

**APPROVE ENTERING INTO AN AGREEMENT WITH GE CAPITAL PUBLIC FINANCE, INC.  
FOR LEASE FINANCING**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve entering into an agreement with GE Capital Public Finance, Inc. ("GE") for master lease financing with purchases not to exceed \$20,000,000. GE was selected on a non-competitive basis because of GE's competitive rates and prior work history with the Board. A written Master Lease Agreement is currently being negotiated. No financing services shall be provided by GE prior to the execution of the Master Lease Agreement. The authority granted herein shall automatically rescind in the event a written Master Lease Agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**SPECIFICATION No.: 02-250177**

**VENDOR:** G.E. Capital Public Finance, Inc.  
8400 Normandale Lake Blvd., Suite 470  
Minneapolis, MN 55437  
1 (800) 346-3164 x5617  
Contact: Kevin Johnson  
Vendor #44550

**USER:** Office of School Financial Services ("Finance")  
Bureau of Treasury  
125 S. Clark 13<sup>th</sup> Floor  
David Bryant  
(773) 553-2806

**TERM:** The term of the Master Lease Agreement will begin on the date the Master Lease Agreement is signed and shall end 12-months thereafter, with the Board having the option to extend the Master Lease Agreement for two successive one-year terms. The terms of the underlying individual lease schedules shall commence on the funding date that GE provides reimbursement to the Board for the associated equipment purchase(s). This date will be determined at such time as the Board and GE fulfill their mutual obligations and complete all necessary contractual documents. From the funding date, the term of financing will be as specified in the Master Lease Agreement for the asset class being financed. The term of the individual lease schedules may continue even though the Master Lease Agreement has expired.

**DESCRIPTION OF PROGRAM:** GE will provide lease financing to the Chicago Public Schools to support leases and lease / purchase of essential assets, including, but not limited to: computer hardware and software, data cabling, electrical upgrades, computer training, photocopiers, multimedia equipment, and other essential hard and soft assets in accordance with the Master Lease Agreement. GE provided the Board with lease financing from February 26, 1999 to August 31, 2001.

**DESCRIPTION OF FINANCING:** Treasury will facilitate the purchasing of the equipment. Individual lease schedules with GE will be entered into based on the individual user's ability to make lease payments. All authorized purchases will be supported by individual purchase orders. GE will provide reimbursement for equipment after several criteria have been met, including, but not limited to, the vendors shipping and installing the leased equipment. Lease payments will be either 1) intercepted from the user's budget at the start of the school year or, 2) if made from sources other than budgeted funds, such as a school's internal account, made directly by users to Treasury. Individual lease transactions pursuant to this Agreement will be submitted to the Board and are subject to Board approval. Interest rates and leasing terms will be negotiated by Treasury and GE for individual leases.

**OUTCOME:** GE will provide financing for Board approved projects, periodic invoicing for debt service payments, and reporting as requested by the Board all in accordance with the terms of the Master Lease Agreement.

**COMPENSATION:** GE shall be paid interest charges on the amount of principal borrowed by the Board. In no event shall the interest component of lease payments be determined on the basis of interest rates that exceed the greater of 9% per annum or 125% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer, published in New York, New York (or any successor publication or index, or if such publication or index is no longer published, then any index of long term municipal tax-exempt bond yields then selected by the Board).

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the Master Lease Agreement. Authorize the President and Secretary to execute the Master Lease Agreement. Authorize the Chief Fiscal Officer or his or her designee to negotiate and execute, after Board approval is received, the individual lease schedules, and other documents incidental thereto, as may be deemed necessary to carry out and comply with the terms of the Master Lease Agreement or the individual lease schedules.

**AFFIRMATIVE ACTION:** Pursuant to section 3.7.4 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE) this contract is exempt from review due to the contract being a unique transaction.

**LSC REVIEW:** LSC review is not applicable to this report.

**FINANCIAL:** Charge to: All fees to GE will be incorporated in the interest rates. Individual lease schedules with the users will be sufficient to cover costs incurred with GE and any other costs incurred related to the implementation of the lease financing program.

Budget Classification: 0963-090-000-9600-5730 (FY03)  
0963-611-000-9600-5910 (FY03)

**GENERAL CONDITIONS:**

**Inspector General:** Each party to the Agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

**Conflicts:** The Agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board Members during the one-year period following expiration or other termination of their terms of office.


**Indebtedness:** The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the Agreement.


**Ethics:** The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the Agreement.

**Contingent Liability:** The Agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for consideration:**

**Approved:**

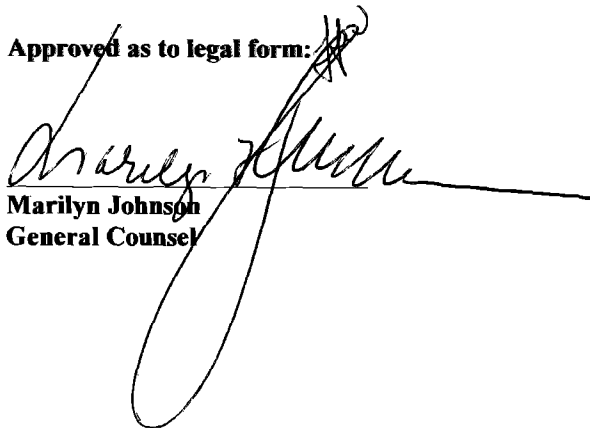
  
Anita Rocha  
Acting Chief Purchasing Officer

  
Arne Duncan *by PAD*  
Chief Executive Officer

**Within Appropriation:**

  
Kenneth C. Gotsch  
Chief Fiscal Officer

**Approved as to legal form:**

  
Marilyn Johnson  
General Counsel