

**APPROVE ENTERING INTO AN 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 entering into an agreement with Prudential Group Life and Disability Insurance Company to provide Group Basic Life Insurance at a cost not to exceed \$8,000,000.00 for a period of 30 months. Prudential will also provide Group Voluntary Life, Personal Accident, and Long Term Disability Insurance, at no cost to the Board. Prudential Group Life and Disability Insurance Company was selected on a competitive basis pursuant to a duly advertised Request for Proposal (Specification No. 03-250289). A written agreement is currently being negotiated. No payment shall be made to vendor prior to the execution of a written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification No.: 03-250289

Provider: Prudential Group Life and
Disability Insurance Company
290 West Mount Pleasant Ave.
Livingston NJ 07039
Susan Maxey Reid
(312) 542-3016
Vendor No.: 30475

USER: Bureau of Risk and Benefits Management
125 South Clark-14th Floor
Chicago, Illinois 60603
Georgette Hampton, Director
(773) 553-2818

TERM: The term of this agreement shall commence on July 1, 2004 and shall end December 31, 2006. This agreement shall have (2) two options to renew for 12 months each.

SCOPE OF SERVICES: Prudential will provide Group Basic Life Insurance, Voluntary Life Insurance, Personal Accident and Long Term Disability Insurance for all eligible employees. Prudential will 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 be funded through voluntary payroll deductions from participating Chicago Public School Employees.

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

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

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

COMPENSATION: Prudential shall be paid a monthly amount based upon enrollment and the rates specified in the agreement. The Basic Life Insurance premium will not exceed \$3,000,000.00 per year; total amount not to exceed \$8,000,000.00 for a 30 month term.

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

however, 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

Total MBE 5.7%

Total Asian

Sir Speedy Printing \$53,270 or 5.7%
311 S. Wacker Drive # 6122
Chicago, Il. 60606

Total WBE .3%

Best Imaging Solutions, Inc \$2,804 or .3%
20 E. Randolph
Chicago, IL. 60601

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

FINANCIAL: Charge \$3,000,000.00 Fiscal Year 2005

Charge \$3,000,000.00 Fiscal Year 2006

Charge \$2,000,000.00 Fiscal Year 2007

Budget Classification: Sundry units, all operating funds, sundry programs, group life insurance (object 5680).

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.

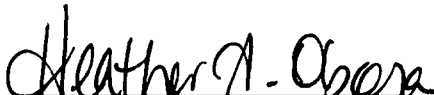
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted 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. Obora
Chief Purchasing Officer

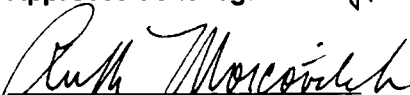
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


John Malorca
Chief Financial Officer

Approved as to legal form: 


Ruth Moscovich
General Counsel