

AMEND BOARD REPORT 01-0221-PR18**AMEND BOARD REPORT 00-0524-PR22****RATIFY EXERCISING THE FIRST OPTION TO RENEW THE EMPLOYEE GROUP AND VOLUNTARY LIFE INSURANCE AGREEMENT WITH PRUDENTIAL LIFE INSURANCE COMPANY****THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Ratify exercising the first option to renew the Basic Group, and Voluntary Life Insurance and Accidental Death and Dismemberment Agreements with Prudential Life Insurance at a cost not exceed ~~\$4,182,527.00~~ \$2,300,000.00 for the Basic Life Insurances. A written document exercising this option is currently being negotiated. The authority granted herein shall automatically rescind in the event a written document is not executed within ~~90~~ 120 days of the date of this amended Board Report. Information pertinent to this option is stated below.

This amendment is necessary to extend the current option to renew end date to December 31, 2001, pursuant to a guarantee from Prudential of no increase to the current rates through this period.

This second amendment is necessary to correct the premium payments over the 20 month option period, which will increase the compensation by \$1,117,473.00.

Specification No.: 00-250465

Provider: Prudential Insurance Company of America
440 South LaSalle Street, Suite 3600
Chicago, Illinois 60605
Susan Maxey Reid
(312) 542-3016
Vendor No: 30475

USER: Bureau of Risk and Benefits Management
125 South Clark-14th Floor
Georgette Hampton, Director
(773) 553-2818

ORIGINAL BOARD REPORT: This option was exercised pursuant to Board Report #98-0429-FN9, which authorized the original agreement to commence May 1, 1998 and end May 1, 2000, with an option to renew for two one year terms.

OPTION PERIOD: The term of this agreement is being renewed for the period commencing May 1, 2000 and ending December 31, 2001.

OPTION PERIODS REMAINING: There is one option period for 12 months remaining, which shall be from January 1, 2002 through December 31, 2002.

SCOPE OF SERVICES: Prudential Insurance Company will continue to provide Basic and Voluntary Life Insurance and Accidental Death and Dismemberment protection for all eligible employees. Prudential will accept liability for claims that meet the criteria outlined in the Group Life Insurance Contract. The Voluntary Life and Accidental Death and Dismemberment Insurance portion of this program is funded through voluntary payroll deductions from participating Chicago Public School Employees.

DELIVERABLES: Prudential Insurance Company will continue to provide insurance, billing, claim adjudication and customer service. Prudential will provide local service to the Board by an account team that includes an account executive, account manager and account consultant. Prudential will provide premium and claim comparisons on a cumulative basis and provide a comprehensive list of death claims and conversions. Prudential will provide booklet certificates for distribution to employees, process and verify waiver of premium claims and offer Portability and Conversion coverage to former employees.

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.

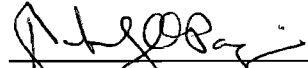
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted 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.

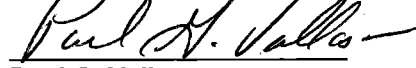
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Natalye Paquin
Chief Purchasing Officer

Approved:




Paul G. Vallas
Chief Executive Officer

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:



Marilyn F. Johnson
General Counsel