

AMEND BOARD REPORT 05-0323-PR14
**APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENTS WITH VARIOUS COMPANIES
 FOR DEFINED CONTRIBUTION RETIREMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreements with the various companies identified below to provide defined contribution retirement services to Chicago Public School employees, at no cost to the Board and to enter into a written agreement substituting Reliance Financial Corporation in place of MetLife Bank as Custodian regarding the custodial agreements renewed in #6 below. Vendors will continue to provide investment management, administration and recordkeeping for group fixed annuities, variable annuities and institutional mutual funds. Written documents exercising this option are currently being negotiated. The authority granted herein as to each vendor shall automatically rescind in the event a written document for such vendor is not executed within 120 days of the date of this Board Report. Information pertinent to this option is stated below:

SPECIFICATION NO.: 01-0250230

This amendment is necessary in order to provide a successor custodian for MetLife Bank, which is exiting this type of business. A written agreement with Reliance Financial Corporation is currently being negotiated. The authority granted herein shall automatically rescind in the event a written agreement with Reliance Financial Corporation is not executed within 120 days of this amended Board Report.

VENDORS:

- | | |
|---|---|
| <p>1. Hartford Life Insurance Company
 Eric H. Wietsma, Vice President
 200 Hopmeadow Street
 Simsbury, CT. 06089
 (800) 528-9009
 Products-Services:
 Fixed/Variable Annuities</p> | <p>2. ING Life Insurance and Annuity Company (f/k/a)
 Aetna Life Insurance and Annuity Company
 Allan Baker, Senior Vice President
 151 Farmington Ave.
 Hartford, CT 06156
 (860) 860-273-0123
 Products-Services:
 Fixed/Variable Annuities</p> |
| <p>3. Horace Mann
 Peter Titone, Vice President
 Horace Mann Plaza
 Springfield, IL 62715
 (217) 788-5102
 Products-Services:
 Fixed/Variable Annuities</p> | <p>4. Variable Annuity Life Insurance Company (VALIC)
 Mike Gifford, Vice President
 Institutional Marketing
 2919 Allen Pkwy, L13-10
 Houston, TX 77019
 (713) 831-8547
 Products-Services:
 Fixed/Variable Annuities</p> |
| <p>5. CitiStreet Retirement Services Division
 Michael L. St. Clair, President
 Educators Retirement Services
 Two Tower Center
 East Brunswick, NJ 08816
 (732)- 514-2005
 Products-Services:
 Mutual Funds</p> | <p>6. MetLife Resources
 Betty Davis, Vice-President Administration
 1125 17th Street
 Denver, CO
 (303) 672-3528
 <u>Reliance Financial Corporation</u>
 <u>3384 Peachtree Road NE, Suite 900</u>
 <u>Atlanta, GA 30326</u>
 Products-Services:
 Mutual Funds</p> |
| <p>7. Prudential Retirement Services
 August A. Urgola, Vice President
 Three Gateway Center, 12th Floor
 Newark, N.J. 07102-4077
 (973) 367-1213
 Products-Services:
 Mutual Funds</p> | <p>USER:
 Bureau of Benefits Management
 125 South Clark Street-14th Floor
 Georgette Hampton, Director
 (773) 553-2818</p> |

ORIGINAL AGREEMENTS: The original agreements (authorized by Board Report 02-0123-PR31) are for a term commencing April 1, 2002 and ending April 1, 2005, with the Board having one option to renew for an additional period of twenty four (24) months. The original agreements were awarded on a competitive basis pursuant to a duly advertised Request For Proposal (Specification# 01-0250230).

TERM: The term of each agreement shall be renewed for the period commencing April 1, 2005 and ending April 1, 2007. The term for the agreement with Prudential Retirement Services shall be for a six-month period commencing April 1, 2005 and ending October 1, 2005.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: Vendors shall continue to provide comprehensive defined contribution retirement services which includes:

- Management of investment options (either proprietary, non-proprietary or a combination)
- Participant Communication
- Administration/Recordkeeping
- Participant Services
- Participant Education

Vendors shall only provide those products and services within the product line for which they were originally selected.

DELIVERABLES: Vendors shall continue to provide periodic reports related to program activities, including enrollment, vendor performance, investment performance and participant services. Vendors shall continue to develop communication materials, conduct education seminars and provide training materials for Board staff.

OUTCOMES: Vendors services shall continue to result in a program that provides quality investment products and services, with cost effective fees that enhances the Board of Education's defined contribution retirement program.

COMPENSATION: Vendors shall be paid through voluntary deductions from participating Board employees, with no cost to the Board. Costs and fee structures offered to participating Board employees shall be guaranteed for the 24 month renewal term and, for participants with Prudential Retirement Services, shall be guaranteed for the six-month renewal term.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option documents. Authorize the President and Secretary to execute the option documents. Authorize the Director of Benefits Management to execute all ancillary documents required to administer or effectuate these option agreements.

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan), these contracts are exempt from review because they are for unique transactions.

LSC REVIEW: Not applicable.

FINANCIAL: Providers shall be paid through voluntary deductions from participating Board employees, with no cost to the Board.

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.

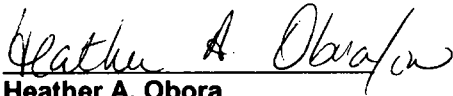
Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:



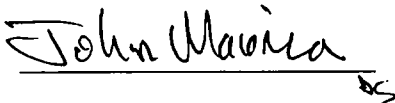
**Heather A. Obora
Chief Purchasing Officer**



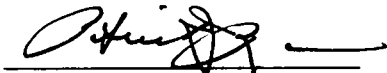
**Arne Duncan
Chief Executive Officer**

Within Appropriation:

**John Maiorca
Chief Financial Officer**



Approved as to legal form 



**Patrick J. Rocks
General Counsel**