the particular agency involved to have the lease cancelled. Real Property Management is not aware of any authority it may have to have any rent that had been paid returned to the state. This office does not have the ability to track rent payments of all agencies.

2. Property Management does not routinely inspect proposed lease sites for disqualifying conditions during the lease review process.

Since 1984, Real Property Management staff has visited all leased property in the state on three (3) occasions. Real Property Management staff has visited some of these sites more frequently at the request of the agency and as problems dictated.

The Division of Real Property Management consists of three (3) persons, two (2) of whom are available for travel. The time which would be involved for two (2) persons to inspect each lease would require that proposals be submitted further in advance than sixty (60) days. It is most difficult to obtain a lease proposal from a property owner when informing him it will be necessary for him to hold his space off the market for a period of more than sixty (60) days. Also, due to the various leases around the state expiring at different dates, the limited Real Property Management staff would not be able to schedule inspections in a cost effective manner. Real Property Management staff would find themselves retracing their routes on numerous occasions. The Division of Real Property Management has had a very limited travel budget since its inception in 1984. While Real Property Management would prefer to have an opportunity to inspect these proposals prior to its approval, Real Property Management has designed its Policies and Procedures for the submittal of proposals to compensate for our limited ability to do so. At the suggestion of PEER, the Office of General Services will ask for an increase to their appropriation for Fiscal Year 1991 of \$20,000 for additional travel funds and for an additional vehicle.

3. Property Management does not consistently enforce its policy requiring user agencies to employ a standard lease agreement.

Real Property Management reviewed the files of the ninety-six (96) leases PEER identified as "Non Standard Lease." From these ninety-six (96) leases Real Property Management found:

1. Fifteen (15) were executed between 1976 and 1983 by Employment Security. These leases were for ten (10) year renewal options. They were approved by the "Capitol Commission." During that time period, this lease form was acceptable.
2. Twelve (12) leases executed by Welfare which were on our Standard Form with three (3) sections added which were necessary for them to comply with Federal Regulations.

3. Four (4) leases executed by Energy & Transportation were on our Standard Lease Form with one (1) section added which required the Lessor to keep the elevators operable twenty-four (24) hours per day.
4. One (1) lease executed by the Forestry Commission was on a U. S. Postal Service Form. The Postal Service generally offers very favorable rent but requires use of their form for a lease.
5. Real Property Management found fifty-seven (57) of the leases to be on the Standard Form. The only difference noted in the forms were the length of the paper they were printed on and the type used to print the leases. Some of the agencies put our Standard Form, word for word, into their own word processor or personal computers. They then printed their own forms rather than photo copy the form from the Procedure Manual. Real Property Management could not identify a reason these leases would not be considered as Standard Lease Forms.
6. Real Property Management found seven (7) of the ninety-six (96) leases not to be on the Standard Lease Form as used since 1985.

When the Standard Lease Form is not used, Real Property Management requires that:

1. The lease form substituted is comparable to the standard form;
2. It includes Sections 7 and 8 of Standard Lease Form; and,
3. It does not contain terms which would not be in the best interest of the State (REFERENCE: Copy of Standard Lease Form).

Real Property Management has found in its experience with more than six hundred (600) leases in the state that in "all" instances the standard form is not the best to use. Some properties, because of their intended use, require a different form of lease. Some of these uses are for residential property, mini-warehouses, land leases, etc. Section 29-5-2(c) makes reference to both leases and rental agreements. Real Property Management has found that in some cases rental agreements have more favorable terms for the state agency than our Standard Lease Form provides.

When the agencies inform Real Property Management that a lease other than our Standard Lease Form is to be used, Real Property Management requires that a copy of the lease be submitted for our review before it will receive consideration for approval. In the event Real Property Management finds these leases not in the best interest of the state, Real Property Management will:

1. Recommend amendments or changes to the lease; or,
2. Refuse to accept the lease.

After approval of leases by the Public Procurement Review Board and upon execution of these leases, executed copies of the leases are required to be sent to our office to be filed the same as Standard Lease Forms. The use of lease forms other than Standard Lease Forms is minimal.

PEER states that Real Property Management has "allowed" agencies to modify leases for escalation clauses. Escalation clauses have been permitted by Real Property Management since 1984 and by the Capitol Commission which preceded Real Property Management prior to 1984. Sections 20, 21 and 22 (Optional Page) of the Standard Lease Form, explains the conditions and limitations for expense escalations. If escalations for base rent are to be included, these escalations are explained in the space provided in Section 2 of the Standard Lease Form or by an addendum to the Standard Lease Form. Real Property Management reviews these lease escalation requests prior to the approval of the lease. Not on all occasions are the escalation requests approved (REFERENCE: Letter to agencies pertaining to escalation agreements).

Any deviation from the Standard Lease Form is to be noted by the agency in the space provided on RPM Form #1 (REFERENCE: RPM Form #1, Statement of Facts).

4. Property Management does not consistently enforce its policy requiring user agencies to submit complete, descriptive lease proposals.

The majority of the instances in which Real Property Management has accepted proposals which did not include extensive justification are those proposals for renewal for space already occupied by the agency. At the original request for a lease of this space, Real Property Management did require submission of all forms and justification letters necessary for a proper review. While we do require submittal of RPM Form #1, Statement of Facts; RPM Form #2,

Proposal for Lease; and, RPM Form #3, Space Evaluation Form for renewals, we have on occasion not been as strict for any additional justification provided there has been no indication of change in the rental market in the particular area of the leased property. On other occasions where Real Property Management has not required extensive justifications, it has been for lease proposals from agencies which lease numerous offices around the state for the same use. Real Property Management has reviewed enough of their requests to be familiar with the amount of space and use of space for these offices to function as the agencies intended. It is Real Property Management's opinion that the agency did not need to submit numerous copies of the same narrative explaining the need for space of similar offices. We do, however, require that enough information be submitted to Real Property Management to establish that the lease proposal submitted is a competitive proposal for that area (REFERENCE: RPM Form #1, Statement of Facts; RPM Form #2, Proposal for Lease; and, RPM Form #3, Space Evaluation Form).

You have further commented about Real Property Management's filing system, Real Property Management has one (1) file cabinet containing four (4) drawers which holds all six hundred (600) active leases. When leases have been approved by the Public Procurement Review Board and a copy of the executed lease returned to Real Property Management, the file is placed in the appropriate drawer per its file number. The only other file drawer containing leases is where Real Property Management keeps leases which have expired. The expired leases are held for one (1) year and then sent to our state records storage.

Prior to placing leases in the file cabinet, lease proposals are held at the desk of the Real Property Management staff until they have been reviewed. After review, the lease proposal is placed in a folder on the Secretary's desk until approval by the Public Procurement Review Board. There are no other locations these leases are filed, but on occasion, an active lease could be pulled from the file by a member of the Office of General Services staff and located on the desk of that staff member. When this is done, a "locator" is to replace the file which was removed.

5. The General Services Director overrode Property Management policies and procedures when handling lease negotiations for the Mississippi Oil and Gas Board and the Department of Agriculture and Commerce.

The Executive Director of the Office of General Services, at his discretion, requested the Department of Agriculture and the Oil and Gas Board to vacate the Walter Sillers Building in order to allow for the newly consolidated Department of Economic Development (DED) and

Research and Development Center. The decision to move these functions to the Walter Sillers Building was made after carefully examining the available space in the public sector. The primary determining factors were location and cost of square footage. The Department of Economic Development required approximately 30,000 sq. ft. and also wished to remain in close proximity to the Capitol Complex. Currently, the State leases space for \$9.00 per sq. ft. including utilities and janitorial, further, Real Property Management's analysis of the available space in the Jackson Downtown area far exceeded the cap of \$9.00.

Considerable effort was put forth by both the Office of General Services and the Oil and Gas Board while attempting to locate and acquire suitable space which would satisfy both Dr. Henderson and the Board. Following are the locations that were considered:

1. The Cameron-Walker Building
4785 I-55 North
2. The Gallery
5800 I-55 North
3. 129 North State Street
4. 419 South State Street
5. 4795 I-55 North
6. 3780 I-55 North
7. 939 North President Street
8. 256 East Griffin Street
9. 500 Greymont Avenue

In most cases, according to the Oil and Gas Board, the space and location was found unsuitable and not conducive for their operation and public use. Specifically, Dr. Henderson approved a lease to acquire space located at 939 North President Street, the lease was approved by both the Office of General Services and the Public Procurement Review Board. However, the Oil and Gas Board met on October 19, 1988 which affected the decision for the 939 North President Street Building (see copy of Draft of Minutes).

These decisions were typical and therefore constantly affected our efforts, and in some instances impacted our recordkeeping.

The Board subsequently moved to 500 Greymont Avenue. These

buildings were under construction at the time and therefore afforded the opportunity to plan and configure the space for their specific needs.

6. Property Management does not consistently enforce its policy on office space allocation.

Real Property Management has set as a "target," an average of 170 sq. ft. per person for office space. This average is applied solely for space used as office space. The square footage is determined by a formula on the top half of RPM Form #3, Space Allocation (REFERENCE: RPM Form #3, Space Allocation & page 8 of Policies and Procedures Manual amended December 11, 1987).

The different uses agencies have for rental space makes it difficult to establish an "average square footage" which could be applied to all agencies. The use of additional workspace dictates the square footage necessary for that workspace. This area is computed using the formula on the bottom half of RPM Form #3. All of this type space requires written justification as stated on the form and in the Policies and Procedures Manual (REFERENCE: Page 9 in Policies and Procedures Manual amended December 11, 1987 and RPM Form #3, Space Allocation).

The addition of this space along with the required office space makes it difficult in most cases to "average" 170 sq. ft. per employee per the entire leased area. Real Property Management, before approval of the maximum allowable space, reviews the justification submitted by the agency and in our discretion after this review, determines if the amount of space is necessary and should be leased.

There are reasons for allowing more space than determined on RPM Form #3. The most current examples are:

1. When the exact amount of space needed cannot be found in the available rental market; and,
2. When the annual rent, including the additional space, is equal to or better than the proposal received for leases with the exact space available.

Real Property Management's assignment of space by class is solely for the purpose of calculating the total allowable space needed. Real Property Management does not dictate to the agency the manner in which

they should divide their allowable space. Also, to require a Lessor to remodel his office layout to comply "totally" with our space allocation formula would cause increases in rent. In most cases, the cost of moving walls so that each office is precisely the same square footage, as shown per RPM Form #3, is not justifiable and in most cases, not feasible.

Real Property Management has accepted as justification space requirements set by federal agencies which contribute to rent payments of state agencies. These federal agencies have required federal guidelines be followed. We have accepted their space allowance in lieu of Real Property Management. We do require state agencies to send us a copy of the federal criteria. Only a few agencies use federal guidelines such as:

1. Employment Security, 100% federally funded;
2. Vocational Rehabilitation, which is required to incorporate federal guidelines for handicapped accessibility into their space needs.

Real Property Management must, in its discretion, determine the adequacy of the justification submitted for use of space and this must be done on a case by case basis.

While averages are beneficial in setting guidelines for agencies to follow in determining the square footage to be leased, there are those situations which dictate judgement on the part of Real Property Management in determining "need." Real Property Management staff must rely on information from agency personnel which is documented by signature of its Executive Director, when making judgements as to space needs.

7. Property Management's rental market rate analysis methods are invalid.

PEER apparently paid little attention during their interview with Real Property Management staff concerning market data for rentals. The "Data Base" referred to in the PEER report is our computer listing of leases in effect approved by the Public Procurement Review Board. This is NOT our market rental data but a listing of property leased by the State. Real Property Management uses existing rents of private property in an area to determine maximum allowable rental rate a state agency should pay. This is the "data" Real Property Management uses to base the highest amount necessary to rent adequate space in an area and a rate Real Property Management feel is available in an area in

enough square footage in that particular area so as to allow agencies to locate acceptable rental space in a reasonable amount of time using a "typical" market survey. "Average Rentals" from our computer listing are not used to determine "market rental" for any particular city. Averages simply give us some foresight as to increases in rent we should anticipate in the near future and show us how well we are able to control rent. We do compare the average rate of state leases with market rents over the years. It is obvious to anyone examining these averages that the rate in cities which contain more of the older leases and contain leases for space for usage such as storage, warehouses, etc., will show a much lower average rate than cities where we rent predominantly office space and have more of the newer leases than older ones.

When interviewed by PEER, we showed them various copies of our sources of present rent rates used by Real Property Management when determining the maximum allowable rate agencies should pay. Among these sources are the Mississippi Business Journal, Jackson Journal of Business, real estate section of newspapers, lists of available space supplied to us by real estate brokers and property managers, and letters from property owners listing their property for rent. In addition, we use the various proposals submitted by the different agencies obtained through their market surveys throughout the state from their search for rental space.

Real Property Management is in constant contact with real estate professionals and property owners gathering information as to market rents as well as availability of different types of space for rent. In every city in the state that an agency leases space, that agency is not paying more than the market rate for that area. In most cases, the state agency is paying under the market rate.

Office rent in the Jackson area is predominantly in the range of \$10.00 - \$13.00 sq. ft. Real Property Management has set \$9.00 sq. ft. as the maximum rate. This includes janitorial and utility costs. In the remainder of the state, rent is predominantly \$8.00 - \$10.00 sq. ft. State agencies outside the Jackson area generally pay in the range of \$6.50 - \$8.00 sq. ft. including janitorial and utility costs.

On few occasions, the Office of General Services has used its discretion in approving rental rates over the established maximum rate. In cases when Real Property Management exceeded their maximum rate, the following cases were considered in necessitating the higher rate such as:

1. The alternative of relocating an agency would offset or exceed any savings which would be obtainable by accepting a lower rent in another location;
2. If the use of the space by the agency would require expenses for utility usage which were above typical usage;
3. If the cost of remodeling the space in order to adapt it to suit agency needs would be more costly to the property owner than the average which he generally bases his estimates; and,
4. For other amenities such as extraordinary number of parking spaces additional furnishings included in offices which would offset the base rent for the space.

It is our opinion that the primary function of the Division of Real Property Management is to control the amount of rent state agencies pay for private property. Rental rates are always changing due to increases in ad valorem taxes, utilities, property insurance, janitorial and maintenance costs, etc.

This office is not in a position to control growth of agencies, especially those agencies which receive funds for programs or expansion of existing programs from federal agencies. As an example of our ability to control rent paid by agencies, we have made an analysis of our Jackson leases and rent expenses from 1983 - 1989 (refer to Exhibit). In this analysis, we have calculated the total square footage leased during each year and the amount of rent approved by the Public Procurement Review Board for that square footage each year. We have shown the average rental costs approved for 1983 - 1989. Also we have shown the total leased square footage and total rent paid for each of those years and the average costs based on total leased space.

During 1983 - June 1984, leases were examined and approved by the Capitol Commission. From July 1984 to the present, leases were submitted through the Division of Real Property Management and approved by the Office of General Services and the Public Procurement Review Board. You will note by the chart that with the increase in leased space, from 748,281 sq. ft. in 1985 to 876,080 sq. ft. in 1989 (years under control by Real Property Management and the Office of General Services), the average rent paid for leased space in the Jackson area has remained fairly constant.

By examining the exhibits of utility and tax increases, you will note the large increases in electricity, water/sewer, and ad valorem taxes during 1983 - 1989. In 1983, the Capitol Commission approved rents for office space in Jackson from \$6.25 to \$8.47 sq. ft. including utilities. In 1989, the Office of General Services and the Public Procurement Review Board approved Jackson office rent up to \$9.00 sq. ft. with few exceptions. This shows that the Division of Real Property Management has been able to control the cost of rents despite the ever increasing expenses which private property owners are forced to bear.

D R A F T O F
M I N U T E S

A motion was made by Mr. Watson, seconded by Mr. Guirola and unanimously carried that the Supervisor's authority to sign a lease between 939 Partnership/Dale Lancaster and the State Oil and Gas Board for the office building located at 939 North President Street, Jackson, Mississippi, is dependent upon the Governor's Office of General Services making available to the State Oil and Gas Board an Independent Engineer's certification and an Independent Architect's certification that said building will pass all city safety codes for the handicapped, that it is structurally sound (including the roof), and that all electrical wiring, including, but not limited to the required electrical load necessary to operate all the Board's equipment, is in compliance with all applicable codes and presenting the State Oil and Gas Board with a copy of said certificates.

STATE OF MISSISSIPPI
COUNTY OF HINDS

I hereby certify that the foregoing is a true and correct copy of a portion of the minutes of the Oil and Gas Board meeting of October 13, 1988 now appearing on file and of record in the office of the State Oil and Gas Board, at Jackson, Mississippi.

This the 20th day of October 19 88
A. Richard Henderson


A. RICHARD HENDERSON
Supervisor
State Oil & Gas Board.

<u>AGENCY</u>	<u>SQUARE FOOTAGE</u>	<u>COST PER SQUARE FOOTAGE</u>	<u>TOTAL COST</u>	
Department of Economic Development	30,000	\$9.00	\$270,000	\$270,000
Oil & Gas Board	12,300	\$8.87	\$109,101	
⊘				
Department of Agriculture	11,250	\$9.00	<u>\$101,250</u>	<u>\$210,351</u>
AMOUNT SAVED BY THE STATE BY MOVING DEPARTMENT OF ECONOMIC DEVELOPMENT TO THE WALTER SILLERS BUILDING				<u>\$59,649</u>

JACKSON LEASES

SQUARE FEET AND RENT AS APPROVED EACH YEAR BY OFFICE
OF GENERAL SERVICES AND PUBLIC PROCUREMENT REVIEW
BOARD FOR JACKSON

TOTAL OF ALL LEASES IN JACKSON ON FILE
WITH REAL PROPERTY MANAGEMENT

YEAR	SQ. FT.	RENT	AVERAGE	AVERAGE	SQ. FT.	ANNUAL RENT
1989 to July	207,412	\$1,454,786	\$7.01	\$5.80	876,080	\$5,082,429
1988	188,658	\$1,255,976	\$6.66	\$5.68	801,971	\$4,553,158
1987	157,079	\$ 741,396	\$4.72	\$4.98	823,995	\$4,102,382
1986	139,883	\$ 758,611	\$5.42	\$5.75	706,395	\$4,066,547
*1985	341,532	\$2,471,943	\$7.24	\$5.79	748,281	\$4,335,623
1984	485,790 (Total January - June)	\$2,467,842	\$5.08	\$6.50	522,872 (Office Only)	\$3,398,821
1983	216,850	\$1,195,106	\$5.51		Not Available	

*1st Full Year leases were under review by the Division of Real Property Management.

In 1983, the Capitol Commission approved rents for office space to \$8.47 sq. ft.

In 1989, the Office of General Services and the Public Procurement Review Board approved rent to \$9.00 sq. ft.

UTILITY AND TAX INCREASES SINCE 1983

ELECTRICITY - MP & L

1983 - + 5.3%
1984 - 1988 - 0% increase (Based on total company average cost per KWH)

September, 1988 - + 5.7%
1989 - 1992 - + 13.2% (Scheduled)

GAS - MISSISSIPPI VALLEY GAS 0% INCREASE

1983 - \$4.497 per 1,000 cubic feet
1988 - \$4.491 per 1,000 cubic feet

WATER AND SEWER - CITY + 53%

1983 - \$1.52 per 100 Gallons
1988 - \$2.33 per 100 Gallons

AD VALOREN TAX - CITY + 72.7%

1983 - 81.0 Mills
1988 - 129.78 Mills
1989 - 139.9 Mills

Increase from new millage rate would be compounded by appreciation of property value since 1983.

Consumer Price Index has risen from 99.6 in 1983 to 124.1 in 1989. The percent (%) increase in price due to inflation would be calculated as follows:

<u>1989 CPI</u>		<u>1983 CPI</u>		
124.1	-	99.6	=	24.5
24.5	÷	99.6 (1983 CPI)	=	.2459
.2459	x	100	=	24.59% increase since 1983

This would indicate that a rent of \$8.47 per sq. ft. in 1983 would be equivalent to a rent of \$10.55 per sq. ft. in 1989.

CORRECTIVE ACTION TO BE EMPLOYED BY GENERAL SERVICES
IN RESPONSE TO THE PEER REPORT ON LEASING
OF PRIVATE PROPERTY

1. In order to make evident the "effective date" of leases approved by the Public Procurement Review Board and the Office of General Services, Real Property Management will add to the signature page of its Standard Lease Form the following statement:

"This lease was approved on _____ (DATE) _____
by the Public Procurement Review Board, and regardless of any other date shown within, this lease became effective on _____ (DATE) _____, as stated in Section 18 of this lease."

(Signature)

This will be in addition to the letter presently mailed by Real Property Management to the agencies informing them of the approval of their lease.

2. In order to maintain a "standard" lease as suggested by PEER, an additional section will be added to the Standard Lease Form where any amendments or modifications of the lease must be listed. The signature of the Bureau of Building Director will also be required in this section as evidence of approval of the amendment.
3. In an attempt to assist the Department of Audit and the Department of Finance and Administration in "tracking" rent payments of approved leases, Real Property Management will mail a list of the leases approved each month, with Real Property Management's file number for the lease, to the Department of Audit and the Department of Finance and Administration. Real Property Management will notify the Department of Audit and the Department of Finance and Administration of any lease in effect without the approval of the Office of General Services and the Public Procurement Review Board. However, neither the Office of General Services nor Financial Control are equipped with staff or computers to track these payments as recommended by PEER.
4. In order for the staff to conduct a routine inspection of all space proposed for lease by agencies, the Office of General Services will request an addition to their appropriation for Fiscal Year 1991 to include \$10,000.00 for travel expenses and \$10,000.00 for an additional vehicle.

5. Any lease submitted for approval on other than the Standard Lease Form prepared by the Division of Real Property Management will require the approval of the Director of Bureau of Building, as evidenced by his signature added to the signature page of the lease.
6. Real Property Management will "strictly" enforce their policies and procedures requiring an adequate narrative of the duties of the agency to be employed in the leased space, as well as adequate justification of all space required. This procedure will be enforced for "renewal" of leases for space presently occupied the same as for space not presently occupied.

All proposals found not in full compliance with Real Property Management's Policies and Procedures will be returned to the agency without consideration of approval by Real Property Management.

7. In order to make Real Property Management's filing system less confusing to outside personnel, Real Property Management will no longer separate the files of the expired leases from the files of the leases that are renewed.

In addition, Real Property Management is seeking to find a method which will more clearly identify and locate a lease file when taken from its place in the file drawer.

8. Real Property Management will require a copy of all necessary flood insurance policies be submitted along with the copy of the executed lease for inclusion in the file.
9. Real Property Management will consult with CDPA to determine if the program for Real Property Management presently employed can be expanded to provide more information to Real Property Management in their analysis of leases.

EXHIBITS

- A MEMO TO BECK AND ANDERSON FROM REAL PROPERTY MANAGEMENT;
JACKSON AREA AND STATEWIDE LEASE TOTALS
- B LETTER TO EXECUTIVE DIRECTORS OF STATE AGENCIES FROM
REAL PROPERTY MANAGEMENT, DATED JANUARY 3, 1989
- C LETTER TO EXECUTIVE DIRECTORS OF STATE AGENCIES FROM
REAL PROPERTY MANAGEMENT, DATED AUGUST 16, 1988
(REFERENCE: EXECUTED LEASE AGREEMENTS)
- D LETTER TO ALL INSTITUTIONS/AGENCIES FROM REAL PROPERTY
MANAGEMENT, DATED APRIL 8, 1988 (REFERENCE: REQUEST
FOR LEASES FOR FISCAL MANAGEMENT AND PUBLIC PROCUREMENT
REVIEW BOARD)
- E LETTER TO ALL AGENCIES AND INSTITUTIONS FROM CECIL BROWN,
DATED MARCH 22, 1988 (REFERENCE: REQUESTS FOR AGENDA
ITEMS FOR PUBLIC PROCUREMENT REVIEW BOARD)
- F LETTER TO ALL AGENCY DIRECTORS AND LEASING AGENTS FROM
REAL PROPERTY MANAGEMENT, DATED JUNE 9, 1987
- G LETTER TO ALL STATE AGENCIES, DATED FEBRUARY 12, 1987
(REFERENCE: RENT ESCALATION AGREEMENTS)
- H LETTER TO ALL STATE AGENCIES FROM REAL PROPERTY MANAGEMENT,
DATED MAY 28, 1987 (REFERENCE: RENT ESCALATION AGREEMENTS)
- I LETTER TO ALL STATE AGENCIES FROM REAL PROPERTY MANAGEMENT,
DATED SEPTEMBER 17, 1986 (REFERENCE: RENT ESCALATION
AGREEMENTS)
- J SENATE BILL 3050, LAWS OF 1984 (STATE AGENCY LEASING IN
NON-STATE-OWNED SPACE) GENERAL GUIDELINES TO BE FOLLOWED
- K RPM FORM #1 - STATEMENT OF FACTS
- L RPM FORM #2 - LESSOR'S LETTER OF INTENT
- M RPM FORM #3 - SPACE EVALUATION FORM
- N LEASE AGREEMENT



STATE OF MISSISSIPPI

RAY MABUS
GOVERNOR

MEMORANDUM

TO: J. W. BECK, DIRECTOR
BUREAU OF BUILDING

HANK ANDERSON, EXEC. DIRECTOR
OFFICE OF GENERAL SERVICES

FROM: *MEM* MIKE MCGEE, DIRECTOR
DIVISION OF REAL PROPERTY MANAGEMENT

DATE: JULY 20, 1989

As of July 1, 1989, an analysis of our rent rolls for state agencies leasing private property reveals the following totals:

	<u>JACKSON AREA</u>		<u>AVERAGE COST</u>
	<u>SQ. FT.</u>	<u>ANNUAL RENT</u>	<u>PER SQ. FT.</u>
OFFICE SPACE	551,667	\$ 4,218,182	\$ 7.65
OTHER SPACE	324,413	864,247	2.66
TOTAL	876,080	\$ 5,082,429	\$ 5.80
	<u>STATEWIDE LEASES</u>		
OFFICE SPACE	1,116,082	\$ 6,851,071	\$ 6.14
OTHER SPACE	979,693	1,974,313	2.01
TOTAL	2,095,775	\$ 8,825,384	\$ 4.21

/ss



STATE OF MISSISSIPPI

RAY MABUS
GOVERNOR

MEMORANDUM

TO: [REDACTED]
[REDACTED] AGENCIES

FROM: MICHAEL E. MCGEE, DIRECTOR
DIVISION OF REAL PROPERTY MANAGEMENT
BUREAU OF BUILDING.

DATE: [REDACTED]

Please read and forward this memo to all members of your staff who are responsible for procuring leases for your agency.

All lease proposals submitted by state agencies to the Division of Real Property Management for review are due in the office of Real Property Management not less than 60 days prior to the 1st day of the lease being requested for approval.

Any lease proposal received by the Division of Real Property Management on or after the first day of any month will not be placed on the Procurement Board Agenda for that month.

All lease proposals must be submitted along with the necessary forms, letters of justification, lists of space inspected, proof of advertisement, and evidence of proper procedure required and included in the "Manual of Policy and Procedure" for leasing space. If not submitted in complete form, the entire proposal package will be returned to the agency and will not be considered as having been received by the Division of Real Property Management.

Past problems with the "timely" and "complete" submittal of the lease proposals has mandated the more stringent enforcement of Policy and Procedure by the Division of Real Property Management.

The agencies are also reminded that when looking for rental space, a "newspaper ad" alone is not adequate. The agency must examine the market place and include list of all properties examined or offered to them along with the reasons these properties were not acceptable for your agency if not your 1st choice.

The "REVISED" lease proposal forms (RPM 2/89) are to be provided by your agency to anyone who desires to submit a lease proposal to your agency. These "REVISED" forms take the place of the "old" RPM 2 LETTER OF INTENT. All proposals from this date forward are to be submitted on this form if the property is to be considered for lease.

It is "strongly" recommended by this office that a deadline for accepting lease proposals for your agency be made public information. Agencies will receive a notice from Real Property Management six months before their lease expires. The agency must set a deadline for receiving proposals for that lease and notify Real Property Management, in writing, of that deadline thirty days after receipt of the expiration notice.

/ss

cc J. W. Beck, Director
Bureau of Building, Grounds and
Real Property Management



AUG 22 1988

AUG 19 1988

STATE OF MISSISSIPPI

RAY MABUS
GOVERNOR

MEMORANDUM

CERTIFIED MAIL

TO: ~~ALL STATE AGENCIES, INSTITUTIONS, COMMISSIONS, AND~~
BOARDSFROM: *JG* JIMMY GARRETT
CAPITAL NEEDS SURVEYOR
BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY
MANAGEMENTDATE: ~~AUGUST 16, 1988~~

RE: EXECUTED LEASE AGREEMENT



In order for this office to carry out its duties, the following information is required by each agency or department. Please sign and return original to this office by September 1, 1988. Keep a copy in your file. This document should be updated each time there is a change in executive level personnel.

I, Thomas H. Brittain, Jr., being duly informed, In witness whereof, have read and understand the following mandate:

Attest: *Thomas H. Brittain, Jr.*

General Laws of 1984, Chapter 488, Senate Bill #3050, Section 8, Section 29-5-2, Mississippi Code of 1972, is amended as follows:

29-5-2. The duties of the Office of General Services shall be as follows:

(c) To approve or disapprove through the Division of Real Property Management, and with the concurrence of the Public Procurement Review Board, any lease or rental agreements by any state agency or department, including any state agency financed entirely by federal funds, for space outside the buildings under the jurisdiction of the Office of General Services. In no event shall any employee, officer, department, federally funded agency or bureau of the state be authorized to enter a lease or rental agreement without prior approval of the Office of General Services and the Public Procurement Review Board.

If we can be of assistance, please contact this office.

/ss

cc J. W. Beck, Director
Bureau of Building

Mike McGee, Director
Div. of Real Property Management

File

**STATE OF MISSISSIPPI**RAY MABUS
GOVERNOR

MEMORANDUM

TO: ~~ALL~~ INSTITUTIONS/AGENCIES

FROM: *MEM* MICHAEL E. MCGEE, DIRECTOR
DIV. OF REAL PROPERTY MANAGEMENT
BUREAU OF BUILDING

DATE: ~~APRIL 8, 1988~~

RE: REQUESTS FOR LEASES FOR FISCAL MANAGEMENT
AND PUBLIC PROCUREMENT REVIEW BOARD

As referenced by the enclosed letter dated March 22, 1988, each agency is required to be represented at the Board meeting when requesting leases for approval. As in the past, I will serve as that representative.

It is for this reason we require Letters of Justification when you submit your leases to our office. Any question that cannot be answered concerning a lease at the Procurement Review Board Meeting will result in a delay for approval of that lease.

If you have any questions, you may call me at 359-3621.

/ss



STATE OF MISSISSIPPI
RAY MABUS
GOVERNOR

MEMORANDUM

March 22, 1988

TO: All Agencies and Institutions
FROM: Cecil C. Brown *cc*
State Fiscal Officer
RE: Requests for Agenda Items for
Fiscal Management Board and
Public Procurement Review Board



Pursuant to instructions from the Fiscal Management Board, future agenda items requiring Board action will not be considered unless a representative of the requesting agency is present at the Board meeting. This representative should be prepared to answer questions about the request.

If you have any questions about this matter, please let us know.

CCB:11

pc: Governor Ray Mabus
Mrs. Melia Peavey
Dr. Maurice James
Mr. Jere Nash
Mrs. Lynda Babin
Mrs. Jean Shaw
All FMB Analysts

Jimmy Barrett -
In view of this memo,
please tell us when we
need to appear regarding
request for lease ~~in~~ of our
Greenda Branch office -
Chamber -
J. H. Wood



State of Mississippi
Governor's Office of General Services


Bill Allain
 Governor

James G. Chastain
 Director
 Bureau of Building

James J. Palmer, Jr.
 Executive Director

MEMORANDUM

TO: All Agency Directors and Leasing Agents

FROM:  Michael E. McGee, Director
 Real Property Management Division

DATE: June 9, 1987

Enclosed you will find copies of pages 3, 4, and 5 of the Procedure Manual for leasing space from the private sector.

There has been no change in these procedures since 7/1/86. However, all the required procedures have not been met by most agencies submitting lease proposals to this office during the past year. Please note "Advertisement" and "List of Space Reviewed" on pages 4 and 5.

As of 7/1/87, all lease proposals submitted which do not include all of the requested information as listed on pages 3, 4, or 5 of the Procedure Manual will be returned to the agency. These proposals will not be reviewed and therefore, will not be placed on the Public Procurement Review Board agenda for approval until all the required information has been submitted to this office.

Also, keep in mind that the agenda deadline is the 2nd Tuesday of each month. This office will not guarantee that lease proposals received less than 60 days prior to their commencement date will be approved prior to that commencement date.

Please call or come by this office should you have any questions concerning these policies and procedures. We will be happy to counsel the members of your agency responsible for your leasing.

/ss

Enc.



State of Mississippi
Governor's Office of General Services

Bill Allain
Governor

James G. Chastain
Director
Bureau of Building

James J. Palmer, Jr.
Executive Director

February 12, 1987

MEMORANDUM

TO: ~~ALL STATE AGENCIES~~

FROM: MICHAEL E. MCGEE, DIRECTOR OF REAL PROPERTY
MANAGEMENT DIVISION
BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY
MANAGEMENT

RE: RENT ESCALATION AGREEMENTS

Attention: Lease Officer

This memo is addressed to all agencies having rent "escalation" agreements in their Leases for office, warehouse, storage, or other types of space.

Before an escalation of rent can be charged due to an increase in utilities, janitorial services, taxes, or insurance, evidence of such increase must be documented by the Lessor and presented to the Lessee, as per the terms of the Lease.

A copy of this information should be submitted to this office for review and for inclusion in your lease file. It is required that any increase in rent be reported to this office for our records. Our records are to be reviewed by the Department of Audit and compared with your lease records.

Please contact this office should you have questions concerning this matter.

/ss



State of Mississippi
Governor's Office of General Services

Bill Allain
Governor

James G. Chastrin
Director
Bureau of Building

James J. Palmer, Jr.
Executive Director

May 28, 1987

MEMORANDUM

TO: ALL STATE AGENCIES

FROM: MICHAEL E. MCGEE, DIRECTOR OF REAL PROPERTY
MANAGEMENT DIVISION
BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY
MANAGEMENT

RE: RENT ESCALATION AGREEMENTS

Attention: Lease Officer

This memo is addressed to all agencies having rent "escalation" agreements in their Leases for office, warehouse, storage, or other types of space.

Before an escalation of rent can be charged due to an increase in utilities, janitorial services, taxes, or insurance, evidence of such increase must be documented by the Lessor and presented to the Lessee, as per the terms of the Lease.

A copy of this information should be submitted to this office for review and for inclusion in your lease file. It is required that any increase in rent be reported to this office for our records. Our records are to be reviewed by the Department of Audit and compared with your lease records.

Please contact this office should you have questions concerning this matter.

/ss



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

FILE # _____
LESSOR # _____

BILL ALLAIN
Governor

JAMES G. CHASTAIN
Director
Bureau of Building

JAMES I. PALMER, JR.
Interim Director
Office of General
Services

September 17, 1986

MEMORANDUM

TO: ALL STATE AGENCIES

FROM: MICHAEL E. MCGEE, DIRECTOR OF REAL PROPERTY
MANAGEMENT DIVISION
BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY
MANAGEMENT

RE: RENT ESCALATION AGREEMENTS

Attention: Lease Officer

This memo is addressed to all agencies having rent "escalation" agreements in their Leases for office, warehouse, storage, or other types of space.

Before an escalation of rent can be charged due to an increase in utilities, janitorial services, taxes, or insurance, evidence of such increase must be documented by the Lessor and presented to the Lessee, as per the terms of the Lease.

A copy of this information should be submitted to this office for review and for inclusion in your lease file. It is required that any increase in rent be reported to this office for our records. Our records are to be reviewed by the Department of Audit and compared with your lease records.

Please contact this office should you have questions concerning this matter.



RECEIVED
1986 SEP 18 PM 1:35
STATE PERSONNEL BOARD

STATE AGENCY LEASING IN NON-STATE-OWNED SPACE

12/11/87

Senate Bill 3050, Laws of 1984, lists the following as one of the duties of the Office of General Services, Bureau of Building, Grounds and Real Property Management:

To approve or disapprove through the Division of Real Property Management, and with the concurrence of the Public Procurement Review Board, any lease or rental agreements by any state agency or department, including any state agency financed entirely by federal funds, for space outside the buildings under the jurisdiction of the Office of General Services. In no event shall an employee, officer, department, federally funded agency or bureau of the state be authorized to enter a lease or rental agreement without prior approval of the Office of General Services and the Public Procurement Review Board.

The leasing policies and procedures in this package have been developed as guidelines to simplify the leasing process for State Agencies, as well as to assist in determining the correct space needs for any given agency.

Included are instructions for all leasing functions, space criteria guidelines, Statement of Facts Form, Lessor's Letter of Intent and the Standard Lease Form. It should be noted that the standard lease form contains two choices for the third page of the lease. Only ONE should be used with any lease. The choices simplify the leasing process if the agency should encounter a bona fide request from a lessor for either a utilities or a tax escalation clause.

In all cases, the standard lease form should be used, since it will insure that no hidden deterrents to amicable leasing will occur. Present lessors to the State appear to find our lease a mutually satisfactory one.

The following pages have been compiled to provide every State Agency, Board or Commission with written standards for the most economical and efficient utilization of space together with written procedures to be followed in leasing that space.

General Guidelines to be followed are:

1. Request for space should be made NO LATER than 90 days prior to need. It is the responsibility of each agency to follow a procedure which will insure that the necessary forms are received by the Division of Real Property Management far enough in advance of the commencement date of their new lease as to provide for the timely preparation of lease proposals to be submitted to the Public Procurement Review Board prior to the commencement date of their lease.

2. Except for (special circumstances) space allocation will be made on the basis of existing positions, not future expectations. All space requested must be accompanied by a narrative report which provides justification for all the space requested.
3. Wherever possible, agencies will be housed in state-owned buildings. However, at all times, moves will be kept to a minimum. It is suggested that each agency submit more than one lease proposal for space which is acceptable for their use in the order of their preference. In the event the 1st choice becomes unavailable or is ruled to be unacceptable, the 2nd or other choice can be submitted without repeating the submission process.
4. When examining rental rates, the state will not exceed the rental rate prevailing in the community for comparable facilities. Square foot price limits will be based on current market conditions in a locality, and rental rates will vary from city to city within the state.
5. Net rentable area will be computed on the basis of the attached criteria.
6. Relocatable buildings and trailers used and occupied by state agencies are considered leased space. Requests for this type of space should be handled in the same manner as requests for new or additional space.
7. Information concerning leases is public information and may be released to any person making inquiry. However, information concerning a lease under negotiation is confidential and shall not be released to the public until negotiations become final.
8. In computing square footage to accommodate an agency's needs, square footage should be no more than 15% greater than the space determination.
9. Building condition, location and adaptability will all be factors in determining the most usable agency location. The cost of utilities, janitorial services, parking, remodeling, moving expense, telephone hook-up, etc. will all be considered in determining the TOTAL COST of the lease.
10. Lease proposals received by this office after an agenda has been prepared will be placed on the agenda for the following month. The RPM agenda is usually prepared on the 2nd Tuesday of each month.

STATE AGENCY LEASING IN NON-STATE-OWNED SPACE

7/01/86

**BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY MANAGEMENT
STATEMENT OF FACTS**

- This is a renewal lease with no increase in cost.
- This is a renewal lease with an increase in cost.
- This is a lease for space not presently occupied.

Agency Name: _____ Lessor Name: _____
 Agency Contact: _____ Address: _____
 Telephone : _____ City: _____
 Agency Preference: 1 ___ 2 ___ 3 ___

Lease Begins: _____
Lease Expires: _____
Total Sq. Ft.: _____
Type of Space: Office Space Sq. Ft. _____ Warehouse Space Sq. Ft. _____ Storage Space Sq. Ft. _____ Other _____ Space Sq.Ft. _____
Annual Cost Per Sq. Ft.: _____
Monthly Rent: _____
Are Utilities Included? Y ___ N ___
Are Janitorial Services Included? Y ___ N ___
FOR OFFICE SPACE: Number of Employees: _____ Sq. Ft. Per Employee: _____ Cost Per Employee: _____
FOR SERVICE AGENCY Sq. Ft. per Patron: _____
Parking Provided? Y ___ N ___
Parking Available? Y ___ N ___
Bldg. Accessable to Handicap? Y ___ N ___
Bldg. Accessable to Wheelchair? Y ___ N ___
Escalation Clause Included? Y ___ N ___ Explain _____
Deviation from Standard Lease? Y ___ N ___ Explain _____

Location of Property: _____
 City: _____

Percent Federally Funded: _____

Proposed Use of Space: _____

Floodplain Zone: _____
 Floodplain Elevation: _____

- If not included in Rent:

Estimated Total Utility Cost Per Year: _____

Estimated Total Janitorial Cost Per Year: _____

Number of Employees by Type
 DR: _____ TM: _____
 MM: _____ PT: _____
 CS: _____ WS: _____

Number of Participants/Clients Served by this Office _____

Number of Parking Spaces: _____

Does Your Budget Include Enough Funds for This Lease? Y ___ N ___

Number of visitors other than State Employees expected?
 Daily _____ Weekly _____

Other pertinent information: _____

If this lease provides more than the allowable space as determined by RPM-3 attach a narrative explaining the reasons for submitting this lease a preference.

If this is a new location attach documented move cost for office fixtures and telecommunication equipment.

Is this space owned all or in part by any official or employee of the State of Mississippi? _____ If yes, specify person, position and percentage of ownership.

Has this space been measured according to RPM Guidelines by a member of your agency and found to be correct _____ YES _____ NO

Date _____ Signature of Agency Head _____

REAL PROPERTY MANAGEMENT DIVISION

LESSOR'S LETTER OF INTENT

Date Submitted to Agency

(I/WE), _____,
propose to lease the following (office/warehouse/_____) space
located at the following address to _____:
(State Agency)

(Street Address)

(City)

Number of Square Feet: _____ (As per RPM Policy)

\$ Amount Per Square Foot: _____ (Area assigned
specifically to agency)

Annual \$ Amount: _____

Are utilities included? _____

Are janitorial services included? _____

Exceptions, if any, to Standard Lease Agreement: _____

This proposal is binding until: _____, 198__.

(Signature of Lessor/Lessor's Agent)

(Title)

(Street)

(City, State, Zip)

(Business Telephone)

STATE AGENCY LEASING IN NON-STATE-OWNED SPACE

7/01/86

**BUREAU OF BUILDING, GROUNDS AND REAL PROPERTY MANAGEMENT
OFFICE SPACE EVALUATION FORM**

Agency employees are classified into the following categories:

Employee	Number	Allotment	Requirement
Director/Directors (DR)	<u> </u> X	225 s.f.	= <u> </u>
Top Management (TM)	<u> </u> X	150 s.f.	= <u> </u>
Middle Management (MM)	<u> </u> X	100 s.f.	= <u> </u>
Professional and/or Technical (PT)	<u> </u> X	100 s.f.	= <u> </u>
Work Stations (WS) 1 per person with justification	<u> </u> X	50 s.f.	= <u> </u>
Clerical and/or Support (CS)	<u> </u> X	80 s.f.	= <u> </u>
Work Station (WS) 1/2 per person with justification	<u> </u> X	25 s.f.	= <u> </u>

Sub Total =

Sub Total X 1.2 (20%) =

ADDITIONAL AREA NEEDS

* All area listed below requires a narrative explaining the necessity for this space.

Waiting Room Based on average occupancy for a typical 1 hour period of the day	<u> </u> X	15 S.F.	= <u> </u>
Conference Room Based on average occupancy	<u> </u> X	25 S.F.	= <u> </u>
Supply/Storage/ Office Machine	ACTUAL FLOOR SPACE REQUIRED <u> </u>		
Other Space	Describe by narrative. Explain method used to determine area. <u> </u>		

Sub Total =

AREA TOTAL

ALLOWABLE SPACE (AREA TOTAL + 15%) = SQ. FT.

L E A S E A G R E E M E N T

THIS LEASE AGREEMENT made and entered into this the _____ day of _____, 19____, by and between _____ whose address is _____, (hereinafter referred to as "Lessor"). and the _____, whose address is _____ (hereinafter referred to as "Lessee"). The terms "Lessor" and "Lessee" shall include, whenever the context admits or requires singular or plural, the heirs, legal representatives, successors and assigns of the respective parties.

WITNESSETH

FOR AND IN CONSIDERATION of the rental, covenants and conditions hereinafter stipulated to be paid and performed by Lessee, Lessor does hereby demise and let unto Lessee and Lessee does hereby accept and let from Lessor, the following described property situated in the City of _____, County of _____, Mississippi, described as follows, to-wit:

SECTION 1. The primary term of this Lease shall be for _____, commencing on _____ and ending at 12:00 midnight on _____

SECTION 2. The Lessee agrees to pay Dollars (\$ _____) per _____ to the Lessor for the demised premises, pursuant to the following described terms and conditions:

SECTION 3. Lessee shall have, hold and use the demised premises for the purposes of conducting the business activities of _____

SECTION 4. Lessee will, at all times, attempt to act in a prudent manner to conserve the amount of utilities consumed. Lessor shall furnish and pay for, as and when due, all utilities consumed or used incident to the demised premises, such as electricity, gas, water, sewer and all other public utilities of every nature, kind and description used in said premises unless otherwise agreed to in a later section of this Lease or on the following lines:

SECTION 5. Lessee will, at all times, take good and ordinary care and precaution for the preservation of the demised premises. Lessor shall furnish the following janitorial services:

SECTION 6. Any notice required to be given by either party to the other party under the terms of this Lease shall be served upon such party by United States Certified Mail as follows:

To Lessor: _____

To Lessee: _____

SECTION 7. It is expressly understood and agreed that the Lessee's assumption of occupancy and the payment of rental is conditional on the receipt of Federal and State funds, and in the event of a discontinuance or decrease in Federal and/or State funds for any cause necessitating a reduction in the Lessee's staff or need for office space, the Lessee's obligation for the payment of rental shall be diminished in proportion to the reduction in office space without penalty or interest. As a condition precedent to the reduction of rental paid by Lessee herein, the Lessee shall notify the Lessor at least thirty (30) days in advance of any reduction in space necessitated by the discontinuance or decrease in Federal and/or State funds.

SECTION 8. It is distinctly understood and agreed by and between the parties hereto that in the event office space becomes available to the Lessee herein in any State-owned building, this Lease shall be terminated within thirty (30) days from and after the date of written notice of termination of said Lease by the Lessee to the Lessor.

SECTION 9. Lessee shall not, without the previous consent in writing of the Lessor, assign this Lease or sublet the whole or any part of the demised premises or permit the demised premises or any part thereof to be used or occupied by others, which consent by Lessor shall not be unreasonably withheld. In event Lessor consents to any such assignment or subletting, Lessee shall remain and continue primarily liable for the performance of the covenants and obligations on his part to be performed under this Lease during the primary or any extended term hereof.

SECTION 10. Lessor agrees to keep the building improvements erected on the demised premises insured against loss or damage by fire and all standard extended coverage perils for the full, fair insurable value thereof in a solvent and responsible company or companies authorized to do business in the State of Mississippi.

SECTION 11. At the expiration of the tenancy hereby created and any extended term thereof, Lessee shall surrender the leased premises in the same condition as the leased premises were in upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by unavoidable casualty excepted, and Lessee's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease.

SECTION 12. The Lessor covenants to keep and maintain, at Lessor's expense, said demised premises and facilities in a state of tenantable repair during the term of the Lease; provided, however, that Lessor shall not be called upon to make any such repairs occasioned by the acts of negligence of the Lessee, its agents, patrons, or employees, except where covered under Lessor's fire and extended coverage insurance.

SECTION 13. Should the demised office building be totally or substantially destroyed by fire, the elements or otherwise, so as to render the demised office building untenable, either party shall have the option to cancel the remaining portion of this Lease or of any extended term or period hereof. Lessee shall have no obligation to pay rent of any nature so long as the demised office building is untenable.

SECTION 14. Failure on the part of the Lessee to pay any installment of rent as above set out as and when the same becomes due and payable, or failure of Lessee promptly and faithfully to keep and perform each and every covenant agreed and stipulated herein on the part of the Lessee to be kept and performed, shall at the option of the Lessor cause a forfeiture of this Lease.

Nothing contained in the foregoing paragraph shall be construed to waive either party's right to cancel this Lease in event of any forfeiture or breach on the part of the other party hereto, all of which rights or cancellation are herein specifically reserved.

Prior to a declaration of forfeiture for default in payment of rent or additional rent, Lessor shall give to Lessee a Notice in writing thirty (30) days prior thereto in the manner provided for by Section 6 hereof, during which time Lessee may purge itself on the grounds of forfeiture by paying such rent.

As to default by Lessee in performing covenants other than for payment of rent prior to a declaration of forfeiture. Lessor shall give to Lessee a notice in writing 30 days prior thereto in the manner provided for by Section 6 during which time Lessee may purge itself on the grounds of forfeiture by curing the stated grounds of forfeiture within such 30 days or within such longer term as may be reasonably necessary to cure such defect.

SECTION 15. Lessor shall pay during the term of this Lease and any extended term hereof all State, County and City ad valorem taxes and special assessments assessed against the property here demised, unless otherwise agreed to in a later Section of this Lease, excluding any such taxes as may be assessed against Lessee's fixtures and equipment used in said demised premises.

SECTION 16. Lessor covenants that the Lessee, on paying the rent herein reserved and performing the covenants and agreements hereof, shall peaceably have, hold and enjoy the demised premises and all rights, easements and privileges belonging or anywise pertaining thereto, during the full term of this Lease, and any extension thereof.

SECTION 17. Lessor will provide paved parking area sufficient for the operation of said agencies on the leased premises, without additional cost to Lessee. Lessor will maintain such parking lot throughout the term of this Lease and any extension thereof in a serviceable condition.

Lessor agrees to keep all parking areas provided to Lessee clean and free of trash and debris.

SECTION 18. This Lease will not become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board. No amendment to or modification of this Lease shall become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review board.

SECTION 19. Lessor hereby grants to Lessee the right and option to extend this Lease for a further term of up to three months commencing at the expiration of the original term; provided, however, that written notice of the exercise of such option shall be given by Lessee to Lessor at least thirty (30) days before the expiration of the term of this Lease. Such extension shall be at the same annual rental rate as that provided herein for the last year of the original term and the actual rental amount shall be prorated according to the length of the additional term. All other terms and conditions set out herein shall be in effect during the term of the extension.

IN WITNESS WHEREOF, this Lease Agreement has been duly executed in duplicate originals on the date hereinabove set forth.

LESSOR (Individual or Corporation

BY: _____

LESSEE

BY:

(Lessee's acknowledgement)

STATE OF MISSISSIPPI
COUNTY OF _____

On this the _____ day of _____, 19____, before me, _____, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires _____

(Lessor's acknowledgement for an individual)

STATE OF _____
COUNTY OF _____

On this the _____ day of _____, 19____, before me, _____, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires _____

(Lessor's acknowledgement for a corporation)

STATE OF _____
COUNTY OF _____

On this the _____ day of _____, 19____, before me _____, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

(SEAL)

NOTARY PUBLIC

My Commission Expires _____

As to default by Lessee in performing covenants other than for payment of rent prior to a declaration of forfeiture, Lessor shall give to Lessee a notice in writing 30 days prior thereto in the manner provided for by Section 6 during which time Lessee may purge itself on the grounds of forfeiture by curing the stated grounds of forfeiture within such 30 days or within such longer term as may be reasonably necessary to cure such defect.

SECTION 15. Lessor shall pay during the term of this Lease and any extended term hereof all State, County, and City ad valorem taxes and special assessments assessed against the property here demised, unless otherwise agreed to in a later Section of this Lease, excluding any such taxes as may be assessed against Lessee's fixtures and equipment used in said demised premises.

SECTION 16. Lessor covenants that the Lessee, on paying the rent herein reserved and performing the covenants and agreements hereof, shall peaceably have, hold and enjoy the demised premises and all rights, easements and privileges belonging or otherwise pertaining thereto, during the full term of this Lease, and any extension thereof.

SECTION 17. Lessor will provide paved parking area sufficient for the operation of said agencies on the leased premises, without additional cost to Lessee. Lessor will maintain such parking lot throughout the term of this Lease and any extension thereof in a serviceable condition.

Lessor agrees to keep all parking areas provided to Lessee clean and free of trash and debris.

SECTION 18. This Lease will not become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board. No amendment to or modification of this Lease shall become valid and binding until approved in writing by the Office of General Services and the Public Procurement Review Board.

SECTION 19. Lessor hereby grants to Lessee the right and option to extend this Lease for a further term of up to three months commencing at the expiration of the original term; provided, however, that written notice of the exercise of such option shall be given by Lessee to Lessor at least thirty (30) days before the expiration of the term of this Lease. Such extension shall be at the same annual rental rate as that provided herein for the last year of the original term and the actual rental amount shall be prorated according to the length of the additional term. All other terms and conditions set out herein shall be in effect during the term of the extension.

SECTION 20. Lessor shall pay all utility and/or janitorial service charges assessed against the demised premises during the first year of the original term of this Lease as set out in Sections 4 & 5 of this Lease. However, if the total expense for utility and/or janitorial services in succeeding years should increase over the total expense incurred during the first year of the original term, then the Lessee shall reimburse the Lessor for such additional sums. Prior to payment of such additional sums, Lessor shall provide Lessee with copies of all utility and/or janitorial service charge statements, and all supporting calculations, as confirmation of such amounts due. Upon receipt of satisfactory documentation of such charges, Lessee shall pay to Lessor such additional sums within sixty (60) days.

SECTION 21. Lessor shall pay all taxes assessed against the demised premises during the first year of the original term of this Lease as set out in Section 15 of this Lease. However, if the total expense for taxes in succeeding years should increase over the total taxes incurred during the first year of the original term, then the Lessee shall reimburse the Lessor for such additional sums. Prior to payment of such additional sums, Lessor shall provide Lessee with copies of all tax statements and all supporting calculations as confirmation of such amounts due. Upon receipt of satisfactory documentation of such charges, Lessee shall pay to Lessor such additional sums within sixty (60) days.

SECTION 22. Lessor agrees that the total additional sums due by the Lessee as payment for any increase, as provided by Sections 20 & 21 of this lease, shall not exceed \$ _____ per sq. ft. of leased area in any one year.

IN WITNESS WHEREOF, this Lease Agreement has been duly executed in duplicate originals on the date hereinabove set forth.

LESSOR (Individual or Corporation)

BY: _____

LESSEE

BY: _____