

**APPROVE THE EXTENSION OF THE EXISTING AGREEMENT WITH U. S. EQUITIES ASSET
MANAGEMENT, LLC FOR PROPERTY MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve a 3-month extension of the existing agreement with U. S. Equities Asset Management, LLC to provide property management services for the 125 South Clark Building (the "Building") at a cost for the 3-month extension period not to exceed \$64,500 for management fees. A written extension agreement for Consultant's services is currently being negotiated. No payment shall be made to consultant during the extension period prior to the execution of the written extension agreement. The authority granted herein shall automatically rescind in the event a written extension agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this extension agreement is stated below.

SPECIFICATION NO.: 01-250284-A

CONSULTANT: U. S. Equities Asset Management, LLC
20 North Michigan Avenue, Suite 400
Chicago, IL 60602
David Myles
312-456-7000
Vendor #44266

USER: Department of Operations
125 South Clark – 16th Floor
Chicago, IL 60603
Sean P. Murphy
Phone: (773) 553-2900

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 02-0626-PR67, as amended by Board Report 04-0128-PR7) was for a term commencing July 1, 2002 and ending June 30, 2004. This agreement was extended for a term commencing July 1, 2004 and ending September 30, 2004 (authorized by Board Report 04-0728-PR7), further extended for a term commencing October 1, 2004 and ending November 30, 2004 (authorized by Board Report 04-0922-PR7), and further extended for a term commencing December 1, 2004 and ending March 31, 2005 (authorized by Board Report 04-1215-PR5). The original agreement was awarded pursuant to a duly advertised Request for Proposals (Specification No.: 01-250284-A).

EXTENSION PERIOD: The agreement shall be extended for a term commencing April 1, 2005 and ending June 30, 2005.

SCOPE OF SERVICES: U. S. Equities will continue to provide property management services, including the maintenance and operations of the Building, including paid reimbursements as follows:

Management Services

- 1) Supervise and oversee all administration and operation of the Building;
- 2) Hire, supervise and oversee the building engineers;
- 3) Provide full financial accountability and report of income and expenses of the Building;
- 4) Prepare financial and management reports and maintenance of appropriate records;
- 5) Manage and coordinate relations with Building occupants, including administration of all leases, communication with occupants, recording of rent collections, and provision of responsive occupant services;
- 6) As directed by CPS, administer, interact with and coordinate the performance of services by vendors who have entered into contracts with CPS for goods and services required in the operation of the Building;
- 7) Administer and coordinate capital improvements as directed by CPS;

- 8) Maintain all physical areas within the Building to assure that high levels of cleanliness, states of repair, and aesthetic appeal are sustained in compliance with specifications as determined by CPS;
- 9) Develop and maintain an emergency plan that satisfies minimal Building operation in the event of a power loss;
- 10) Provide monthly reports on the status of its assignments;
- 11) Operate and maintain all Building heating, ventilating, and air conditioning systems and all other mechanical, electrical, and plumbing systems;
- 12) Develop and maintain a database containing all the information and records regarding facility regulatory compliance;
- 13) Advise the Board, on an ongoing basis, as to building code compliance, liability, life safety, environmental contamination, and the Americans with Disabilities Act (ADA) compliance;
- 14) Cooperate with the Board's leasing agent and Real Estate Department with respect to all marketing and leasing efforts;
- 15) Assist consultants and contractors retained by CPS in coordinating work to be performed in the Building;
- 16) Maintain Building accounts per appropriate industry standards;
- 17) Record rent collection;
- 18) Utilize in-house resources or outside accounting services to assist CPS in auditing payments by CPS for rent, operating, tax, build-out and other expenses as needed; and
- 19) Manage building recycling program in accordance with the City of Chicago ordinance.

Portfolio Management

- 1) Make recommendations regarding lease terminations and renewals;
- 2) Give timely notification and advice regarding lease renewal timelines or the exercise of lease options;
- 3) Analyze, benchmark and supply market data to support proposed leasing transactions; and
- 4) If requested, identify areas of inappropriate space utilization within the Building and make recommendations for the reduction of leased space, increase of leased space, reduction of CPS occupied space or increase of CPS occupied space.

Marketing

- 1) Acting in conjunction with the CPS Leasing Agent and the CPS Real Estate Department, assist in the marketing and showing of leasable space.

Auditing

- 1) As needed, compare actual expenses verses projected expenses per executed leases, determining and identifying any discrepancies; and
- 2) Provide monthly reports on the status of assignments, including project timelines and action plans.

DELIVERABLES: U. S. Equities will provide full financial accountability and reporting of income and expenses of the Building and prepare the annual operating and capital expenditure budget relating to the Building under the Property Management 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.

COMPENSATION: Vendor shall be paid in accordance with the rates set forth in the contract, not to exceed the amount of \$64,500 for management fees this extension term.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written extension agreement. Authorize the President and Secretary to execute the written extension agreement. Authorize the Chief Operating Officer to execute all ancillary documents required to administer or effectuate this agreement.

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: \$64,500 Fiscal Year: FY-05
Budget Class: 0643-210-000-4462-5410 (Services Professional and Technical)

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.

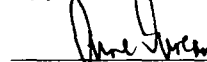
Ethics - The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

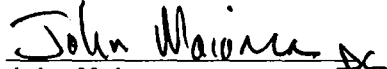
Approved for Consideration:


Heather A. Obora
Chief Purchasing Officer

Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


John Maiorca
Chief Financial Officer

Approved as to legal form:


Ruth Moscovitch
General Counsel