

APPROVE SETTLEMENT AGREEMENT IN CASE # 99 L 2267**THE GENERAL COUNSEL REPORTS THE FOLLOWING DECISION:**

TERMS OF SETTLEMENT: Plaintiff, Near North Insurance Group, filed a complaint in State court alleging breach of contract and quantum meruit. Following significant litigation and an evaluation of the evidence presented during the litigation, the Law Department has determined that it is in the best interest of the Board to settle this matter as follows: (1) the payment of \$250,000.00 to Plaintiff for past contractual services, and (2) the award of a contract to Plaintiff in an amount not to exceed \$215,000.00, divided as follows: (a) A total of \$75,000.00 to Near North for its services as further defined below, and (b) \$140,000.00 to be paid to Near North for distribution to minority subcontractors it selects to perform the individual site inspections. This settlement does not require the payment of any attorney's fees. Upon approval of this settlement agreement by the Board and the signing of the settlement agreement, the parties agree to dismiss the complaint.

CONTRACT: Pursuant to an internal needs assessment, the Bureau of Risk and Benefits Management has determined the need for a property management database system. Therefore, as part of this settlement, the Board shall enter into an agreement with Near North National Group (Near North) to provide loss control consulting services, including the customization of a property management database system, to the Bureau of Risk and Benefits Management at a cost not to exceed \$215,000.00. A written contract for these services is currently being negotiated. No payment for services under this contract shall be made to Near North prior to the execution of the written contract. Information pertinent to this contract is stated below.

CONSULTANT: Near North National Group
875 North Michigan Avenue, Suite 1900
Chicago, IL 60611
Contact Person: Michael Segal
(312) 380-5600
Vendor #: 44107

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

TERM: The term of this contract shall commence on February 1, 2001 and shall end January 31, 2003.

SCOPE OF SERVICES: Near North shall develop for the Board a customized property management database system which will facilitate automation of risk management data associated with the Board's property portfolio. These services will be rendered by Near North in three phases as follows: (i) Phase One: Meet with Board personnel, review overall risk management needs and outline the overall scope of the database project; (ii) Phase Two: Incorporate the Board's needs into the database design; and (iii) Phase Three: Organize and conduct site inspections, as directed by the Bureau of Risk and Benefits Management, to obtain underwriting and loss control data needed to complete the database into final user format. Near North shall facilitate the data entry into the database and shall provide all upgrades and maintenance of the database system during the term of the contract. Near North and the Board agree that Near North shall use minority subcontractors to conduct the site inspections.

DELIVERABLES: Near North shall deliver to the Board a customized property management database system. The data shall be collected via site inspections conducted by consultant or sub-contractor. Near North shall enter the data and deliver the database to the Board on a periodic basis.

OUTCOMES: Near North's services under this contract shall result in the Board having a comprehensive and complete property management database system which will facilitate automation of risk management data

associated with the Board's property portfolio. The database developed by Near North will result in a risk management tool directly attributable to loss prevention and loss reduction.

COMPENSATION: Upon dismissal of the complaint, Near North shall be paid the lump sum of \$ 250,000.00. For services rendered under the contract, Near North shall be paid as follows: The sum of \$37,500.00 upon signing of the contract, the sum of \$37,500.00 upon satisfactory completion of Phase Two services, and the sum of \$200.00 per site inspection (up to 700 site inspections), as such inspections are rendered, to be paid to Near North for distribution to the minority subcontractors its selects for such inspections.

REIMBURSABLE EXPENSES: None.

AUTHORIZATION: Authorize the General Counsel to execute the Settlement Agreement and all ancillary documents related thereto. Authorize the General Counsel to include other relevant terms and conditions in the written contract with Near North. Authorize the President and Secretary to execute the written contract with Near North. Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate the written contract with Near North.

AFFIRMATIVE ACTION: Consultant agrees to comply with and be bound by the provisions of the Board's Revised Remedial Plan for Minority and Women Business Enterprise Economic Participation.

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

FINANCIAL: Charge to Risk and Benefits Management: \$215,000.00 Fiscal Year: 01
Budget Classification: 0963-215-000-7068-5490
Charge to Risk and Benefits Management: \$250,000.00 Fiscal Year: 01
Budget Classification: 0963-210-000-1023-5410

GENERAL CONDITIONS RELATING TO THE WRITTEN CONTRACT:

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.

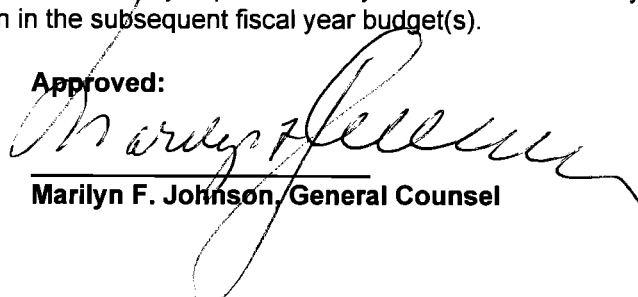
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted 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.

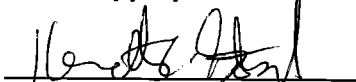
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved:



Marilyn F. Johnson, General Counsel

Within Appropriation:



**Kenneth C. Gotsch
Chief Fiscal Officer**