

**RATIFY THE EXERCISING OF THE SECOND OPTION TO EXTEND THE PRE-QUALIFICATION STATUS
OF VARIOUS PROFESSIONAL AUDIT MANAGEMENT AND ACCOUNTING FIRMS**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Ratify the exercising of the second option to extend the pre-qualification status of the following Professional Audit Management and Accounting Firms to provide consulting services to School Financial Services and School Business Services at a cost for the option period not to exceed \$5,000,000 in the aggregate. These services were continued without prior Board approval. Each consultant shall enter into a written extension agreement which is currently being negotiated. No payment shall be made to any consultant during the option period prior to the execution of their extension agreement. This program initially pre-qualified 31 consultants, but only 19 consultants agreements will be renewed because classroom training of CPS personnel is no longer included in this pre-qualified pool, excluded because their hourly rates are not competitive. The authority granted herein shall automatically rescind as to each consultant in the event a written extension agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this second option is stated below.

Contract Number: 99-250023

Specifications Number: 00-250223

CONSULTANTS:

1. American Express Tax & Business Services
One South Wacker Drive, Suite 2400
Chicago, IL 60606
Contact person: Larry Shaedel
(312) 609-9773
Vendor #23696
2. Arthur Andersen
33 W. Monroe St.
Chicago, IL 60603-5385
Contact person: Michael Stolz
(312) 507-7323
Vendor #33662
3. Ernst & Young
Sears Tower
233 S. Wacker Drive
Chicago, IL 60606-6301
Contact person: Mark Brzyck
(312) 879-2000
Vendor #29159
4. Goodall Kenner & Associates
200 S. Michigan, Suite 500
Chicago, IL 60604
Contact person: William Goodall
(312) 360-1050
Vendor #27052
5. KPMG LLP
303 E. Wacker Drive
Chicago, 60601
Contact person: Cameron Clark
(312) 665-1000
Vendor #23326
6. Jerald Knox & Company
1807 E. 71st Street
Chicago, IL 60649
Contact person: Jerald Knox
(773) 241-5556
Vendor #93290
7. Odell Hicks & Company
180 N. Stetson, Suite 820
Chicago, IL 60601
Contact person: Odell Hicks, Jr.
(312) 861-0113
Vendor #21800
8. Filan, Pandolfi, Topolski & Weiss
400 N. Michigan Ave., Suite 1010
Chicago, IL 60611
Contact person: John Filan
(312) 321-1040
Vendor #25651

9. PricewaterhouseCoopers
203 N. La Salle St.
Chicago, IL 60601-1210
Contact person: Thomas Golden
(312) 701-5500
Vendor #29624
10. Prado & Renteria (d/b/a)
G P & R Group
1837 S. Michigan Ave.
Chicago, IL 60616
Contact person: Maria De J. Prado
(312) 567-1330
Vendor #26818
11. DMG Maximus, Inc.
630 Dundee Rd., Suite 200
Northbrook, IL 60062
Contact person: Bruce Cowans
(847) 564-9270
Vendor #29626
12. Gladys Wilson & Associates
3439 N. Harlem Ave.
Chicago, IL 60634
Contact person: Gladys R. Willson
(773) 286-2135
Vendor #25985
13. Lenz & Associates
5111 N. Oakley Ave
Chicago, IL 60625
Contact person: Patricia Kubstal
(773) 271-6309
Vendor #30589
14. Mc Glandry & Pullen
Hickory Creek Office Center, Suite 300
19001 Old La Grange Road
Contact person: James Tapscott
(708) 478-0190
Mokena, IL 60448-8351
Vendor #29778
15. Mirza Baig & Company
333 N. Michigan Ave., Suite 2032
Chicago, IL 60601
Contact person: Mirza S. Baig
(312) 236-2077
Vendor #26913
16. Velma Butler & Company
200 S. Michigan, Suite 500
Chicago, IL 60604
Contact person: Velma Butler
(312) 922-1272
Vendor #29639
17. William Morales & Associates
1650 W. North Avenue
Chicago, IL 60622
Contact person: William Morales
(773) 772-0544
Vendor #18946
18. The Bonner Group, Inc.
401 E. Ontario St. Suite 4202
Chicago, IL 60611
Contact person: Gila Bronner
(312) 943-8680
Vendor #29738
19. Klayman & Korman
8750 West Bryn Mawr Ave. Suite 1200
Chicago, IL 60631
Contact person: Scott Schaffer
(773) 693-6000
Vendor #29632

USER: School Financial Services and Business Services
125 S. Clark Street
Chicago, IL 60603
Contact person: Fonzie Richmond
773/553-5943

ORIGINAL AGREEMENTS: The original agreements (authorized by Board Report 99-0224-PR37) were for a term commencing January 1, 1999 and ending December 31, 1999, with the Board having 2 options to renew for additional one-year periods. The agreements were renewed (authorized by Board Report 00-0126-PR2) for a term commencing January 1, 2000 and ending December 31, 2000.

OPTION PERIOD: The term of each agreement is being renewed for a period commencing January 1, 2001 and ending December 31, 2001.

OPTION PERIOD REMAINING: There are no option periods remaining.

OPTION PERIOD: The term of each agreement is being renewed for a period commencing January 1, 2001 and ending December 31, 2001.

OPTION PERIOD REMAINING: There are no option periods remaining.

USE OF POOL: Schools, regions and central office units are authorized to receive services from the pre-qualified pool through an informal bid solicitation process, obtaining at least three quotes for services from the pre-qualified pool with payment by Purchase Orders. Central Office staff will provide technical assistance in securing these services and a notice to proceed letter for all services will be issued by the Deputy Director of School Financial Services. This notice to proceed shall include a detailed scope of services and the dollar amount for such services. No notice to proceed shall exceed \$250,000.00 with a maximum of \$500,000 to any consultant during the option period.

SERVICES: Each consultant shall continue to provide those types of services identified in their agreement, including such items as financial consulting, auditing, accounting and one-on-one training on school.

OUTCOMES: Consultant's services shall result in bringing school internal accounts up to date, converting schools from manual to automated book keeping using MYOB software, assisting with budget preparation and monitoring and providing one-on-one training and assistance where needed in fiscal areas.

COMPENSATION: Consultants shall be paid as follows: hourly rates will vary from \$65 – \$80 per hour depending on types of services being rendered, not to exceed \$250,000 for each assignment. The maximum compensation payable to any one consultant during this second option period shall not exceed \$500,000. Total compensation payable for all consultants shall not exceed \$5,000,000.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option agreements. Authorize the President and Secretary to execute the option agreements.

AFFIRMATIVE ACTION: Vendor agrees to comply with and be bound by the provisions of the Revised Remedial Plan for Minority and Women Business Enterprise Economic Participation (M/WBE Plan).

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

FINANCIAL: Department of School Financial Services, School Business Services

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.

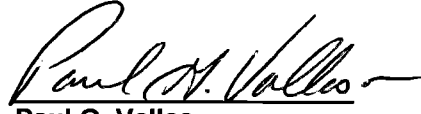
01-0523-PR3

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).

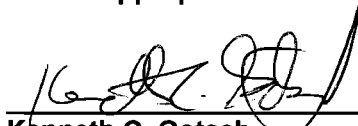
Approved for Consideration:


Natalye Parquin
Chief Purchasing Officer

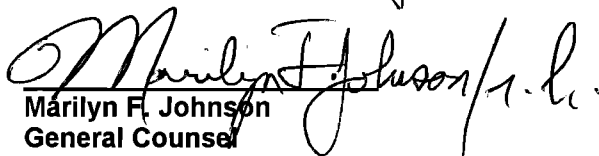
Approved:


Paul G. Vallas
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form: *hu*


Marilyn F. Johnson
General Counsel