

**APPROVE ENTERING INTO AN AGREEMENT WITH  
DAVIS FINANCIAL, INC. FOR CONSULTING SERVICES**

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

Approve entering into an agreement with Davis Financial, Inc. ("DFI") to provide consulting services to the Office of School Financial Services at a cost not to exceed \$230,000.00. Consultant was selected on a non-competitive basis because of Consultant's unique experience with technology financing and because consultant has a thorough understanding of the Board's structure and environment. A written agreement for Consultant's services is currently being negotiated. Consultant shall provide no services 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 document is not executed within 60 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**Specification No.:** 01-250180

**CONSULTANT:** Davis Financial, Inc.  
175 West Jackson Blvd.  
Suite 645  
Chicago, IL 60604  
Contact person: Leticia Davis  
(312) 461-0120  
Vendor Number: 25942

**USER:** Office of School Financial Services  
125 S. Clark Street, 14th Floor  
Chicago, IL 60603  
Contact person: David Bryant  
Phone #: 773/553-2806

**TERM:** The term of this agreement shall commence on the date the agreement is signed and shall end 12 months thereafter. The agreement may be renewed for one additional 12 month period at the option of the Board.

**EARLY TERMINATION RIGHT:** The Board may terminate this agreement at any time for any or no reasons.

**SCOPE OF SERVICES:** DFI shall provide the following services including, but limited to: Financial advisory services in support of banking, technology, capital financing, and other asset financing, review and analysis of existing leases and funding opportunities; coordination and documentation of organizational meetings and role establishment; evaluation of financial options of contemplated projects and needs assessment; recommendations with respect to financing options; and management of project implementation. DFI may, upon specific written request from the Chief Fiscal Officer of the Board, serve as the Board's financial advisor on any debt transaction that the Board chooses to issue in support of its technology financing goals. DFI shall also provide consulting services on a broad range of financing issues including, but not limited to, the funding of the Capital Improvement Program ("CIP") and other financing initiatives. Such services include, but are not limited to: providing general advice on debt management; structuring bonds; assisting with rating agency presentations; pricing bonds; coordinating the selection of related parties such as the trustee, printer, arbitrage agent, and valuation agent; coordinating the issuance of periodic bond issues; managing the investment of bond proceeds and debt service funds; and providing other services as requested by the Chief Fiscal Officer ("CFO") or designee.

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

**OUTCOMES:** Consultant's services shall result in the establishment of one or more financing mechanisms that will allow the Board and schools to finance essential assets in an efficient and cost effective manner.

**COMPENSATION:** Consultant shall be paid as follows: \$150.00 hourly: for advisory services. For participation in implementation of a specific bond transaction, Consultant shall be paid \$.60/\$1,000 of bond proceeds with a minimum of \$25,000 per bond transaction completion. For investment management services for bond proceeds and debt service fund consultant shall be paid \$.30/\$1000 of bond proceeds realized from the bond issue for which services were performed. The total compensation under this agreement shall not exceed the sum of \$230,000.

**REIMBURSABLE EXPENSES:** Consultant shall be reimbursed for the following expenses only upon prior written authorization from the Board CFO: special shipping for competitive bids and/or mailing to rating agencies, photocopying, purchasing of documents, travel and lodging related to a bond issue, or other related expenses deemed extraordinary. The total compensation amount reflected herein is inclusive of all reimbursable expense.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the Chief Fiscal Officer to engage DFI to provide related financial advisory services hereunder provided the maximum compensation amount is not increased. Authorize the President and Secretary to execute the agreement.

**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)

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

<b>FINANCIAL:</b>	Charge to Budget			Fiscal Year 2002
	Classification:	0200-210-000-7892-5410	\$ 40,000	School Financial Services
		0230-210-000-1135-5410	\$ 40,000	Bureau of Treasury
		0963-xxx-000-1135-5410	\$150,000	Various Bond Funds

(If bond sales or other financing transactions result from the work of this Consultant, then the budget classification for each bond sale or financing vehicle will be a unique classification and will be established in the respective fiscal year budget. If some other financing mechanism is utilized, then the Board may use proceeds from those vehicles to pay for this financial consultant. If no bond sales result and no proceeds are used to pay financial advisors, then the above budget classification will be used.)

**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.

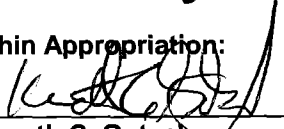
**Ethics –** The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

**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).

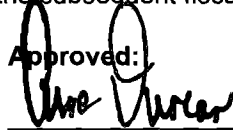
**Approved for Consideration:**

  
Natalye Raquin  
Chief Purchasing Officer

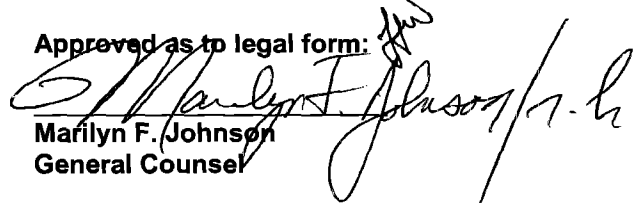
**Within Appropriation:**

  
Kenneth C. Gotsch  
Chief Fiscal Officer

**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Approved as to legal form:**

  
Marilyn F. Johnson  
General Counsel