

AUTHORIZE THE FIRST RENEWAL AND AMEND THE INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF CHICAGO FOR THE MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the first renewal and amend the Intergovernmental Agreement ("IGA" or "agreement") with the City of Chicago ("City") for the Municipal Employees' Annuity and Benefit Fund (the "Fund") at an estimated cost set forth in the Compensation Section of this report. A written document exercising this option and amending the Intergovernmental Agreement is currently being negotiated. No payment shall be made to the City during the option period prior to 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.

This September 2020 amendment is necessary to increase the payment amount to the City from \$60,000,000 to \$100,000,000 effective July 1, 2021, and to change the payment date from August 29, 2020 to September 15, 2021.

AGENCY: City of Chicago, Department of Finance
121 N. LaSalle
Chicago, IL 60602
Contact: Jennie Huang Bennett, Chief Financial Officer
(312) 744-2204

USER: Board of Education of the City of Chicago
Chicago Public Schools
42 W. Madison
Chicago, IL 60602
Contact: Miroslava Mejia Krug, Chief Financial Officer
(773) 553-1561

DESCRIPTION: The Fund is a pension fund established and operated pursuant to Article 8 of the Illinois Pension Code (40 ILCS 5/8-101 et seq.) (the "Code"). Pursuant to the Code, certain employees and retired employees of the City ("City Employees") and certain employees and retired employees of the Board of Education ("Board of Education Employees"), among others, are entitled to be paid certain annuities and benefits by the Fund. The Board of Education will reimburse the City the amount of the City's required contribution under Section 5/8-173 of the Code attributable to the annuities and benefits for Board of Education Employees. The Board and the City entered into an IGA effective January 21, 2020, under which, the Board absorbed a portion of the costs associated with its non-teaching employees covered by the Fund. This first renewal and amendment to the IGA will increase the payment to the City from \$60,000,000 to \$100,000,000 effective July 1, 2021 and ending December 31, 2021, and will also change the payment date of the Board's payment for that period to fund normal cost obligations for the CPS employees who are active.

ORIGINAL AGREEMENT: The original IGA (authorized by Board Report 19-1120-FN1) with a not-to-exceed amount of \$60,000,000 was for a term commencing January 21, 2020 and ending December 31, 2020. This IGA will renew annually, but not past calendar year 2059, on the same terms and conditions contained in the original IGA subject to written approval by the parties' authorized representatives.

OPTION PERIOD: The term of this agreement is being renewed for one (1) year commencing January 1, 2021 and ending December 31, 2021.

OPTION PERIODS REMAINING: This agreement will renew annually, but not past calendar year 2059.

RESPONSIBILITIES OF PARTIES: The Board of Education hereby agrees that for the option period, it shall pay the City not later than September 15, 2021, \$100,000,000 for the Board's fiscal year 2022; (the City's fiscal year runs from January 1 to December 1 of each year).

The City and the Board of Education agree to cooperate in the implementation of this agreement.

COMPENSATION: The City shall be paid as set forth in the agreement. The estimated annual cost for the one year option period for the Board's fiscal year 2022 is \$100,000,000.

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 written option document. Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate this option document.

AFFIRMATIVE ACTION: Pursuant to the Remedial Program for Minority and Women-Owned Business Enterprise Participation in Goods and Services Contracts (M/WBE Program), this contract is exempt as this contract is an intergovernmental agreement.

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

FINANCIAL:

Fund 115

Department: Department of Finance

FY22 \$100,000,000

Not to exceed \$100,000,000

Future year funding is contingent upon budget appropriation and approval.

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 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 May 25, 2011 (11-0525-PO2), 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:

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Miroslava Mejia Krug
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Miroslava Mejia Krug
Chief Financial Officer

Approved:

DocuSigned by:
Janice K. Jackson
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Janice K. Jackson
Chief Executive Officer

Approved as to Legal Form:

DS
JTB

DocuSigned by:
Joseph T. Moriarty
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Joseph T. Moriarty
General Counsel