

**APPROVE EXERCISING THE FIRST OPTION TO EXTEND THE AGREEMENT
WITH CPS-IQ SOLUTIONS**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to extend the agreement with CPS-IQ Solutions to provide natural gas program administrative services to the Department of Operations at a cost for the option period not to exceed \$132,000. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option period prior to the execution of the written option document. The authority granted herein shall automatically rescind in the event a written option document is not executed within 60 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification No.: 00-250463

CONSULTANT: CPS-IQ Solutions
34505 West 12th Mile Road, Suite 175
Farmington Hills, MI 48331
800-786-6288
Denise Dunn
Vendor #: 24656

USER: Department of Operations
125 South Clark Street, 16th Floor
Donald C. Barnes
773-553-3252

ORIGINAL AGREEMENT: The original Consulting Agreement (authorized by Board Report 00-0524-PR6), in the amount of \$132,000.00, is for a term commencing June 1, 2000 and ending May 31, 2001, with the Board having three options to renew the agreement for one year periods in the amounts of \$132,000 for the first option period, \$138,000 for the second option period, and \$144,000 for the third option period.

OPTION PERIOD: The term of this agreement is being extended for 1 year commencing June 1, 2001 and ending May 31, 2002.

OPTION PERIODS REMAINING: There are 2 option periods for 1 year each remaining.

SERVICES: The Consultant shall continue to be responsible for the following services:

1. Development and execution of natural gas procurement strategy using historical consumption patterns, weather-normalized consumption forecasts, market-based commodity cost projects and other factors which may impact the cost of natural gas purchase and transportation during the term of the agreement.
2. Maintenance of natural gas statistics for the purpose of balancing daily deliveries, storage accounts, periodic nominations, and utility/supplier bill reconciliation.
3. Submission of electronic data to CPS for import into its energy management database.
4. Management of natural gas supplier relationships with the Board including but not limited to the administrative approval of vendors based on qualification standards established in advance by the Board or by the Board.
5. Advisory services associated with the development of long-term energy procurement strategies that may include the conduct of seminars or other services that support the Board's need to maintain up-to-date knowledge of its options in procurement of natural gas (and, potentially, electricity).
6. Preparation of monthly analyses, which document the relationship between the Board's selected procurement strategy and the cost, associated with purchase of the commodity from the local distribution company (Peoples Energy).

Additionally, during the option period, the Consultant shall assume responsibility for the following service:

7. Competitively solicit monthly, quarterly, or annual bids and evaluate for price and reliability.

DELIVERABLES: Consultant shall continue to provide the following:

1. Monthly gas nominations placed with the local distribution company and with the lowest responsible bidder for procurement of natural gas supply.
2. Monthly auditing of utility and supplier invoices to validate the details of billing prior to submission for payment.
3. Preparation of electronic data file documenting monthly commodity procurement, consumption, storage, and cost details at the site (account) and at the contract levels.

Additionally, during the option period, consultant shall provide the following:

4. Bid solicitation documents to the natural gas supply marketplace will be disseminated, received, and tabulated on a schedule that maximizes the financial and operational benefits of the Board.
5. Reports documenting the essential elements of the bidding process, such as method of solicitation, lists of respondents, criteria used for selection, and other information associated with this task, shall be submitted to the Chief Procurement Officer, the Chief Operating Officer, and/or their designates.

OUTCOMES: Consultant's services will result in the Board having more flexibility to tailor its procurement strategy to market trends in the highly volatile natural gas industry.

COMPENSATION: Consultant shall be paid during this option period as follows: The original scope of services shall be provided at a cost of \$11,000.00 per month. The new scope element will be performed at no additional cost. Therefore, the consultant shall be paid a total of twelve equal monthly payments of \$11,000.00, not to exceed the sum of \$132,000.00.

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 Operating Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: As a condition of this award, this firm agrees to comply with the provisions of the Revised Remedial Plan for M/WBE Economic Participation and agrees to make every effort to achieve full compliance with the goals for this program. The M/WBE goals for this program / project are: 22% Black, 10% Hispanic, 2%Asian and 5% WBE.

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

FINANCIAL: Charge Department of Operations: \$132,000.00 Fiscal Year: 2002
Budget Classification: 0944-552-000-4450-5410
Source of Funds: Operations & Maintenance

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:


Natalye Paquin
Chief Purchasing Officer

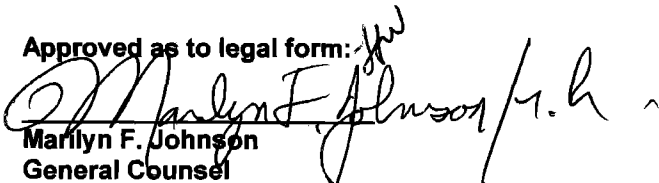
Approved:


Paul G. Vallas
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel