

APPROVE THE RENEWAL OF THE AGREEMENT WITH MB REAL ESTATE SERVICES LLC FOR PROPERTY MANAGEMENT SERVICES AT 125 S. CLARK STREET AND APPROVE THE CONTINUED FUNDING OF THE DISBURSEMENT ACCOUNT RELATED THERETO

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the agreement with MB Real Estate Services LLC to provide property management services for the 125 South Clark Street Building (the "Building") at a cost not to exceed \$374,355.00 for a one-year term, which cost includes payroll for management site personnel and administrative fees. A written renewal agreement for Consultant's services is currently being negotiated. The authority granted herein shall automatically rescind in the event a written renewal document is not executed within 90 days of the date of this Board Report. Also, approve the funding of the disbursement account in the amount of \$3,502,000.00 related to the management of the Building during Renewal term. Information pertinent to this matter is stated below.

SPECIFICATION NO.: 05-250004-A

CONSULTANT: MB Real Estate Services LLC
181 W. Madison Street, Suite 3900
Chicago, IL 60602
Contact Person: Kevin Purcell
Phone: (312) 726-1700
Vendor # 30356

USER: Real Estate Department
125 South Clark Street – 16th Floor
Chicago, IL 60603
Contact Person: Lori J. Woodman
Phone: (773) 553-2922

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 05-0525-PR3) is for a term commencing July 1, 2005 and ending June 30, 2007, with the Board having 2 options to extend the agreement for a period of 1 year each. The agreement was renewed (authorized by Board Report 07-0328-PR4) for a term commencing July 1, 2007 and ending June 30, 2008. The original agreement was awarded pursuant to a duly advertised request for proposals (Specification # 05-250004-A).

RENEWAL TERM: The term of this agreement shall be renewed for a period commencing July 1, 2008 and ending June 30, 2009.

OPTION PERIODS REMAINING: There are no options remaining.

SCOPE OF SERVICES: Consultant will continue to provide property management services, including maintenance and all operations of the Building, as follows:

Management Services

- 1) Supervise, and oversee all administration and operation of the Building;
- 2) Supervise and oversee the building engineers;
- 3) Provide full financial accountability and report of income from and expenses of the Building;
- 4) Prepare financial and management reports and maintenance of appropriate records;
- 5) Manage and coordinate relations with Building occupants, including administration of all leases, communication with occupants, collecting rents and depositing same into a receipt account on the Board's behalf, recording of rent collections, and provision of responsive occupant services;

- 6) Administer, interact with, coordinate the performance of and pay for all goods and services from the Disbursement Account required in the operation of the Building;
- 7) Administer and coordinate capital improvements as directed by the Board;
- 8) Maintain all physical areas within the Building to assure that high levels of cleanliness, state of repair, and aesthetic appeal are sustained in compliance with specifications as determined by the Board;
- 9) Develop and maintain an emergency plan that satisfies minimal building operation in the event of a power loss;
- 10) Provide monthly reports on the status of its assignments;
- 11) Operate and maintain all Building heating, ventilating, and air conditioning systems and all other mechanical, electrical, and plumbing systems;
- 12) Develop and maintain a database containing all the information and records regarding facility regulatory compliance;
- 13) Advise the Board, on an ongoing basis, as to building code compliance, liability, life safety, environmental contamination, and the Americans with Disabilities Act (ADA) compliance;
- 14) Maintain a Receipt Account and Disbursement Account per appropriate industry standards;
- 15) Manage building recycling program in accordance with the City of Chicago ordinance; and,
- 16) Implement an electronic/telephonic work order system.

Portfolio Management

- 1) Make recommendations regarding lease terminations and renewals;
- 2) Give timely notification and advice regarding lease renewal timelines or the exercise of lease options;
- 3) Analyze, benchmark and supply market data to support proposed leasing transactions; and
- 4) If requested, identify areas of inappropriate space utilization within the Building space and make recommendations for the reduction of leased space, increase of leased space, reduction of Board occupied space or increase of Board occupied space.

Marketing

- 1) Acting in conjunction with the Board's Real Estate Department, assist in the marketing and showing of leasable space in the Building.

Auditing

- 1) Generate a monthly report that compares actual expenses verses projected expenses, determining and identifying any discrepancies; and
- 2) Provide monthly reports on the status of work orders, other projects, including project timelines and action plans, reconciliation of accounts, and rent roll.

DELIVERABLES: Consultant will continue to provide full financial accountability and reporting of income and expenses of the Building and prepare the annual operating and capital expenditure budget relating to the Building in conjunction with the Real Estate Department.

OUTCOMES: The services of Consultant under the Property Management Agreement will enable the Building to operate on a day-to-day basis.

COMPENSATION: Consultant shall be paid a management fee in the amount of \$374,355.00, which fee includes payroll for the Consultant's site personnel and Consultant's administrative fee, profit and overhead.

FUNDING OF DISBURSEMENT ACCOUNT: The Board shall continue to fund the Disbursement Account in the amount of the annual approved budget for the operation of the Building, which account will be funded on a monthly basis in the amount equaling approximately 1/12 of the annual budget. Some monthly fluctuation may occur due to seasonal and/or one-time expenses. Consultant shall pay all vendor expenses and all other operation and management expenses for the Building from this account on behalf of the Board and shall account for all expenses paid from this account. The Disbursement Account shall not include funding for utilities or capital expenses for the Building. Although consultant will manage and monitor the utilities and capital projects for the Building, these expenses will be paid directly by the Board.

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 written renewal agreement. Authorize the continued funding of the Disbursement Account. Authorize the Chief Administrative Officer to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION: The MWBE goals for this contract include: 25% total MBE and 5% total WBE.

However, the Waiver Review Committee recommends that a partial waiver of the MWBE participation goals for this contract as required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services contracts be granted because the contract is not further divisible.

The vendor has, however, scheduled the following firms and percentages:

Total MBE% - 27%

Total African American – 18%

Triad Consulting Services, Inc.
10 S. Riverside Plaza, Suite 810
Chicago, Illinois 60606
Contact: Nikki Zollar

certified through 08/01/2008

Total Hispanic – 9%

Urban Assets of Illinois, Inc.
980 N. Michigan Avenue, Suite 1085
Chicago, Illinois 60611
Contact: Jorge Galdamez

certified through 08/01/2008

Total WBE% - 0%

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

FINANCIAL: FOR PROPERTY MANAGEMENT FEE:

Charge to Real Estate: \$374,355 FY 08/09
Budget Classification: 11910-115-54125-254009-000000-2009

FOR FUNDING OF DISBURSEMENT ACCOUNT:

Charge to Real Estate: \$3, 502,000 FY 08/09
Budget Classification: 11910-115-54105-254009-000000-2009

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.

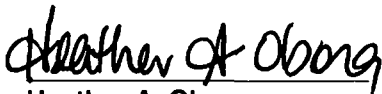
Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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.

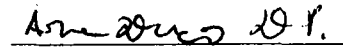
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Approved:

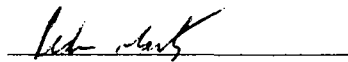


Heather A. Obora
Chief Purchasing Officer



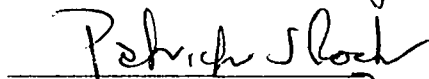
Arne Duncan
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel