

**APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENT WITH SEDGWICK CLAIMS MANAGEMENT SERVICES, INC. FOR CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE FUNDING OF ESCROW ACCOUNTS ASSOCIATED WITH THESE SERVICES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the second option to renew the agreement with Sedgwick Claims Management Services, Inc. ("Sedgwick") for claims administration services for the Board's workers' compensation programs, to the Talent Office at a cost for the option period not to exceed \$2,800,000.00 for administrative fees and authorize funding of escrow accounts associated with these services in an amount not to exceed \$70,000,000.00 for the 24 month renewal term. 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 120 days of the date of this Board Report. Information pertinent to this option is stated below.

**VENDOR:**

- 1) Vendor # 79006  
SEDGWICK CLAIMS MANAGEMENT  
SERVICES, INC  
1100 RIDGEWAY LOOP RD.  
MEMPHIS, TN 38120  
Chery Morler  
312-542-0058  
312-346-4184

**USER INFORMATION :**

Project  
Manager: 11010 - Office of Human Capital  
  
125 S Clark St - 2nd Floor  
  
Chicago, IL 60603  
  
Tiefenthaler, Ms. Kristine C.  
  
773-553-1263

**ORIGINAL AGREEMENT:**

The original Agreement (authorized by Board Report 08-0423-PR16) in the amount of \$4,200,000.00 was for a term commencing July 1, 2008 and ending June 30, 2011 with the Board having two (2) options to renew for 2 year terms. The agreement was renewed (authorized by Board Report 11-0427-PR40 as amended by Board Report 12-0425-PR17) for a term commencing July 1, 2011 and ending June 30, 2013. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2.

**OPTION PERIOD:**

The term of this agreement is being extended for two years commencing July 1, 2013 and ending June 30, 2015.

**OPTION PERIODS REMAINING:**

There are no options to renew remaining.

**SCOPE OF SERVICES:**

Sedgwick will continue to provide all aspects of workers' compensation claims management services, including, but not limited to, claims investigation, adjustment, benefits administration, medical management, PPO, bill review, utilization review, litigation management, settlement negotiation, subrogation recovery, information management, management reporting, OSHA compliance services and daily contact with Board staff. Sedgwick will continue to provide certain services, or arrange and administer certain services in addition to Sedgwick administration services, which shall be additional allocated expense charges to the claim file. Such services to be included as allocated expense(s) to the claim file may include, but are not limited to, medical management, PPO, bill review, utilization review surveillance, field investigations, expert consulting and testimony. Sedgwick shall pay claims, settlements and awards through established escrow accounts. The escrow accounts will be funded at intervals agreed to by the Director.

**DELIVERABLES:**

Consultant will continue to attend monthly meetings with the Board management personnel, provide quarterly stewardship reports to the Director and annual "State of Account" meetings with the Board Senior management.

**OUTCOMES:**

Consultant's services will result in a comprehensive claims administration program for the Board of Education and Chicago Public School employees, and OSHA compliance services.

**COMPENSATION:**

Service fees to Sedgwick shall be paid in installments agreed to by the Director as set forth in the agreement; total for this option period not to exceed \$2,800,000.00.

**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 Financial Officer and Chief Talent Officer to execute all ancillary documents required to administer or effectuate this option agreement.

**AFFIRMATIVE ACTION:**

This contract is in full compliance with the goals required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts (M/WBE Plan). The M/WBE participation for the contract include: 30% MBE and 7% total WBE.

The vendor has identified and scheduled the following firms:

**Total MBE: 30%**

The Owens Group  
19 South LaSalle St.- Suite 500  
Chicago, IL60603

**Total WBE: 7%**

Peggy Steuben Associated Agency, Inc  
2040 W. Hopkins Place  
Chicago, IL 60620

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Charge to the Talent Office

Charge to # 12470-210-57605-119004-0000000 for Workers Compensation Administration Fees

FY 2014 \$1,400,000

FY 2015 \$1,400,000

To Fund WC Escrow Account

FY 2014 \$35,000,000

FY 2015 \$35,000,000

**CFDA#:** Not Applicable

**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 members 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:



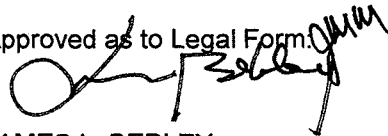
SÉBASTIEN de LONGEAUX  
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT  
Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY  
General Counsel