

AMEND BOARD REPORT 05-0824-PR11
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 each vendor is not executed within 120 days of the date of this Board Report. Information pertinent to this option is stated below.

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.

This second amendment to the Board Report is necessary to change the ending term of each renewal period (with the exception of Prudential Retirement Services) from April 1, 2007 to December 31, 2007. This amendment will allow sufficient time for completion of a comprehensive Request for Proposals. Written amendments to each renewal agreement are required. The authority granted herein shall automatically rescind in the event written amendments are not executed within 90 days of this amended Board Report.

SPECIFICATION NO.: 01-0250230

VENDORS:

1. Hartford Life Insurance Company

Eric H. Wietsma, Vice President
 200 Hopmeadow Street
 Simsbury, CT. 06089
~~(800) 528-9099~~ (860) 843-6923

Products-Services:

Fixed/Variable Annuities

Vendor No.: 34983

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 06010

~~(860) 860-273-0123~~ (860) 723-2498

Products-Services:

Fixed/Variable Annuities

Vendor No.: 91417

3. Horace Mann Life Insurance Company

~~Peter Titone, Vice President~~
Tricia Seifert, AVP Retirement Plan Services
 #1 Horace Mann Plaza
 Springfield, IL 62715
~~(217) 788-5120~~ 789-2500

Products-Services:

Fixed/Variable Annuities

Vendor No.: 80603

4. Variable Annuity Life Insurance Company (VALIC)

Mike Gifford, Vice President
 Institutional Marketing
~~2919 Allen Pkwy, L1310~~ 230 West Monroe, Suite 1550
~~Houston, TX 77019~~ Chicago, IL 60606
~~(713) 831-8547~~ (312) 368-1001

Products-Services:

Fixed/Variable Annuities

Vendor No.: 23624

5. ~~CitiStreet Retirement Services Division~~

CitiStreet Associates, Inc.

Michael L. St. Clair, President
Educators Retirement Services
~~Two Tower Center~~ 400 Atrium Drive
~~East Brunswick, NJ 08816~~ Somerset, NJ 08873
(732) 514-20050

Products-Services:

Mutual Funds

Vendor No.: 12898

6. Metlife-Resources

Betty Davis, Vice-President Administration
~~1125 17th Street~~ 400 Atrium Drive
~~Denver, CO~~ Somerset NJ 07882
~~(303) 672-3528~~ (800) 742-4888

Reliance Financial Corporation, as custodian

3384 Peachtree Road NE, Suite 900
Atlanta, GA 30326

Products-Services:

Mutual Funds

Vendor No.: 34986

7. Prudential Retirement Services

August A. Urgola, Vice President
Three Gateway Center, 12th Floor
Newark, N.J. 07102-4077
(973) 367-1213

Product Services: Mutual Funds

USER: ~~Bureau of Benefits Management~~

Department of Human Resources

125 S. Clark Street – 14th
~~Georgette Hampton~~ Dale Moyer, Director
(773) 553-2818

ORIGINAL AGREEMENT: The original agreements (authorized by Board Report 02-0123-PR31 as amended under Board Resolution 02-1120-RS06 and by Board Report 05-08-24-PR11) 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 Proposals (Specification # 01-0250230).

TERM: The term of each agreement shall be renewed for a period commencing April 1, 2005 and ending ~~April 1, 2007~~ December 31, 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 include:

- 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 during this option through voluntary deductions from participating Board employees, with no cost to the Board. Cost and fee structures offered to participating Board employees shall be guaranteed for the ~~24~~ 33 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 and amendments. Authorize the President and Secretary to execute the option documents and amendments. Authorize the ~~Director of Benefits and Management~~ Chief Human Resources Officer to execute all ancillary documents required to administer or effectuate 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 member

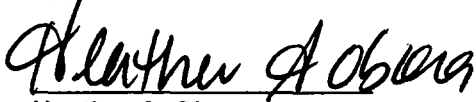
during the one year period following expiration or other termination of their terms of office.

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.

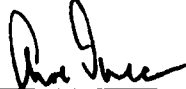
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:




Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form:


Patrick J. Rocks
General Counsel