

APPROVE ENTERING INTO AN AGREEMENT WITH MB REAL ESTATE SERVICES LLC FOR PROPERTY MANAGEMENT SERVICES AT 125 SOUTH CLARK STREET AND APPROVE THE FUNDING OF THE DISBURSEMENT ACCOUNT RELATED THERETO

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with MB Real Estate Services LLC to provide property management services for the 125 South Clark building (the "Building") at a cost not to exceed \$1,201,000 for a three year contract period, which cost includes payroll for on-site administrative personnel and management fees. Consultant was selected pursuant to a duly advertised Request for Proposals. A written agreement for Consultant's services is currently being negotiated. No services shall be provided by Consultant and no payment shall be made to Consultant prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

VENDOR:

1)
Mb Real Estate, Llc
181 West Madison
Chicago, Il 60602
Kevin Purcell
312-726-1700
Vendor # 30356

USER:

Facility Operations & Maintenance
125 South Clark Street 16th Floor
Chicago, IL 60603
Lori J. Woodman
773-553-2922

TERM:

The term of this agreement shall commence on July 1, 2009 and shall end June 30, 2012. This agreement shall have two (2) options to renew for periods of two (2) years each.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate this agreement with 30 days written notice.

SCOPE OF SERVICES:

Consultant will provide property management services, including maintenance and all operations of the Building, as follows:

Management Services

1. Manage, maintain and operate the Building;
2. Hire, 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 maintain appropriate records;
5. Manage and coordinate relations with Building occupants, including administration of all leases, communication with occupants, recording of rent collections, and provision of responsive occupant services;
6. Administer, interact with, and 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 repairs, and aesthetic appeal are sustained in compliance with specifications as determined by the Board;
9. Operate and maintain all Building heating, ventilating and air conditioning systems and all other mechanical, electrical and plumbing systems;
10. Advise the Board, on an ongoing basis, as to building code compliance, liability, life safety, environmental contamination, and the American with Disabilities Act (ADA) compliance;
11. Maintain a Disbursement Account per appropriate industry standards; and maintain an electronic/telephone 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; and
3. Analyze, benchmark and supply market data to support proposed leasing transactions.

Auditing

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

DELIVERABLES:

Consultant will 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 Department of Facilities Operations and Maintenance.

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 as follows:

	Year 1	Year 2	Year 3	Option 1 Year 1	Option 1 Year 2	Option 2 Year 1	Option 2 Year 2
Annual Management Fee	\$143,000	\$148,000	\$152,000	\$152,000	\$160,000	\$160,000	\$168,000
Annual Payroll expense for on-site administrative personnel	\$250,000	\$250,000	\$257,500	\$260,000	\$269,000	\$278,200	\$274,700
Total Management fee and payroll expenses	\$393,00	\$398,500	\$409,500	\$412,000	\$429,000	\$438,200	\$442,700

REIMBURSABLE EXPENSES: FUNDING OF DISBURSEMENT ACCOUNT: The Board shall fund a 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 operations 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 agreement. Authorize the President and Secretary to execute the agreement. Authorize the Chief Property Officer to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION:

This contract is in full compliance with the goals required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services contracts. The M/WBE goals for this agreement are 25% total MBE and 5% total WBE participation.

The vendor has identified and scheduled the following:

Total MBE - 28%

Triad Consulting Services (AA)
118 North Clinton, Suite 200
Chicago, Illinois 60606
Contact: Nikki Zollar

Total WBE - 5%

Cotter Consulting, Inc.
100 South Wacker, Suite 920
Chicago, Illinois 60606
Contact: Anne Edwards-Cotter

Interior Tectonics, LLC
1716 North Cleveland Ave.
Chicago, Illinois 60614
Contact: Pamela de Varela

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

For Property Management Fee and On-Site Personnel:
Charge to Facilities/Real Estate: \$393,000 FY09/10

For Funding of Disbursement Account:
Charge to Facilities:\$3,502,000 FY09/10

11910-115-54125-254009-000000-2010	\$393,000.00
11910-115-54105-254009-000000-2010	\$3,502,000.00

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:



Opal L. Walls
Chief Purchasing Officer

Within Appropriation:



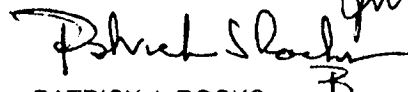
PEDRO MARTINEZ
Chief Financial Officer

Approved:



Ron Huberman
Chief Executive Officer

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel