

**AUTHORIZE NEW AGREEMENT(S) WITH SUPPLIERS FOR NATURAL  
GAS SUPPLY SERVICES**

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

Approve entering into agreement(s) with one or more Natural Gas Suppliers to provide natural gas supply services to all of the Board's facilities. Suppliers will be selected on a competitive basis pursuant to a Request for Proposal issued pursuant to Board Rule 7-2. Written agreement(s) with the supplier(s) will be negotiated. No payment shall be made to any supplier prior to execution of a written agreement. The authority granted herein shall automatically rescind as to each supplier in the event a written agreement for such selected supplier is not executed within 120 days of the date of this Board Report. Information pertinent to the agreement(s) and this authorization is stated below.

**THE RFP:** The Board issued a Request for Proposals ("RFP") for Natural Gas Procurement for the Board which invited the submission of proposals from Natural Gas Suppliers certified by the Illinois Commerce Commission to provide natural gas supply services to all of the Board's facilities. The RFP contained a form of natural gas supply contract ("Agreement") that is preferred by the Board to be entered into between the Board and the selected Proposer(s). The Agreement, which has been developed by the North American an Energy Standards Board, is the most widely used contract in the natural gas supply market and will be adapted to incorporate standard Board contract terms.

**CURRENT AGREEMENT:** The Board has current contracts for natural gas supply with Integrys Energy (which is scheduled to expire on March 31, 2014) and Constellation Energy (which is scheduled to expire on June 30, 2014).

**PROPOSALS:** Each Proposer has been invited to submit a proposal for a period of twenty-four (24) months and a period of thirty-six (36) months. The natural gas supply contract will be awarded by the Board based on the lowest cost qualified Proposer.

**TERM:** The initial term of the Agreement(s) will commence on April 1, 2014 and shall be for a designated term of twenty-four (24) or thirty-six (36) months and may include options to renew or extend the Agreement(s). The term of the Agreement(s) and the number and period of any renewal or extension options will be determined by the Chief Financial Officer and the Chief Facilities Officer dependent upon pricing and market conditions.

**EARLY TERMINATION RIGHT:** The Board will have the right to terminate the Agreement(s) at any time with 30 days prior written notice.

**SCOPE OF SERVICES:** The selected Proposer(s) will supply the Board's full requirements for natural gas supply (including, but not limited to, space and hot water heating to all of the Board's facilities) for a term of up to twenty-four (24) or thirty-six (36) months under a block index purchase model that will allow the Board to purchase its required natural gas consumption in blocks each month dependent on market forecast during the term of the Agreement(s).

**OUTCOMES:** The Board will secure natural gas supply services at a competitive rate while at the same time providing the flexibility of being able to fix prices and make strategic purchases of incremental blocks of natural gas as part of the existing CPS Energy Purchasing Strategy. The Board will also be able to align its purchasers under the NYMEX Ni Hub market versus the Chicago Citygate market which will improve the Board's ability to monitor and police prices provided by its natural gas supplier(s). The Agreement will

provide the Board with estimated annual savings of \$800,000 and \$2,400,000 over three years.

**SECURITY DEPOSIT:**

The Board may be required to pledge security to secure the performance of its obligations under the Agreement(s) in a form acceptable to the selected Proposer(s), including, without limitation, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty.

**COMPENSATION:**

The selected Proposer(s) will be compensated at the rates set forth in the Agreement(s) based on the amount of natural gas required by the Board facilities each month.

**AUTHORIZATION:**

Subject to the written approval of the Chief Financial Officer, authorize the President and Secretary to execute the Agreement(s) with Proposer(s) selected by the Evaluation Committee as described in the RFP. Authorize the General Counsel to include insurance and indemnification provisions and other relevant terms and conditions in the Agreement(s). Authorize the Chief Facilities Officer and General Counsel to execute all ancillary documents required to administer or effectuate the Agreement(s).

**AFFIRMATIVE ACTION:**

Exempt.

**LSC REVIEW:**

Local School Council review is not applicable to this matter.

**FINANCIAL:**

Charge to Operations: Not to exceed \$90 million over 36 months  
Budget Classification: 11880-230-53125-254004

**GENERAL CONDITIONS:**

Inspector General - Each party to the Agreement(s) 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(s) 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 June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the Agreement(s).

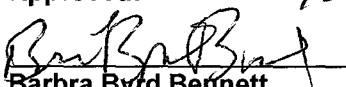
Ethics - The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the Agreement(s).


Contingent Liability - The Agreement(s) 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).

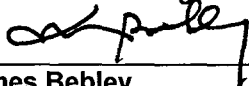
Approved for Consideration:

  
Patricia L. Taylor  
Chief Facilities Officer

Approved:

  
Barbra Byrd Bennett  
Chief Executive Officer

Approved as to legal form: 

  
James Bebley  
General Counsel