

APPROVE EXERCISING THE OPTION TO EXTEND THE AGREEMENT WITH KIRKPATRICK PETTIS**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the option to extend the agreement with Kirkpatrick Pettis ("KP") to provide consulting services to the Office of School Financial Services at a cost during the option period not to exceed \$500,000.00. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor during the option period prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification No.: 02-250057

VENDOR: Kirkpatrick Pettis
Suite 1829
20 N. Wacker Dr.
Chicago, Illinois 60606
Bill Morris
(312) 364-9030

USER: Office of School Financial Services
125 South Clark, 13^h Floor
Chicago, IL 60603
David Bryant
(773) 553-2790

ORIGINAL AGREEMENT: The original Financial Advisor Contract (authorized by Board Report 02-0327-PR24) in an amount not to exceed \$500,000.00, is for a term commencing June 26, 2002 and ending June 25, 2003, with the Board having the option to renew the agreement for one additional 12-month period. The original agreement was awarded on a non-competitive basis.

OPTION PERIOD: The term of the agreement is being extended for one year commencing June 26, 2003 and ending on June 25, 2004.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: Kirkpatrick Pettis shall continue to provide services as contained in the existing agreement including the following financial advisory ("FA") services: general advice on debt management issues and ratings agency presentations, coordination of issuance of periodic bond issues and investment of proceeds, and other specific services at the request of the Chief Fiscal Officer. The role played in bond issuance will be either "Primary" which involves assuming primary responsibility for the bond issuance, or "Secondary" which involves assuming oversight responsibility for bond pricing and primary responsibility for the investment of proceeds pursuant to assignment by the Chief Fiscal Officer.

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

OUTCOMES: Outcomes include the issuance or restructuring of bonds or the establishment of one or more financing mechanisms that will allow the Board and schools to finance the Capital Program in an efficient and cost effective manner.

COMPENSATION: For services rendered for the option period the total compensation will not exceed \$500,000.00, with a specific fee schedule to be as specified in the written document.

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 the Chief Fiscal Officer to negotiate the specific fee schedule and to execute all ancillary documents required to administer or effectuate the option agreement.

AFFIRMATIVE ACTION: Pursuant to Section 6.2 of the Revised Remedial 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.

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

FINANCIAL:	Charge to Bureau of Treasury: \$175,500.00	Fiscal Year: FY03
	Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Not to exceed \$50,000
	Budget Classification: Assigned at bond issuance	Source of Funds: Other bond funds Not to exceed \$125,000
	Charge to Bureau of Treasury: \$325,000.00	Fiscal Year: FY04
	Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Not to exceed \$50,000
	Budget Classification: Assigned at bond issuance	Source of Funds: Other bond funds Not to exceed \$ 275,000

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.

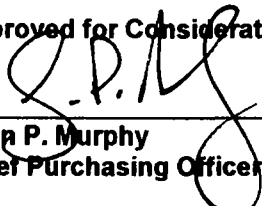
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their 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.

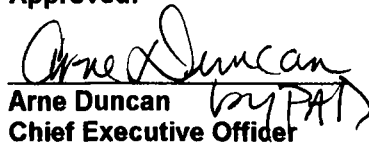
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

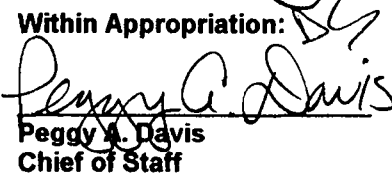


Sean P. Murphy
Chief Purchasing Officer

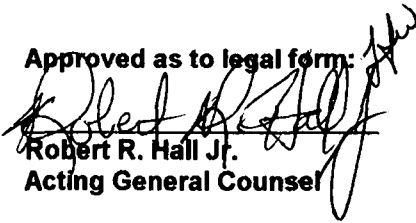
Approved:


Arne Duncan *by PAT*
Chief Executive Officer

Within Appropriation:


Peggy A. Davis
Chief of Staff

Approved as to legal form:


Robert R. Hall Jr.
Acting General Counsel