

**APPROVE EXERCISING THE OPTION TO EXTEND THE AGREEMENT  
WITH AUSTIN MEADE FINANCIAL, LTD.**

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

Approve exercising the option to extend the agreement with Austin Meade Financial, Ltd. ("Austin Meade") to provide consulting services to the Office of School Financial Services at a cost during the option period not to exceed \$500,000.00. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor during the 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 60 days of the date of this Board Report. Information pertinent to this option is stated below.

**Specification No.:** 00-250254

**VENDOR:** Austin Meade Financial, Ltd.  
11 South LaSalle Street, Suite 800  
Chicago, IL 60603  
Warren Matha  
312-641-3615  
Daniel Denys  
312-953-4727

**USER:** Office of School Financial Services  
125 South Clark, 14<sup>th</sup> Floor  
Chicago, IL 60603  
Kenneth C. Gotsch  
(773) 553-2700  
David Bryant  
(773) 553-2790

**ORIGINAL AGREEMENT:** The original Financial Advisor Contract (authorized by Board Report 00-0126-PR27) in an amount not to exceed \$750,000.00, is for a term commencing May 5, 2000 and ending May 4, 2002, with the Board having the option to renew the agreement for two additional 12-month periods. The original agreement was awarded on a non-competitive basis.

**OPTION PERIOD:** The term of this agreement is being extended for one year commencing May 5, 2002 and ending on May 4, 2003.

**OPTION PERIODS REMAINING:** There is one 12-month option period remaining.

**SCOPE OF SERVICES:** Austin Meade shall continue to provide existing services as already contained in the agreement including the following financial advisory ("FA") services: general advice on debt management issues and ratings 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.

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

**OUTCOMES:** Outcomes include the issuance or restructuring of bonds or the establishment of one or more financing mechanisms that will allow the Board and schools to finance the Capital Program in an efficient and cost effective manner.

**COMPENSATION:** For services rendered for the option period the total compensation will not exceed \$500,000.00, with a specific fee schedule to be as specified in the written document.

**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 the Chief Fiscal Officer to negotiate the specific fee schedule and execute all ancillary documents required to administer or effectuate the option 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.

<b>FINANCIAL:</b>	Charge to Bureau of Treasury: \$142,000.00	Fiscal Year: FY02
	Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Not to exceed \$75,000
	0200-210-000-7892-5410	Source of Funds: Operating Not to exceed \$17,000
	Budget Classification: Assigned at bond issuance	Source of Funds: Other bond funds Not to exceed \$50,000
	Charge to Bureau of Treasury: \$358,000.00	Fiscal Year: FY03
	0200-210-000-7892-5410	Source of Funds: Operating Not to exceed \$43,000
	Budget Classification: Assigned at bond issuance	Source of Funds: Other bond funds Not to exceed \$315,000

**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.

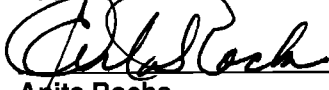
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted 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:**

  
Anita Rocha  
Acting Chief Purchasing Officer

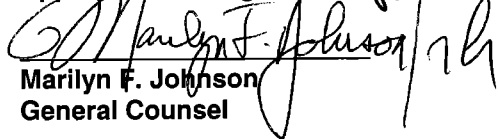
**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
Kenneth C. Goisch  
Chief Fiscal Officer

**Approved as to legal form:**

  
Marilyn F. Johnson  
General Counsel