

December 7, 2022

**RESOLUTION BY THE BOARD OF EDUCATION TO AMEND
CHIEF EXECUTIVE OFFICER'S (PEDRO MARTINEZ) EMPLOYMENT CONTRACT**

WHEREAS, in Board Resolution 21-1027-RS5, the Board ratified and approved an employment contract with Chief Executive Officer Pedro Martinez ("Martinez");

WHEREAS, the Board and the CEO agree that it is in their mutual interests and the interest of the district to amend provisions of the agreement concerning CEO salary increases and contract termination;

NOW THEREFORE BE IT RESOLVED THAT:

- (1) The Board of Education approves amendments to paragraphs 1.2, 7.1, and 7.2 of the CEO's employment contract as follows (amendments indicated by underlined text and ~~struck-out~~ text):

1.2 SALARY. The Board, as compensation for the duties set forth in this agreement, will pay the CEO an annual base salary at the rate of three hundred and forty thousand dollars (\$340,000) per year, payable in equal installments in the same manner as the salaries of other central office twelve-month administrators are paid. The Board delegates to the Board President the authority, after consultation with individual Board members, to increase the CEO's annual salary by up to 3% each year if the Board issues the CEO a successful annual evaluation under § 2.2 of this agreement and the CEO submits performance goals in a timely manner (on or before June 1st of each year) as required by § 2.1 of this agreement. The Board President shall convene the Board members in executive session for a consultation with them about the CEO's annual salary increase and to achieve a consensus (i.e., the judgment of a majority of the Board members). The effective date of any such increase shall be at the start of the fiscal year following the performance review period. ~~The Board is authorized to increase the annual base salary rate by up to three percent (3%) each year after the Board has conducted an annual performance review and issues an annual performance evaluation to the CEO as described in this agreement. Salary increases shall only be considered upon successful completion of a review period and performance evaluation as described in § 2.2.~~ Any increase in base salary made during the term of this agreement shall be considered an amendment to this section of the agreement and shall become a part of the agreement.

7. TERMINATION

The Board may terminate this agreement before its stated date of expiration for any of the reasons set forth herein.

7.1 FOR CAUSE. The Board may terminate this contract and the CEO's employment at any time during the term of the agreement for cause by providing, or having a designee of the Board provide, the CEO with written notice, pursuant to paragraph 10, of such intention, together with a statement of the primary reasons for termination. Cause, means a finding by the Board which shall include, but is not limited to, any material breach of this contract or any of the following: (a) incompetence in the performance of job duties; (b) fraud or misappropriation; (c) negligence; (d) cruelty; (e) immorality; (f) criminal activity; (g) a finding of wrongdoing or recommendation for disciplinary action, up to and including termination, following an investigation, by an overseeing Office of Inspector General or any designated investigative entity; (h) any other conduct inconsistent with the CEO's duties

and obligations to CPS or the Board, or that may be reasonably perceived to have a material adverse impact on the good name and integrity of CPS or the Board in the sole judgment of the Board ~~the exercise of poor judgment in a manner that reflects poorly on CPS or the Board~~; or (i) any improper act that is contrary to the best interests of CPS. If the CEO is terminated for cause during the term of this contract no severance shall be paid. Any compensation earned or reimbursements due up to the date of termination shall be paid in regular payroll installment payments until paid in full.

7.2 WITHOUT CAUSE. The Board, at its option, ~~and by a minimum of thirty (30) days' notice to the CEO, or pay in lieu of notice,~~ may unilaterally terminate this contract during its term without cause as follows: ~~In the event of such termination, before the contract term ends, the Board shall pay to the CEO, as severance pay, pursuant to the terms and conditions set forth in paragraph 8, an amount equivalent to and not to exceed the lesser of the balance of compensation that would be paid under this Agreement or twenty (20) weeks of compensation, to include any amounts considered as pay in lieu of notice. The base annual salary at the time of such termination shall be used to determine severance pay. Any payment shall be less applicable taxes and authorized deductions and shall be paid in regular payroll payments until paid in full.~~

(a) Notice to the CEO. In order to ensure a smooth and stable transition, the Board shall give the CEO one hundred and eighty (180) days notice of the termination of this contract. During the one hundred and eighty (180) day period, the CEO will remain as CEO, and the Board, its designees, and the CEO will work collaboratively to develop and implement a transition plan that will ensure stability for the Board and the district's students, families, and staff.

(b) Severance Pay After Termination. After the effective date of a termination without cause, the Board shall pay to the CEO, as a lump sum severance pay, an amount equal to twenty (20) weeks of his/her base annual salary, less applicable payroll withholdings. The Board shall continue all healthcare (e.g., health, dental and vision) coverage for the CEO and his covered dependents for twenty (20) weeks and contributions for those benefits shall be withheld from the lump sum severance payment.

(2) A copy of the amended contract shall be filed with the Secretary of the Board of Education.

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This **EMPLOYMENT CONTRACT** (the “contract” or “agreement”) is entered into by and between the Board of Education of the City of Chicago (the “Board”), and PEDRO MARTINEZ, for services as the Chief Executive Officer (the “CEO”) of the Chicago Public Schools (“CPS”) (collectively “the parties”).

In consideration of the mutual promises contained herein, the Board and the CEO agree that this contract and the terms set forth between the parties reflect the parties’ understanding of the laws regarding appointment, duties, compensation, and termination. The parties agree as follows:

1. **EMPLOYMENT.**

In accordance with the provisions of Section 34-6 of the Illinois School Code, 105 ILCS 5/34-6, and subject to the terms of this contract, PEDRO MARTINEZ is hereby employed as the Chief Executive Officer of the Chicago Public Schools.

1.1 **TERM.** Under this contract the CEO is employed for a period of five years, following approval by the Board, beginning on September 29, 2021, and extending through June 30, 2026.

1.2 **SALARY.** The Board, as compensation for the duties set forth in this agreement, will pay the CEO an annual base salary at the rate of three hundred and forty thousand dollars (\$340,000) per year, payable in equal installments in the same manner as the salaries of other central office twelve-month administrators are paid. The Board delegates to the Board President the authority, after consultation with individual Board members, to increase the CEO’s annual salary by up to 3% each year if the Board issues the CEO a successful annual evaluation under § 2.2 of this agreement and the CEO submits performance goals in a timely manner (on or before June 1st of each year) as required by § 2.1 of this agreement. The Board President shall convene the Board members in executive session for a consultation with them about the CEO’s annual salary increase and to achieve a consensus (i.e., the judgment of a majority of the Board members). The effective date of any such increase shall be at the start of the fiscal year following the performance review period. Any increase in base salary made during the term of this agreement shall be considered an amendment to this section of the agreement and shall become a part of the agreement.

1.3 **TENURE.** The CEO waives any rights to acquire tenure of any sort in the School District.

1.4 **RESIDENCY.** The CEO shall establish and maintain actual residency in the City of Chicago within six months of the effective date of this Agreement and shall maintain residency in the City of Chicago during the duration of the term of employment.

1.5 **BENEFITS.**

1.5.1 *Medical, Life, Accidental Death & Dismemberment (“AD&D”), Flexible Spending Accounts (“FSA”) and Related Benefits.* The Board shall provide the

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CEO with the usual and customary medical, life, AD&D, FSA and related benefits provided to all Board employees.

1.5.2 *Paid Vacation Leave.* The Board shall grant the CEO a bank of twenty (20) days of paid vacation on September 29, 2021, with additional vacation days to be accrued on a per payroll period basis at a rate of four (4) weeks per year, with a maximum accrual time of thirty (30) vacation days.

1.5.3 *Paid Sick and Other Leaves.* The CEO shall have sick leave, and any other authorized leave during the term of employment in the same manner as other CPS executive staff.

1.5.4 *Partial Pick-up of Employee Pension Contribution.* The Board shall pay a portion of the CEO's employee contribution to the applicable pension fund, equal to seven percent (7%) of the CEO's salary as permitted by the Illinois Pension Code.

1.5.5 *Employer 403B/457 Contribution.* The Board shall pay an amount equivalent to ten percent (10%) of the CEO's salary to a supplemental savings defined contribution plan 403B and 457B account created for the benefit of the CEO, to be paid over the course of the year each payroll period.

1.5.6 *Relocation Expenses.* The Board shall provide to the CEO a one-time payment to assist with his relocation to Chicago in the amount of fifteen thousand dollars (\$15,000).

1.5.7 *Payment or Reimbursement of Fees for Membership in Education-Related Professional Organizations.* The Board will pay on the CEO's behalf or reimburse the CEO up to five thousand dollars (\$5,000) annually for membership fees in education-related professional organizations.

2. DUTIES.

The CEO shall devote the best professional efforts and full employment time in carrying out the duties and responsibilities of the position. The duties and responsibilities shall include but are not limited to those prescribed by the laws and regulations of the State of Illinois and by the policies, rules, regulations, and directions adopted by the Board (collectively the "Board Policies") and as are reasonably incidental to the position of CEO all as may be modified from time to time by the Board. The CEO's duties and responsibilities include, but are not limited to those duties set forth in Section 8 of the Illinois School Code (105 ILCS 5/34-8), those duties delegated to the CEO by Board Policies, and, including but not limited to: the transfer and assignment of professional personnel and other employees under the CEO's supervision as in the CEO's judgment the needs of the School District require; the organization and arrangement of administrative and supervisory staff, including instruction and operational affairs; the selection and recommendation for action by the Board of certified and non-certified personnel for hire and recommendation for professional staff for promotion; the promulgation or amendment from time-to-time of

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rules and procedures deemed necessary or desirable for the well-ordering of the School District. The CEO shall attend all open and closed meetings of the Board unless excused from closed meetings by the Board because the Board is considering the CEO's performance, conduct, compensation, or employment status. The Board shall not reassign the CEO from the position of CEO to another position without the CEO's express written consent. In all cases, the CEO is expected to act in the best interests of CPS and the CPS Board and perform the position with a high degree of competence, professional standards, and judgment.

2.1 PERFORMANCE GOALS. The CEO shall submit 60-120-180 day goals within forty-five (45) days of the start of employment. The CEO and the Board shall review and agree on goals no later than January 1, 2022. Thereafter, the CEO shall submit proposed performance goals to the Board on June 1st of each year. The CEO and the Board shall review and agree on goals no later than June 30th.

2.2 BOARD AND CEO COMMUNICATION AND RELATIONSHIP. The Board and the CEO shall meet to discuss and agree on expectations for how they will work together and the form and process for the annual CEO evaluation no later than November 1, 2021. Thereafter, they will meet annually to evaluate the communication and relationship and agree on the form and process for the annual CEO evaluation. The Board shall bring to the CEO's attention any criticisms, complaints, and suggestions called to the Board's attention or its members for study, disposition, or recommendations as appropriate.

2.3 EVALUATION. The CEO will receive an annual performance review on or before September 1, 2022, for the 2021-22 school year and on or before December 15, 2023, for the 2022-23 school year and each December 15th thereafter if this Agreement is extended. Recognizing the CEO's start date, the 2021-22 evaluation will focus on feedback on the execution of the 60-120-180 day goals and his transition into the role. The CEO and the Board will meet the following protocols and benchmark dates for the performance evaluation:

(a) For the 2021-22 school year:

(i) The Board and CEO shall meet by November 1, 2021, to agree on the form and process of the annual evaluation.

(ii) The CEO shall submit 60-120-180 day goals by November 15, 2021.

(iii) By July 1, 2022, the CEO shall submit a written self-appraisal to the Board President of the CEO's performance of his duties as relates to those 60-120-180 day goals.

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(iv) By no later than the August Board meeting, the Board and the CEO will meet to provide feedback to the CEO to discuss progress on his goals and his transition to CEO.

(b) For the 2022-23 school year and thereafter, the annual cycle is as follows:

(i) CEO shall submit proposed performance goals for the following school year to the Board by June 1, 2022, and each June 1st thereafter.

(ii) The Board and the CEO will review and agree on the performance goals and on the form and process of the evaluation no later than July 1st of each year.

(iii) By November 1 2023, the CEO shall submit a written self-appraisal to the Board President in which he assesses (1) the CEO's performance of his duties, (2) the School District's accomplishments during the prior school year with a focus on progress/completion of agreed-upon goals and (3) the progress to meeting the District's Five-Year-Vision.

(iv) By December 15th, the Board will provide an evaluation to the CEO as agreed upon by the Board and CEO by July 1st.

(v) No later than the January Board meeting, the Board will hold an in-person meeting with the CEO to discuss the performance review and any proposed salary increase if applicable.

The Board's failure to comply with the evaluation requirements of this Contract, including the requirements set forth above, shall not impair or limit the Board's rights under this Contract to terminate this Contract or non-renew the Chief Executive Officer's employment.

3. SECONDARY EMPLOYMENT.

The CEO shall devote all professional time, attention, skills, and energy to the performance of the responsibilities of the position. A secondary employment relationship with an entity other than the Board is prohibited. The CEO shall be permitted to serve as an unpaid Board member for non-profit organizations, volunteer for organizations, or make speeches to or participate in panel discussions for groups and organizations consistent with Board policy. Non-profit Board membership, volunteer work, or speaking engagements must not interfere or conflict with the

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responsibilities of the CEO and/or create a conflict of interest in the CEO with respect to the CEO's obligations to the Board.

4. TRANSPORTATION AND WORK-RELATED EXPENSES.

The Board shall provide the CEO with a driver for travel in a School District automobile to and from destinations within the Chicago Metropolitan Area in connection with the performance of the CEO's duties as described herein. In accordance with Board policies, the Board shall reimburse the CEO for reasonable work-related expenses incurred in the performance of the duties of the position.

5. INCAPACITATION.

If the CEO becomes incapacitated and subject to the CEO's rights, if any, under the federal Family and Medical Leave Act and any other applicable state or federal law, or if the CEO becomes physically or mentally unable to perform any substantial duty, with or without reasonable accommodations, for a period of sixty (60) calendar days in any 180 calendar-day period, the Board may, at its option, terminate the CEO's employment upon written notice to the CEO. The CEO may within 10 days of receiving such notice request a hearing before the Board or its designated hearing officer regarding whether the CEO can perform the duties with or without reasonable accommodations. The parties agree that a decision following such hearing shall be final. Upon termination for such reason, the Board shall pay the CEO any accrued compensation or benefits due up to the date of termination. Nothing in this paragraph shall be interpreted or enforced in a manner that violates the Americans with Disabilities Act of the Family Medical Leave Act or any other applicable federal, state, or local laws.

6. INDEMNIFICATION.

In accordance with and to the extent provided in the Illinois Local Governmental and Local Governmental Employees Tort Immunity Act (745 ILCS 5/1-101 et seq.), the Board shall indemnify, hold harmless and/or defend the CEO against any claim or action against the CEO allegedly arising out of an act or omission occurring within the scope of the CEO's employment by the Board.

7. TERMINATION.

The Board may terminate this agreement before its stated date of expiration for any of the reasons set forth herein.

7.1 **FOR CAUSE.** The Board may terminate this contract and the CEO's employment at any time during the term of the agreement for cause by providing, or having a designee of the Board provide, the CEO with written notice, pursuant to paragraph 10, of such intention, together with a statement of the primary reasons for termination. Cause, means a finding by the Board which shall include, but is not limited to, any material breach of this contract or any of the following: (a) incompetence in the performance of job duties; (b) fraud or misappropriation; (c) negligence; (d) cruelty;

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(e) immorality; (f) criminal activity; (g) a finding of wrongdoing or recommendation for disciplinary action, up to and including termination, following an investigation, by an overseeing Office of Inspector General or any designated investigative entity; (h) any other conduct inconsistent with the CEO's duties and obligations to CPS or the Board, or that may be reasonably perceived to have a material adverse impact on the good name and integrity of CPS or the Board in the sole judgment of the Board, or (i) any improper act that is contrary to the best interests of CPS. If the CEO is terminated for cause during the term of this contract no severance shall be paid. Any compensation earned or reimbursements due up to the date of termination shall be paid in regular payroll installment payments until paid in full.

7.2 **WITHOUT CAUSE.** The Board, at its option, may unilaterally terminate this contract during its term without cause as follows:

(a) *Notice to the CEO.* In order to ensure a smooth and stable transition, the Board shall give the CEO one hundred and eighty (180) days' notice of the termination of this contract. During the one hundred and eighty (180) day period, the CEO will remain as CEO, and the Board, its designees, and the CEO will work collaboratively to develop and implement a transition plan that will ensure stability for the Board and the district's students, families, and staff.

(b) *Severance Pay After Termination.* After the effective date of a termination without cause, the Board shall pay to the CEO, as a lump sum severance pay, an amount equal to twenty (20) weeks of his/her base annual salary, less applicable payroll withholdings. The Board shall continue all healthcare (e.g., health, dental and vision) coverage for the CEO and his covered dependents for twenty (20) weeks and contributions for those benefits shall be withheld from the lump sum severance payment.

7.3 **MUTUAL AGREEMENT.** This contract may be terminated by mutual agreement of the CEO and the Board in writing, upon such terms and conditions as may be mutually agreed upon.

7.4 **RESIGNATION.** The CEO may resign employment upon 30 days written notice to the Board. The Board in its sole discretion may accept the resignation as effective immediately after receipt of such notice.

8. SEVERANCE.

In accordance with the Government Severance Pay Act, 5 ILCS 415, no severance pay shall be paid if the Board, an overseeing Office of Inspector General, or any designated investigative entity finds that the CEO engaged in misconduct. Misconduct includes but is not limited to any of the following: (a) conduct that is a deliberate violation or disregard of reasonable standards of behavior of an employee; (b) intentional and substantial disregard of the employer's interests or the employee's

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duties; (c) chronic absenteeism or tardiness in deliberate violation of a known policy after a reprimand; (d) willful and deliberation violation of a state or local standard or regulation; (e) violation of the employer’s rules; (f) other conduct, including criminal assault or battery on an employee, customer, invitee or abuse or neglect of someone under the employee’s professional care.

9. RENEWAL.

Unless the agreement is terminated earlier in accordance with any section in paragraph 7, this agreement shall automatically terminate upon the stated expiration date and shall not renew. If either party wishes to renew the contract at the end of its term, each agrees to provide notice to the other of such intention at least 90 days before the expiration of the agreement. In the event, the parties mutually wish to continue the employment relationship the parties shall meet to discuss the terms of a renewal agreement, which terms shall be agreed to no later than 60 days before the expiration of the term.

10. NOTICE.

Any notice or communication permitted or required under this contract shall be made in writing and shall become effective on the day of service thereof by personal service or by first-class mail, registered or certified, return receipt requested, sent to the parties at their respective addresses listed below. Service by mail shall be deemed made upon deposit in the mail to the following:

To the Board & General Counsel:

President, Board of Education
Chicago Public Schools
1 N. Dearborn, Suite 950
Chicago, IL 60602

General Counsel
Chicago Public Schools
1 N. Dearborn, Suite 900
Chicago, IL 60602

To Chief Executive Officer:

[insert address]
(personal home address on file)

PEDRO MARTINEZ,
Chicago Public Schools
42 West Madison Street, 3rd Floor
Chicago, IL 60602

6. 11. APPLICABLE LAW AND CHOICE OF FORUM.

7. This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois. The Parties agree to the jurisdiction and venue of the Circuit Courts of Cook County, Illinois, or the United States District Court of the Northern District of Illinois, for resolving disputes arising under this agreement.

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12. WRITTEN MODIFICATION

This Agreement may not be modified except by express written consent of both Parties.

13. COMPLETE AGREEMENT

This agreement constitutes the complete understanding of the parties and supersedes any and all oral or written communication

14. SEVERABILITY

If any portion of this agreement is declared by any court or adjudicative body to be invalid, the validity of the remaining portions will not be affected.

15. COUNTERPARTS AND ELECTRONIC SIGNATURES.

This agreement may be executed in any number of separate counterparts and by electronic signatures, each of which shall together be deemed an original, but the several counterparts shall together constitute one and the same instrument. In addition, the parties agree that an electronic signature shall be considered an original signature, and a copy of the agreement shall be considered an original instrument, and each, together or separately, shall become binding and enforceable as if original and the parties may rely on the same to prove the authenticity of the agreement.

BOARD OF EDUCATION OF THE CITY OF CHICAGO

CHIEF EXECUTIVE OFFICER

BY: 
Miguel del Valle, President

BY: 
Pedro Martinez

Date: December 9, 2022 | 3:36:17 PM CST

Date: December 9, 2022 | 2:13:15 PM CST

ATTEST:


Estela Beltran, Board Secretary
Board Report #22-1207-RS6

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Approved as to Legal Form:

DocuSigned by:

Joseph T. Moriarty

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Joseph T. Moriarty, General Counsel