

**APPROVE ENTERING INTO AN AGREEMENT WITH GARDNER, UNDERWOOD & BACON LLC  
FOR CONSULTING SERVICES**

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

Approve entering into an agreement with Gardner, Underwood & Bacon LLC ("GU&B") to provide consulting services to the Office of School Financial Services at a cost not to exceed \$275,000.00. GU&B was selected on a non-competitive basis because of its experience as a full service financial and management advisory firm. A written agreement for GU&B's services is currently being negotiated. No payment shall be made to GU&B prior to the execution of a written agreement. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**CONSULTANT:**

Gardner, Underwood & Bacon LLC  
6<sup>th</sup> Floor  
833 W. Jackson Blvd.  
Chicago, Illinois 60607  
Lisa Smith  
(312) 850-2152

**USER:**

Office of School Financial Services  
125 S. Clark Street, 13<sup>th</sup> Floor  
Chicago, IL 60603  
David Bryant  
(773) 553-2790

**TERM:** The term of this agreement shall commence on the date the agreement is signed and shall end 12 months thereafter. This agreement shall have one option to renew for a period of one year. Cost for the renewal period shall be negotiated prior to renewing the contract.

**EARLY TERMINATION RIGHT:** The Board shall have the right to terminate this agreement immediately at any time for any or no reasons.

**SCOPE OF SERVICES:** GU&B shall provide the following services: Performance of financial advisory ("FA") services including general advice on debt management issues including rating agency presentations, coordination of issuance of periodic bond issues and investment of proceeds, and other specific services at the request of the Chief Fiscal Officer. The role played in bond issuance will be either "Primary" which involves assuming primary responsibility for the bond issuance, or "Secondary" which involves assuming oversight responsibility for bond pricing and primary responsibility for the investment of proceeds pursuant to assignment by the Chief Fiscal Officer. Upon specific authorization by the Chief Fiscal Officer, GU&B may also provide consulting services to the Office of School Financial Services on a broad range of financing issues including, but not limited to, the funding of the Capital Improvement Program ("CIP") and other financing initiatives.

**DELIVERABLES:** GU&B will provide reports and written analyses as requested by the Office of School Financial Services to support decision-making regarding various financing alternatives.

**OUTCOMES:** GU&B's services shall result in the issuance or restructuring of bonds or the establishment of one or more financing mechanisms that will allow the Board to finance the CIP in an efficient and cost effective manner.

**COMPENSATION:** GU&B shall be paid as follows: \$200.00 per hour for consulting services. For a specific bond transaction FA services, Consultant shall be paid \$.60/\$1,000 of bond proceeds with a minimum of \$50,000 per bond transaction. For investment management services for bond proceeds and debt service funds, consultant shall be paid \$.30/\$1000 of bond proceeds realized from the bond issue for which services were performed with a minimum of \$25,000, provided all payments must be within statutory limits. The total compensation under this

agreement shall not exceed the sum of \$275,000.

**REIMBURSABLE EXPENSES:** GU&B shall be reimbursed for the following expenses only upon prior written authorization from the Chief Fiscal Officer: travel and other related expenses deemed extraordinary. The total compensation amount reflected herein is inclusive of all reimbursable expense.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize the Chief Fiscal Officer to assign the financing tasks to GU&B and to execute all ancillary documents required to administer or effectuate the agreement.

**AFFIRMATIVE ACTION:** Pursuant to Section 6.2 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan), the Per Contract and Category Goals method for M/WBE participation will be utilized.

**LSC REVIEW:** Local School Council approval is not applicable to this report

**FINANCIAL:**

Charge to Bureau of Treasury: \$75,000.00	Fiscal Year: FY03
Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Not to exceed \$25,000
Budget Classification: Assigned at bond issuance	Source of Funds: Other bond funds Not to exceed \$50,000
Charge to Bureau of Treasury: \$200,000.00	Fiscal Year: FY04
Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Not to exceed \$50,000
Budget Classification: Assigned at bond issuance	Source of Funds: Other bond funds Not to exceed \$150,000

(If bond sales or other financing transactions result from the work of this Consultant, then the budget classification for each bond sale or financing vehicle will be a unique classification and will be established in the respective fiscal year budget. If some other financing mechanisms are utilized, then the Board may use proceeds from those vehicles to pay for this financial Consultant. If no bond sales result and no proceeds are used to pay financial advisors, then the above budget classification will be used.)

**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,

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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:



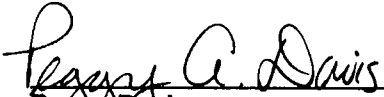
Sean P. Murphy  
Chief Purchasing Officer

Approved:



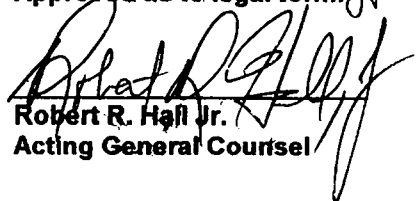
Arne Duncan  
Chief Executive Officer

Within Appropriation: DS



Peggy Davis  
Chief of Staff

Approved as to legal form: JW



Robert R. Hall Jr.  
Acting General Counsel