APPROVE ENTERING INTO AN AGREEMENT WITH KPMG FOR CONSULTING SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with KPMG to provide employee benefit consulting services to the Bureau of Risk and Benefits Management at a cost not to exceed $200,000. KPMG was selected on a non competitive basis because of prior satisfactory performance dating back to 1997, involving the Tax Sheltered Annuity compliance audit, development of various benefits-related Requests for Proposals and their experience with development and implementation of new and innovative healthcare cost containment plans. A written agreement for Consultant's services is currently being negotiated. No payment shall be made to Consultant prior to the execution of the written agreement. 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 agreement is stated below.

Specification Number: 03-250236

CONSULTANT: KPMG
303 East Wacker Drive
Chicago, Illinois 60601
Vendor# 23326

USER: Bureau of Risk and Benefits Management
125 South Clark –14th Floor
Georgette Hampton, Director
(773) 553-2818

TERM: The term of this agreement shall commence October 22, 2003 and shall end October 21, 2004. This agreement shall have one (1) 12-month option to renew.

SCOPE OF SERVICES: KPMG shall advise of potential legislation which may result in a financial impact upon the Chicago Board of Education. KPMG shall provide consulting services with respect to Retirement and Savings Plans, healthcare programs and other forms of fringe benefit programs. KPMG will participate in the Labor Management Health Care Cost Containment Committee; in auditing Self-Insured medical program, as well as provide general benefits consulting services as appropriate and required. KPMG will assist in monitoring administrative services provided by program vendors.

DELIVERABLES: KPMG shall provide Financial analysis of healthcare, life and disability programs, various analytical presentations for Labor-Management Committee; monitor financial results of Self-Insured medical program. Assist in the preparation of interrogatives for several RFP; other items as required by the Director of Risk and Benefits Management.

OUTCOMES: KPMG's services shall result in continual healthcare savings.

COMPENSATION: Consultant shall be paid quarterly as invoiced, a fee not to exceed $200,000.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% Asian and 5% WBE.

However, the Waiver Review 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 contract scope is not further divisible.

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

FINANCIAL: Charge to Risk and Benefits Management $100,000 Fiscal Year: 2004
Charge to Risk and Benefits Management $100,000 Fiscal Year: 2005
Budget Classification: 0230-210-000-1634-5410

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 of105 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 July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), 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. Crossley

Heather Crossley
Chief Purchasing Officer

Approved:

Arne Duncan
Chief Executive Officer

Within Appropriation:

John Maiorca
Chief Financial Officer

J Maiorca

Approved as to legal form:

Ruth Moscovitch

Ruth Moscovitch
General Counsel