

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE EXTENSION AGREEMENT
WITH JOHNSON RESEARCH GROUP, INC.**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the Extension Agreement with Johnson Research Group, Inc. to provide consulting services to School Financial Services at a cost for this option period not to exceed \$150,000. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during this option period prior to the execution of the written document. 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 option is stated below.

CONSULTANT:

Johnson Research Group, Inc.
345 S. Dearborn, Suite 502
Chicago, IL 60604
312-235-0130
Ron Johnson
Vendor #30433

USER:

Office of School Financial Services
125 S. Clark, 14th floor
Chicago, IL 60603
Susan Marek
773-553-2717

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 01-0822-PR15) in the amount of \$75,000 is for a term commencing August 30, 2001 and ending August 29, 2002 with the Board having three consecutive options to renew for terms of one year each. The original agreement was amended (authorized by Board Report 02-0626-PR39) to increase the amount to \$175,000. The original agreement was renewed (authorized by Board Report 02-0724-PR25) in the amount of \$175,000 for a term commencing August 30, 2002 and ending August 29, 2003; and was renewed again (authorized by Board Report 03-0723-PR72) in the amount of \$150,000 for a term commencing August 30, 2003 and ending August 29, 2004. The original agreement was further renewed by an Agreement of Extension (authorized by Board Report 04-0728-PR32) in the amount of \$150,000 for a term commencing August 30, 2004 and ending August 29, 2005. This Extension Agreement contains two consecutive options to renew for terms of one year each. The original agreement was awarded on a non-competitive basis because of the special knowledge and expertise of this consultant.

OPTION PERIOD: The term of the original agreement, as previously modified and continued, is being extended for one additional year commencing August 30, 2005 and ending August 29, 2006.

OPTION PERIODS REMAINING: There is one option period for one year remaining.

SCOPE OF SERVICES: Consultant will continue to serve as special advisor to the Chief Financial Officer to develop a strategy with the Chicago Department of Planning and Development and the Chicago Department of Finance on tax increment financing initiatives to support the Capital Improvement Program. Consultant will focus on preparing detailed financial analyses of available TIF revenues, negotiating financial commitments from the City, preparing formal written agreements with the city, and receiving the funds identified for CPS. These written agreements will formalize a revenue stream for both short-term and long-range funding of the capital improvement program. Consultant also will develop complex strategies and mechanisms needed to coordinate all aspects of the negotiations. Consultant also will advise the Chief Financial Officer on alternative TIF strategies, present creative approaches for additional funding opportunities, and provide long range planning assistance to the Chief Financial Officer. Consultant also will conduct financial feasibility studies in specific TIF districts to verify future projections of available tax increment revenues.

DELIVERABLES: Consultant will continue to provide the following deliverables: monthly project reports, database of TIF revenues and potential revenue opportunities from existing TIF districts, a database of schools in or adjacent to TIFs, intergovernmental agreements, feasibility analyses, and strategic planning documents, all as requested by the Chief Financial Officer.

OUTCOMES: Consultant's services will result in revenue for the Capital Improvement Program over the next 1-5 years. To date, the consultant has helped negotiate \$266 million in intergovernmental agreements with the City of Chicago to fund new schools and anticipates negotiating an additional \$400 million in the next two to three years.

COMPENSATION: Consultant shall be paid during this option period as follows: Hourly rate of \$150, plus reimbursables; with total compensation not to exceed the sum of \$150,000.

REIMBURSABLE EXPENSES: Consultant shall be reimbursed for the following expenses: report preparation expenses and copying charges agreed to in advance by the Chief Financial Officer. The total compensation amount reflected herein is inclusive of all reimbursable expenses.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize Chief Financial Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

Consultant has, however, identified and scheduled the following firms and percentages:

Total MBE 39.0%

Total African American 28.0%

Ernest Sawyer Enterprises 100 N. LaSalle St. St. 500 Chicago, IL 60602	Certified 8/1/05	\$40,000	26.7%
--	------------------	----------	-------

World's Printing 233 N. Michigan Ave Chicago, IL 60601	Certified 7/1/05	\$2,000	1.3%
--	------------------	---------	------

Total Hispanic 4.0%

GP & R (Prado & Renteria) 1837 S. Michigan Chicago IL 60601	Certified 9/1/05	\$6,000	4.0%
---	------------------	---------	------

Total Asian 2%

Sir Speedy 311 S. Waden Drive Chicago, IL 60606	Certified 9/1/05	\$3,000	2%
---	------------------	---------	----

Total WBE 5%

Noltam, Inc. 100 N. LaSalle St. Suite 1515 Chicago, IL 60602	Certified 9/1/05	\$7,500	5%
--	------------------	---------	----

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

FINANCIAL: Charge to School Financial Services: \$150,000
Budget Classification: 0230-476-000-1121-5410

Fiscal Year: 2006
Source of Funds: Fund 476 (Capital Fund)

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.

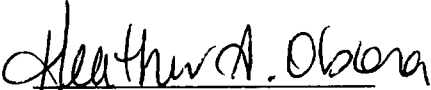
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one-year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

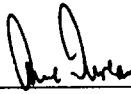
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



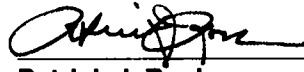
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: *64*



Patrick J. Rocks
General Counsel