

AMEND BOARD REPORT 07-0822-PR5
**APPROVE EXERCISING THE THIRD OPTION TO RENEW THE AGREEMENT WITH
PREFERRED MEAL SYSTEMS, INC FOR PREPARED MEALS-FROZEN PRE-PLATED
AND DISTRIBUTION SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the third option to renew the agreement with Preferred Meal Systems, Inc. to provide prepared meals-frozen preplated and distribution services to Chicago Public Schools at a cost for the option period not to exceed \$18,412,426.90. A written document extending the agreement is currently being negotiated. No payment shall be made to Vendor during the extension 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.

This amendment is necessary to extend the term of the Agreement until August 31, 2008 and to correct the Affirmative Action Section of the Board Report. A written document extending the Agreement to August 31, 2008 is currently being negotiated. No payment shall be made to Vendor after June 18, 2008 prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document so extending the Agreement is not executed within 90 days of the date of this amended Board Report.

VENDOR: Preferred Meal Systems, Inc.
5240 St. Charles Road
Berkeley, Illinois 60163
Daniel R. Krpan
(708) 318-2526
(807) 493-2690 (fax)
Vendor # 31236

USER: Department of Operations
125 South Clark-16th Floor
Chicago, IL 60603
Louise Esaian
(773) 553-2830

ORIGINAL AGREEMENT: The original Agreement (authorized by Board Report 04-0825-PR8) is for a term commencing September 1, 2004 and ending August 31, 2005, with the Board having three (3) options to renew for 12 months each. The agreement was further extended (authorized by Board Report 05-0824-PR4) for a term commencing September 1, 2005 and ending August 31, 2006. The agreement was further extended (authorized by Board Report 06-0726-PR13) for a term commencing September 1, 2006 and ending August 31, 2007. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1 pursuant to a duly advertised Bid Solicitation (Specification # 04-250084).

EXTENSION PERIOD: The term of this agreement is being renewed for the period commencing September 1, 2007 and ending ~~June 18, 2008~~ August 31, 2008.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: Vendor will continue to provide and deliver frozen preplated meals to the Chicago Public Schools and deliver heated meals to receiving schools pursuant to the terms and conditions of the written agreement. Sites may be added or deleted at a later date to accommodate the Board.

DELIVERABLES: Vendor will continue to provide preplated frozen breakfasts, lunches and after school meals and snacks.

OUTCOMES: Vendor's services will continue to result in the delivery of quality meal services for the Chicago Public Schools.

COMPENSATION: During the Renewal Period, Vendor shall be paid in accordance with the rates set forth in the written agreement; not to exceed the sum of \$18,412,426.90.

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 Chief Operating Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan). The M/WBE participation goals for this contract are 35% MBE and 5%WBE. The vendor has identified and scheduled the following companies:

Total MBE 35.3 %

African American 27.8%

Balton Corporation
8008 S. South Chicago Ave.
Chicago, IL 60617

\$ 1,526,350.60 or 9%

Certified until December 1, 2008

T & T Foodservice
2046 W. Lake St.
Chicago, IL 60612

\$2,384,404.60 or 13%

Certified until September 1, 2007

Smart Technology
156 N. Jefferson
Chicago, IL 60661

\$ 500,000.00 or 2.8%

Certified until October 1, 2007

Revere Consulting
20280 Governors Highway
Olympia Fields, IL 60461

\$393,000.00 or 3.0%

Certified until December 1, 2007

Hispanic 7.5%

Baja Foods
636 W. Root St.
Chicago, IL 60609

\$ 1,340,706.00 or 7.5%

Certified until November 1, 2007

WBE – 10.9 5%

Best Choice
41 S. Water Market
Chicago, IL 60608

\$ 536,282.00 or 3%

Certified until December 1, 2007

Open Kitchens, Inc.
1161 W. 21st St.
Chicago, IL 60617

\$ 357,521.00 or 2%

Certified until November 1, 2007

~~Phalanx Technology
1601 W. School St. #312
Chicago, IL 60657~~

~~**\$ 1,086,333.19 or 5.9%**~~

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

FINANCIAL: Charge to Food Services: \$18,412,426.90 Fiscal Year: FY08
Budget Classification: 0941-270-000-7050-5340
Source of Funds: Lunchroom Fund

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 June 26, 1996 (96-0626-PO3), as amended from time to time shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), 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:



Pedro Martinez
Chief Financial Officer

Approved as to legal form:



Patrick J. Rocks
General Counsel