

**APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT
WITH JP MORGAN CHASE FOR BANKING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with JP Morgan Chase (formerly Bank One) for banking services at a cost not to exceed \$755,000.00 a year. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor 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 No.: 04-250002

VENDOR :	JP Morgan Chase 120 S. LaSalle Street Chicago, IL 60606 Debra Parker (312) 661-5665 Vendor #: 58545	USER:	Office of School Financial Services, Bureau of Treasury 125 South Clark, 13 th Floor Chicago, IL 60603 David Bryant
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ORIGINAL AGREEMENT: The original Bank Services Agreement (authorized by Board Report 04-0526-PR29) in the amount of \$770,000.00 per year, is for a term commencing August 1, 2004 and ending July 31, 2007, with the Board having the option to renew the agreement for one additional 24-month period. The original agreement was awarded on a competitive basis.

OPTION PERIOD: The term of this agreement is being renewed for twenty-four months commencing August 1, 2007 and ending July 31, 2009.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: JP Morgan Chase will provide concentration account services, disbursement services for both employees and vendors, check and statement printing services, lock box, and other specific services at the request of the Chief Financial Officer, all as detailed in the written agreement.

DELIVERABLES: JP Morgan Chase will provide bank statements, reconciliation reports, return items, electronic information, electronic access to information, and other written and electronic reports as requested, all as detailed in the written agreement.

OUTCOMES: JP Morgan Chase's services shall result in streamlining of receipts and disbursements, cost savings in the check payment process, increased interest income due to more efficient cash management, and operational efficiencies in the cash reconciliation process.

COMPENSATION: JP Morgan Chase shall be paid at the specific rates identified in the agreement during the option period, not to exceed the sum of \$755,000.00 per year. The amount has been reduced due to increased use of EDI services reducing the number of checks produced.

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 Chief Fiscal Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: The M/WBE goal for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE. In support of our Diversity Program, JP Morgan Chase have utilized local minority and women owned businesses indirectly with spending of \$33MM for fiscal year 2006. JP Morgan Chase intends to exceed that amount during the term of this extension of their contract. They will also provide an annual report for each fiscal year.

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

FINANCIAL:	Charge to Bureau of Treasury: \$755,000.00	Fiscal Year: FY08
	Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Funds
	Charge to Bureau of Treasury: \$755,000.00	Fiscal Year: FY09
	Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Funds

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.

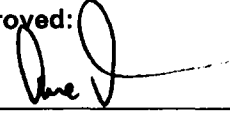
Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

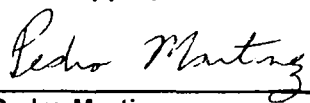
Approved for Consideration:


 Heather A. Obora
 Chief Purchasing Officer

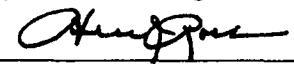
Approved:


 Arne Duncan
 Chief Executive Officer

Within Appropriation:


 Pedro Martinez
 Chief Financial Officer

Approved as to legal form:


 Patrick J. Rocks
 General Counsel