

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT
WITH R.V. KUHNS & ASSOCIATES, INC. FOR CONSULTING**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the agreement with R.V. Kuhns & Associates to provide 403(b) Retirement Savings Plan services to the Department of Human Resources Bureau of Compensation and Benefits Management at a cost not to exceed \$120,000.00. 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 90 days of the date of this Board Report. Information pertinent to this option is stated below.

CONSULTANT: R.V. Kuhns & Associates, Inc.
1000 S.W. Broadway, Suite 1680
Portland, Oregon 97205
Contact: Robert S. Palmeri
(212) 292-5638
Vendor No.: 81262

USER: Department of Human Resources
Bureau of Compensation and Benefits Management
125 S. Clark Street, 14th Floor
Chicago, IL 60603
Contact: Dale Moyer, Director
(773) 553-2818

ORIGINAL AGREEMENT: The original Agreement (authorized by Board Report 06-0927-PR19) in the amount of \$120,000.00 is for a term commencing October 1, 2006 and ending September 30, 2007, with the Board having two options to renew for one year each. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1.

OPTION PERIOD: The term of this agreement is being extended for one year commencing October 1, 2007 and ending September 30, 2008.

OPTION PERIODS REMAINING: There is one option period for one year remaining.

SCOPE OF SERVICES: R.V. Kuhns will continue to provide the following services:

- Establish a long-term strategic asset allocation model to assist CPS in meeting its desired investment goals. Assist in the design and development of investment policies and manager guidelines to achieve investment objectives.
- Educate CPS representative(s) on mutual fund, fixed and variable annuity products.
- Provide quarterly reports outlining the performance for each vendor in the Board of Education's existing 403(b) plan.
- Meet with CPS designated representatives quarterly to help explain and interpret performance results.
- Assist CPS designated representatives in working with vendor relationships and responding to inquires. Provide a newsletter three times a year for the employee participants.
- Prepare a two page article, performance on each investment option and performance on benchmarks (style specific index return and peer group median return)
- Assist CPS representative(s) with the RFP process; writing and editing documents, prepare summary materials on finalists for oral presentations, evaluating oral presentations, and participate in and support pre-submittal meeting(s).

DELIVERABLES: R.V. Kuhns will continue to provide financial analysis of the retirement savings plans, prepare and update program documents in accordance with the IRS regulations, audit participant data annually for compliance with IRS regulations and review vendor contracts and program-related documents for compliance with program provisions and IRS regulations, provide recommendations on how to enhance the 403(b) plan and make recommendations on investment related issues.

OUTCOMES: R.V. Kuhn's services shall result in continual retirement savings for participating Chicago Public School employees.

COMPENSATION: R.V. Kuhns will be paid as monthly invoices are submitted and verified in accordance with the prices set forth in the written agreement; total not to exceed \$120,000.00.

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 Human Resources Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract are 35% MBE and 5% WBE participation. The Goals 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 vendor has demonstrated reasonable good faith efforts in achieving participation and the scope of the contract is not further divisible.

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

FINANCIAL: Charge to the Department of Human Resources: \$120,000.00 Fiscal Year: 2008-2009
Budget Classification: 11010-115-54125-254902-000000 Source of Funds: General

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.

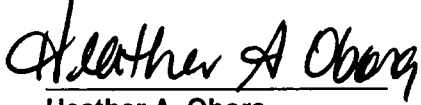
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

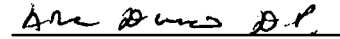
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



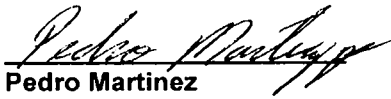
Heather A. Obora
Chief Purchasing Officer

Approved:




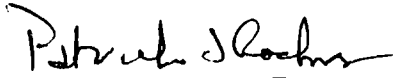
Arne Duncan
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel