

**APPROVE ENTERING INTO AN AGREEMENT WITH TAC AMERICAS, INC.
TO PROVIDE ENERGY PERFORMANCE CONTRACTING SERVICES AT
125 SOUTH CLARK STREET CHICAGO, ILLINOIS
(REVENUE NEUTRAL)**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with TAC Americas, Inc. to provide energy performance contracting services for the Chicago Public Schools' Central Office Building at 125 South Clark Street Chicago, Illinois. This contract is revenue neutral. Vendor was selected on a competitive basis pursuant to a duly advertised Request for Qualifications (Specification # 06-250046). A written agreement for Vendor's services is currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

VENDOR: TAC Americas, Inc.
1650 West Crosby Road
Carrollton, TX 75006
Shon Anderson
(800) 274-5551
Vendor #99098

USER: Department of Operations
125 South Clark-17th Floor
Chicago, IL 60603
Joseph Clair
(773) 553-4126

TERM: The term of this agreement shall commence upon date of signing and shall continue 15 years from the start of the energy savings guarantee, ending no later than June 30, 2024.

EARLY TERMINATION RIGHT: The Board shall have the right to terminate this agreement with 30 days written notice.

GENERAL DESCRIPTION OF CONTRACT: Energy performance contracting is a mechanism outlined in section 19b of the Illinois School Code by which school districts can pay for energy efficiency improvements in buildings through the reduction in utility costs that are generated by the improvements. A qualified energy services company (ESCO) performs an inspection of the building, called an energy audit, and identifies energy conservation measures (ECM) that will result in an overall reduction in the utility costs for the facility. The ESCO then guarantees that the school district will save the amount of money identified by the sum total of ECM. With that guarantee, either a third-party finances the up-front costs of each ECM and the school district repays the debt with the funds saved from the utility budget over the period of time guaranteed in the contract, or the ESCO finances the ECM and repays itself and any debt burden with funds from the school district that were allocated to pay for the energy that is saved. The Board will contract for the latter method of financing the project. If in any year during the contract, the district does not realize the savings guarantee, the ESCO pays the district for the shortfall.

SPECIFIC SCOPE OF SERVICES: The Vendor has provided an energy audit as part of its response to the RFQ, and will perform all of the work associated with each ECM identified in their contract with the Board. Upon completion of each ECM, the Vendor will measure and verify the savings associated with that particular ECM, providing reconciliation against the expected cost of utility prior to the implementation of the ECM. The Vendor will provide all of the financing for the project from either its own capital or through a third party. The measures to be executed at 125 South Clark Street are as follows (number and scope of ECM may be changed upon mutual agreement of the parties, herein called the "Project"):

- Installation of new, efficient steam boilers sized for the facility.

- Installation of new, efficient chilled water system to replace the existing district chilled water system.
- Modification of the existing chilled water distribution system.
- Installation of a building automation system to operate the heating, ventilating and air conditioning systems.
- Replace the existing light fixtures with new, efficient fixtures.
- Install a state-of-the-art, effective lighting control system.
- Replace the existing windows.

DELIVERABLES: The Vendor will provide documentation that each ECM in the contract is complete, commissioned and operational; included in this documentation will be the information required to maintain any and all equipment installed as part of the ECM. During the guarantee portion of the agreement, the Vendor will provide annual reconciliation of the actual energy savings relative to the usage prior to the execution of the agreement. The Vendor will provide ongoing measurement and verification of the ECM performance and regular reporting of the results.

OUTCOMES: After the implementation of all ECM, the energy usage of the 125 South Clark Street building will be 60% or less of the level used in fiscal year 2006.

COMPENSATION: Currently the Board includes \$2,150,000.00 in its annual utility budget to pay the utilities for the 125 South Clark Street building. The compensation to the vendor will be that specific portion of that amount of the fiscal year 2007 budget that is saved by the Vendor's performance of each ECM, also known as the Savings Guarantee (final amount to be set at contract signature, but currently set at \$1,449,100.00). The Board will remain responsible for the remainder of the utility budget, known as Post Retrofit Energy Usage (currently set at \$700,900.00). Therefore this is a revenue neutral contract. The Vendor provides a Savings Guarantee as part of the agreement. This guarantee means that unless the Board changes the energy usage of the building in the future, the Board's energy usage will not exceed the Post Retrofit Energy Usage. If the Board's energy savings are not realized, the Vendor will be responsible for the additional costs. The Board will remain responsible for any rate increases on the Post Retrofit Energy Usage.

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

AFFIRMATIVE ACTION: This agreement is exempt from compliance with the goals of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE). However, as part of the response to the RFP process, the Vendor identified the following companies as participants in its execution of its responsibilities relative to the Project:

Bonaparte Corporation
1455 South Michigan Avenue
Chicago, Illinois 60605

Control Engineering Corp.
2000 York Road, Suite 102
Oak Brook, Illinois 60521

Hill Mechanical
11045 Gage Avenue
Franklin Park, Illinois 60131

ASC Window Corporation
7649 South Racine Avenue
Chicago, Illinois 60620

All Tech Energy
428 East State Parkway, Suite 130
Schaumburg, Illinois 60123

FINANCIAL: Board to compensate from Unit 0644: Utility Budget Line 11880.230.53130.254004 an annual amount to be set by contract guarantee, not to exceed \$1,500,000.00 per year.

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.

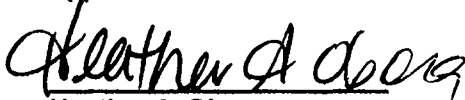
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

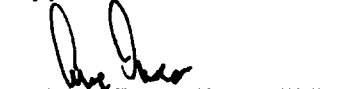
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



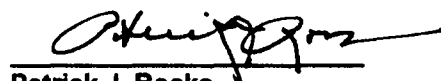
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel