

October 30, 2025

RATIFY THE FOURTH 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:**

Ratify the fourth 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. No payment shall be made to the City during the option period prior to execution of the fourth agreement to the renewal and amend intergovernmental agreement. The authority granted herein shall automatically rescind in the event an agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this option is stated below.

This fourth Renewal is necessary to authorize the payment to the City in an amount not to exceed \$175,000,000 effective October 30, 2025 until December 31, 2026, subject to the contingencies set forth in the agreement.

AGENCY: City of Chicago, Department of Finance
121 N. LaSalle
Chicago, IL 60602
Contact: Jill Jaworski, 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: Walter Stock, Acting 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 ("Board Employees"), among others, are entitled to be paid certain annuities and benefits by the Fund. The Board of Education will reimburse the City a portion of the amount of the City's required contribution under Section 5/8-173 of the Code attributable to the annuities and benefits for Board 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. The first renewal and amendment to the IGA increased the payment to the City from \$60,000,000 to \$100,000,000 effective July 1, 2021 and ending December 31, 2021, and changed the payment date of the Board's payment for that period to fund normal cost obligations for the CPS employees who are active. The second renewal and amendment to the IGA increased the payment to the City from \$100,000,000 to \$175,000,000 for the Board's fiscal year 2023 and extended the term of the Agreement through December 31, 2022. The Third renewal and amendment to the IGA authorized an additional payment to the City in the amount of \$175,000,000 and extended the term of the Agreement though effective December 31, 2023. The fourth renewal and amendment to the IGA will authorize a payment to the City in the amount not to exceed \$175,000,000, and will extend the term of the Agreement effective October 30, 2025 through December 31, 2026. In addition, the City has already publicly declared a TIF surplus that will result in two or more payments by the Cook County Treasurer totaling approximately \$552,000,000 distributed to the Board during calendar year 2026 to support the IGA.

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. The City and the Board subsequently entered into a First Agreement to Renew and Amend (authorized by Board Report 20-0923-FN1) which extended the Original Term through the end of the City's 2021 fiscal year, which is December 31, 2021 and increased the Board's contribution to the Fund from \$60,000,000 to \$100,000,000. The second renewal and amendment to the IGA (authorized by Board Report 22-0525-EX4) increased the payment to the City from \$100,000,000 to \$175,000,000 for the Board's fiscal year 2023 and will extend the term of the Agreement through December 31, 2022. The third renewal and amendment to the IGA (authorized by Board Report 23-1214-EX5) authorized the payment to the City of \$175,000,000 and extended the term of the Agreement though effective December 31, 2023.

OPTION PERIOD: The term of this agreement is being renewed for three (3) years commencing October 30, 2025 and ending December 31, 2026.

OPTION PERIODS REMAINING: This agreement will renew annually as agreed by the parties, but not past calendar year 2059.

RESPONSIBILITIES OF PARTIES: The Board of Education hereby agrees that it shall pay the City an amount not to exceed \$175,000,000 from the Board of Education's fiscal year 2026 funds. Such payment by the Board, in whole and in part, shall be contingent upon actual receipt of the 2025 TIF Surplus, as the Board will utilize the 2025 TIF Surplus amount that it receives during calendar year 2026 that exceeds \$379 million to make the total payment. The Board anticipates making the payment in two separate installments after the release of the 2025 TIF Surplus by the City and subsequent to it being then distributed by the Cook County Treasurer to the Board, subject to the contingencies in this board report and further defined in the agreement.

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.

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 Acting 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

FY26 \$175,000,000

Not to exceed \$175,000,000 over the renewal term

Future year funding is contingent upon budget appropriation and approval.

GENERAL CONDITIONS:

The agreement shall contain general conditions including but not limited to the following: Inspector General provision, in accordance with 105 ILCS 5/34-13.1; Conflicts provision, in accordance with 105 ILCS 5/34-21.3; Indebtedness provision, in accordance with the Board's Indebtedness Policy adopted June 26, 1996 pursuant to Board Report 96-0626-PO3; Ethics provision, in accordance with the Board's Ethics Code as amended, and a Contingent Liability provision.

Approved for Consideration:

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Walter Stock
Acting Chief Financial Officer

Approved:

Signed by:

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Macqueline King, Ed.D
Interim Superintendent/Chief Executive Officer

Approved as to Legal Form: 

Signed by:

974F0DEB7385497...
Elizabeth K. Barton
Acting General Counsel