RATIFY THE EXERCISING OF THE SECOND OPTION TO EXTEND THE AGREEMENTS WITH U.S. EQUITIES REATLY, INC. FOR PROPERTY MANAGEMENT AND LEASING SERVICES FOR THE 125 CLARK STREET BUILDING

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:
Ratify the exercising of the second option to extend the agreements with U. S. Equities to provide property management services for the 125 S. Clark Street Building ("the Building") at a cost not to exceed $242,955.00 and leasing services for the Building based on a leasing commission described below. Written documents exercising these options are currently being negotiated. No payment shall be made to Consultant during the option period prior to the execution of the written option documents. The authority granted herein shall automatically rescind in the event written option documents not executed within 60 days of the date of this Board Report. Information pertinent to these options is stated below.

SPECIFICATION NO.: 00-250425

CONSULTANT: U.S. Equities Realty, Inc.
20 N. Michigan Avenue, Suite 400
Chicago, IL 60602
William J. Vail
(312) 465-7000
Vendor #44266

USER: Department of Operations
125 South Clark-16th floor
Chicago, IL 60603
Rebecca Grespan
(773) 553-2909

ORIGINAL AGREEMENTS: The Property Management Agreement (authorized by 99-0421-PR11) was for a term commencing May 1, 1999 and ending April 30, 2000, with 2 additional one-year options to extend. The agreement was extended for a term commencing May 1, 2000 and ending April 30, 2001 pursuant to Board Report 00-0426-PR48. The original Property Management Agreement was awarded pursuant to a duly advertised Request for Proposals (Specification # 99-250122.1).

The Exclusive Leasing Agreement (authorized by 99-0421-PR11) was for a term commencing May 1, 1999 and ending April 30, 2000, with 2 additional one-year options to extend. The agreement was extended for a term commencing May 1, 2000 and ending April 30, 2001 pursuant to Board Report 00-0426-PR47. The original Exclusive Leasing Agreement was awarded pursuant to a duly advertised Request for Proposals (Specification # 99-250122.1).

OPTION TERM: The term of each agreement is being extended for 9 months commencing May 1, 2001 and ending January 31, 2002.

SCOPE OF SERVICES: Under the Property Management Agreement, U.S. Equities will continue to provide property management, maintenance and operations of the Building, including, but not limited to the following:

1) Staff, supervise and oversee all administration of the Building;
2) Manage and coordinate activities relating to the tenants, including administration of all leases and occupancy agreements; and
3) Procure and administer contracts for goods and services required in the operation of the Building and other related services identified by the Board.

Under the Exclusive Leasing Agreement, Consultant shall continue to provide the leasing services and deliverables as stated in the original Exclusive Leasing Agreement.

DELIVERABLES: U.S. Equities will continue to provide full financial accountability and reporting of income and expenses of the Building; and continue to prepare the annual operating and capital expenditure budget relating to the Building under the Property Management Agreement. Consultant shall continue to deliver leasing information as required under the Exclusive Leasing Agreement.

OUTCOMES: The services of U.S. Equities under the Property Management Agreement will enable the Building to operate on a day-to-day basis. The services of U.S. Equities under the Exclusive Leasing Agreement shall result in the continued leasing of the Building.

COMPENSATION: For services rendered under the Property Management Agreement, Consultant shall be paid during this renewal period, in equal monthly installments of $20,246.25; the sum of $242,955.00.

For services rendered under the Exclusive Leasing Agreement, in accordance with 105 ILCS 5/34-21(b), the leasing commission shall be based on 7% of the first year's rent for new leases plus 2% of the base rent for each year thereafter not to exceed 4 years, and no commission will be paid on lease renewals. It is anticipated, however, that a portion of the premises which may be leased will be for lease terms in excess of 5 years and may also involve the services of a cooperating broker (a broker who seeks space on behalf of a prospective tenant). In such event, requests for additional commission for longer terms or for cooperating brokers fees shall be presented to the Board for approval on a case by case basis.

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

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 to Operations: $242,955.00
Fiscal Year: FY01-FY02
Budget Classification: 0645-552-000-4450-5410-$66,000.00
0645-552-000-4450-5400-$176,955.00
Source of Funds: 552
Leasing Commission shall be paid from rental income.

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 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

Natalye Paquin
Chief Purchasing Officer

Within Appropriation:

Kenneth C. Gotsch (C4)

Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:

Marilyn F. Johnson

Marilyn F. Johnson
General Counsel

Approved:

Paul G. Vallas

Paul G. Vallas
Chief Executive Officer