

**APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT WITH KPMG  
FOR CONSULTING SERVICES**

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

Approve exercising the option to renew the agreement with KPMG to provide employee benefit consulting services to the Bureau of Risk and Benefits Management at a cost for the option period not to exceed \$200,000. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option 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 120 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification Number: 03-250236

**CONSULTANT:**

KPMG  
303 East Wacker Drive  
Chicago, Illinois 60601-5212  
(312) 665-1000  
Contact Person: Carl Mowery  
Vendor# 23326

**USER:**

Bureau of Risk and Benefits Management  
125 South Clark -14<sup>th</sup> Floor  
Georgette Hampton, Director  
(773) 553-2818

**ORIGINAL AGREEMENT:** The original Agreement (authorized by Board Report 03-1022-PR39) in the amount of \$200,000, is for a term commencing October 22, 2003 and ending October 21, 2004, with the Board having one option to renew for a one year term. The original agreement was awarded on a non-competitive because of prior performance and their experience with development and implementation of new and innovative healthcare cost containment plans.

**OPTION PERIOD:** The term of this agreement is being renewed for one year, commencing October 22, 2004 and ending October 21, 2005.

**OPTION PERIOD REMAINING:** There are no option periods remaining.

**SCOPE OF SERVICES:** KPMG shall continue to advise of potential legislation relating to benefits which may result in a financial impact upon the Board. KPMG shall provide consulting services with respect to Retirement and Savings Plans, healthcare programs and other forms of fringe benefit programs. KPMG will participate in the Labor Management Health Care Cost Containment Committee; will continue to audit the Self-Insured medical program, and provide general benefits consulting services as appropriate and required. KPMG will assist in monitoring administrative services provided by program benefits vendors.

**DELIVERABLES:** KPMG shall continue to provide financial analysis of healthcare, life and disability programs, various analytical presentations for Labor-Management Committee; monitor financial results of Self-Insured medical program, continue to assist in the preparation of interrogatives for various RFP's, and other items as required by the Director of Risk and Benefits Management.

**OUTCOMES:** KPMG's services shall result in continued healthcare savings.

**COMPENSATION:** Consultant shall be paid quarterly as invoiced, not to exceed \$200,000.

**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 the Director of Risk and Benefits Management to execute all ancillary documents required to administer or

effectuate this option agreement.

**AFFIRMATIVE ACTION:** The M/WBE goals for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% Asian and 5% WBE.

However, the Waiver Review Committee recommends that a full waiver of the M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

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

**FINANCIAL:** Charge to Risk and Benefits Management \$100,000.00 Fiscal Year 2005  
Charge to Risk and Benefits Management \$100,000.00 Fiscal Year 2006  
Budget Classification: 0230-210-000-1634-5410

**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.

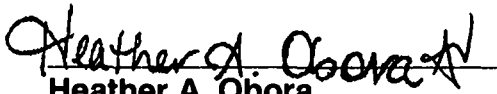
Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

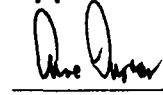
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:**


**Approved:**

  
Heather A. Obora  
Chief Purchasing Officer

  
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Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

**John Maiorca**  
Chief Financial Officer

  
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**Approved as to legal form:**

  
Ruth Moscovitch  
General Counsel