

**APPROVE EXERCISING THE FIRST 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 first option to renew the agreement with Prudential Group Life and Disability Insurance Company to provide Group Basic Life Insurance at a cost for the option period not to exceed \$2,000,000.00. 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 Provider 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.

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, 14<sup>th</sup> 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 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 year commencing January 1, 2007 and ending December 31, 2007.

**OPTION PERIODS REMAINING:** There is one option period for one year 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 \$2,000,000.00 per year.

**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 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. 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:

**MBE** 5.6%  
SirSpeedy 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: \$2,000,000.00 Fiscal Years: 2007-2008  
Budget Classification: Sundry Units, all operating funds, sundry programs, group life insurance account 57905 (5690)

**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.

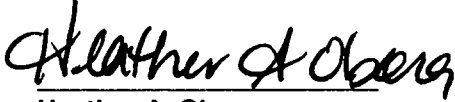
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

**Approved:**



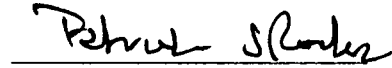
**Arne Duncan  
Chief Executive Officer**

**Within Appropriation:**



**John Malorca  
Chief Financial Officer**

**Approved as to legal form:** 

  
**Patrick J. Rocks**  
**General Counsel** 