

APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT WITH GARDNER, UNDERWOOD & BACON LLC FOR CONSULTING SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with Gardner, Underwood & Bacon LLC ("GU&B") to provide consulting services to the Office of School Financial Services at a cost for the option period not to exceed \$350,000.00. A written document exercising this option is currently being negotiated. No payment during the option period shall be made to GU&B prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this renewal agreement is stated below.

Specification No.: 03-250103

CONSULTANT:

Gardner, Underwood & Bacon LLC
6th Floor
833 W. Jackson Blvd.
Chicago, Illinois 60607
Lisa Smith
(312) 850-2152
Vendor # 38410

USER:

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

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 03-0527-PR43) in an amount not to exceed \$275,000.00, is for a term commencing July 30, 2003 and ending July 29, 2004 with the Board having the option to renew the agreement for one (1) additional 12-month period. The original agreement was awarded on a non-competitive basis because of consultant's experience as a full service financial and management advisory firm.

OPTION PERIOD: The term of the agreement is being extended for a term commencing July 30, 2004 and ending on July 29, 2005.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: GU&B shall continue to 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 Financial 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 Financial Officer. Upon specific authorization by the Chief Financial 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: Consultant will continue to provide reports and written analyses as requested by the Office of School Financial Services to support decision-making regarding various financing alternatives.

OUTCOMES: Consultant'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: For services rendered during the option period, the total compensation shall not exceed \$350,000.00, with a specific fee schedule to be included in the written document.

REIMBURSABLE EXPENSES: Consultant shall be reimbursed for the following expenses only upon prior written authorization from the Chief Financial 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 renewal agreement. Authorize the President and Secretary to execute the renewal agreement. Authorize the Chief Financial Officer to assign the financing tasks to Consultant 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.

Total MBE 66.8%.
Total African American 33.4%
Total Hispanic 33.4%

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

FINANCIAL:

Charge to Bureau of Treasury: \$325,000.00	Fiscal Year: FY05
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 \$300,000
Charge to Bureau of Treasury: \$25,000.00	Fiscal Year: FY06
Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Not to exceed \$25,000

(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.

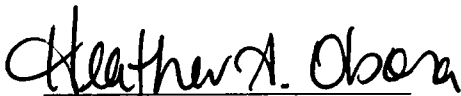
Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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

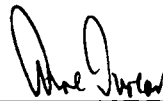
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Approved:

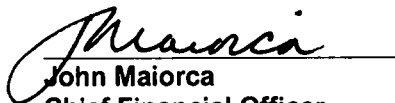


Heather A. Obora
Chief Purchasing Officer



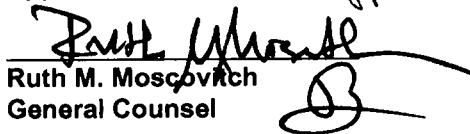
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: 


Ruth M. Moscovitch
General Counsel