

August 28, 2002

**APPROVE EXERCISING THE FIRST OPTION TO EXTEND THE AGREEMENTS
WITH VARIOUS VENDORS FOR MILK AND MILK PRODUCTS**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to extend the agreements with Bob's Dairy, C & C Dairy, Inc., Gillund Dairy, and Krystal Dairy, Inc. to provide Milk and Milk Products to the Chicago Public Schools for a period of 3 months not to exceed \$2,540,655.85. A written six-month extension for each Vendor's services is currently being negotiated. No payment shall be made to any Vendor during the first extension period prior to the execution of such Vendor's written extension. The authority granted herein shall automatically rescind as to each Vendor in the event a written extension agreement is not executed within 60 days of the date of this Board Report. Information pertinent to these agreements is stated below.

VENDORS:

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| <p>1. Bob's Dairy Services
8526 W. Winona
Chicago, IL 60656
(773) 625-3448
Robert J. Leonard
Vendor #13256
Regions: 1 East, 1 West, 2 East
and 2 West
Not to exceed: \$ 981,793.65</p> | <p>2. C & C Dairy, Inc.
P.O. Box 474
Palos Heights, IL 60463-0474
(708) 448-9521
Christine Stajszczak
Vendor #49604
Regions: 6 East, 6 West
4 East and 4 West
Not to exceed: \$746,434.02</p> |
| <p>3. Gillund Dairy
7950 W. Ponderosa Court
Orland Park, IL 60462
(708) 532-8229
Terry Gillund
Vendor #49612
Region: 3 East
Not to exceed: \$202,720.83</p> | <p>4. Krystal Dairy, Inc
18121 Highland Ave
Homewood, IL 60430
(708) 957-7865
Mary Catherine Hrascinski
Vendor #46315
Regions: 5 East, 5 West and 3 West
Not to exceed: \$609,707.35</p> |

USER: Department of Operations, Division of Food Services
125 South Clark, Street, 16th Floor
Chicago, IL 60603
Contact person: Sue Susanke
Tel. No.:(773)553-2830

ORIGINAL AGREEMENTS: The original agreements (authorized by Board Report 01-0725-PR7) are for a term commencing September 1, 2001 and ending August 31, 2002, with the Board having the option to extend each agreement for two (2) additional one (1) year periods or any shorter period of time as determined by the Board. The original agreements were awarded pursuant to a duly advertised Bid Solicitations (Specification #s 01-250005 and 01-250163). The original award was to five vendors; however Gigi's Dairy has refused to renew its agreement for region 4 west, which is now being awarded to the next lowest, responsible bidder (C&C Dairy, Inc.).

RENEWAL TERM: The term of each agreement shall be extended for a three month term commencing on September 1, 2002 and ending November 30, 2002.

TERMINATION RIGHT: The Board shall have the right to terminate each agreement with 10 days written notice.

OPTION PERIOD REMINDING: There is one option period of twelve (12) months remaining.

SCOPE OF SERVICES/DELIVERABLES: Each vendor shall provide the delivery of milk and milk products to Chicago Public Schools in the Regions identified above.

COMPENSATION: Each Vendor shall be paid an amount not to exceed the dollar amounts listed above, with the aggregate amount not to exceed \$2,540,655.85.

AFFIRMATIVE ACTION: Pursuant to Section 6.2 of the M/WBE 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. Thus contracts for subsequent vendors from the pool created by this contract will be subject to compliance reviews on a contract-by-contract basis. Aggregated compliance of the vendors in the pool will be reported on a quarterly basis.

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

FINANCIAL: Charge to Operations-Food Services: \$2,540,655.85 Fiscal Year: FY03
Budget Classification: 0941-270-000-7050-5340
Source of Funds: Lunchroom Educational

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).

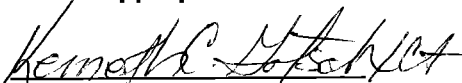
Approved for Consideration:


Arlita Rocha
Acting Chief Purchasing Officer

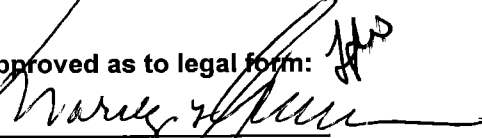
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel