

**EXECUTIVE SUMMARY**

On August 18, 2015, the District entered into a contract with Heery International, Inc. (“Heery”) to provide Program Manager - Owner's Representative Services (“OR”). The term of the Agreement was for three (3) years from August 19, 2015 to August 18, 2018, with an option to be extended for two (2) additional, one (1) year periods, and if needed, 180 days beyond the expiration date of the renewal period.

At the time the original Agreement was negotiated, the District had contemplated the engagement of two firms to provide OR services to oversee the District's SMART Program, and one separate Cost and Program Controls Manager to manage control systems for the program. However, negotiations with the second OR firm were unsuccessful. Instead, the District asked Heery to manage the scope of both OR firms in order to continue to move the SMART Program forward.

On May 2, 2017, the Board approved the First Amendment to the Heery Agreement to include the additional scope and services required to move the SMART Program forward. The First Amendment also increased the original base fee of \$16,200,000 (to managing a volume of work representing approximately half of the SMART program) to \$27,498,000 (to oversee the entire SMART program with a volume of work that is approximately \$900 million).

This Third Amendment is requesting a bifurcation into two periods of the first one (1) year renewal period to extend the initial term of the Agreement for a period of 60 days from August 19, 2018 through and including October 18, 2018.

The purpose of this 60-day initial extension is to allow staff to assess the organizational structure of CBRE | Heery, Inc. (“CBRE”) to make sure the proposed staffing recommendations for the renewal year appropriately address the progress of the SMART Program.

Additionally, staff has evaluated CBRE over the past two years and wishes to formally incorporate measurable criteria into the Agreement to evaluate CBRE’s performance via metrics.

It is the intent of staff to bring forth another Board item for approval in September, 2018 to extend for the second renewal period from October 19, 2018 through and including August 20, 2019 at which time the proposed staffing recommendation, evaluation tool, description of any added services and proposed fee for the renewal period will be included.

This Amendment has been reviewed and approved as to form and legal content by the Office of the General Counsel.