AMEND BOARD REPORT 07-1219-PR18
APPROVE EXERCISING THE SECOND AND FINAL OPTION TO RENEW THE AGREEMENT WITH PRUDENTIAL GROUP LIFE AND DISABILITY INSURANCE COMPANY TO PROVIDE EMPLOYEE GROUP BASIC LIFE, VOLUNTARY LIFE, PERSONAL ACCIDENT AND DISABILITY INSURANCE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the second and final option to renew the agreement with Prudential Life and Disability Insurance Company to provide Group Basic Life Insurance at a cost for the option period not to exceed ~~$3,000,000.00~~ $13,000,000.00. Prudential will also provide Group Voluntary Life, Personal Accident, and Long Term Disability Insurance, at no cost to the Board. 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.

This amendment is necessary to change the ending date of the renewal agreement to December 31, 2010 and to increase the dollar amount from $3,000,000.00 to $13,000,000.00. This amendment will allow sufficient time for completion of a comprehensive Request for Proposals. A written amendment to this agreement is required. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 90 days of this amended Board Report.

Specification No.: 03-250289

PROVIDER: Prudential Group Life and Disability Insurance Company
290 West Mount Pleasant Ave.
Livingston, NJ 07039
Contact: Susan Maxey Reid
(312) 542-3016
Vendor No.: 34984

USER: Department of Human Resources
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 04-0324-PR26) in the amount of $8,000,000.00 is for a term commencing July 1, 2004 and ending December 31, 2006, with the Board having two options to renew for one year terms. The agreement was renewed (authorized by Board Report 06-1220-PR20) for a period commencing January 1, 2007 and ending December 31, 2007. 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~~ three years commencing January 1, 2008 and ending December 31, ~~2008~~ 2010.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: Prudential will continue to provide Group Basic Life Insurance, Voluntary Life Insurance, Personal Accident and Long Term Disability Insurance for all eligible employees. Prudential will also continue to accept liability for claims that meet the criteria outlined in the Group Life and Disability insurance Contract. The Voluntary Life, Personal Accident Insurance, and Long Term Disability portion of this program will continue to be funded through voluntary payroll deductions for participating Chicago Public School Employees.

DELIVERABLES: Prudential will continue to provide insurance and claims adjudication for fully insured death and disability benefits. Prudential will also continue to provide premium and claim details.

OUTCOMES: Prudential's services will result in an enhanced life and disability insurance program that will result in timely and accurate processing of claims.

COMPENSATION: Consultant shall be paid during this option period as follows: monthly based upon enrollment and the rates specified in the agreement with the Basic Life Insurance premium not to exceed ~~$3,000,000.00~~ $13,000,000.00 ~~per year~~ for the three year period.

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 include: 35% total MBE and 5% total WBE. How ever, the Waiver Review Committee recommends that a partial 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. The vendor has, however, identified and scheduled the following firms and percentages:

MBE: **5.6%**
Sir Speedy Printing Center
311 S. Wacker Drive
Chicago, IL 60606

WBE **5.6%**
Best Imaging Solutions
20 E. Randolph
Chicago, IL 60601

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

FINANCIAL: Charge to the Department of Human Resources: ~~$3,000,000.00~~ $13,000,000.00
Fiscal Year: 2008-2011
Budget Classification: Sundry Units, all operating funds, sundry programs, group life insurance (account 57905)

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

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