

**AUTHORIZE PLACEMENT OF THE BOARD'S PROPERTY INSURANCE,
MECHANICAL BREAKDOWN INSURANCE AND CRIME INSURANCE**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize Mesirow Insurance Services, Inc. to place the following insurance policies on behalf of the Board for Property Insurance, Mechanical Breakdown Insurance and the Board's Crime Insurance in the aggregate amount not to exceed \$ 2.7 million. These placements will be arranged through Mesirow Insurance Services, Inc. (Mesirow), selected on a competitive basis pursuant to Board Rule 5-4.1 (Specification No. 05-250055). The policies of coverage constitute the contract between the Board and its insurance carriers.

Specification No. 05-250055

Contract Administrator: Demetra Knowles (773) 553-3256

INSURANCE CARRIERS:

A. "All Risk" Property Insurance

1. Lexington Insurance Company
100 Summer St.
Boston, MA 02110

2. Travelers Property & Casualty Insurance Co
One Tower Square
Hartford, CT 06183

B. Mechanical Breakdown Insurance

1. Federal Insurance Company (Chubb)
P.O. Box 1615
Warren, NJ 07061-1615

C. Crime Insurance

1. Great American
Insurance Company
900 Oakmont Lane, Suite 306
Westmont, IL 60559

2. Fidelity & Deposit Co. of Maryland
1400 American Lane
Schaumburg, IL 60196-1056

3. Travelers Casualty & Surety
Company of America
One Tower Square
Hartford CT. 06183

4. Hanover Insurance Company
215 Shuman Blvd.
Naperville, Illinois 60563

INSURANCE BROKER:

Mesirow Insurance Services, Inc.
321 North Clark
Chicago, Illinois 60610
Michael Mackey, Senior Managing Director
(312) 595-7900
Vendor# 84715

USER:

School Financial Services
125 South Clark Street-14th Floor
John Maiorca, Chief Financial Officer
(773) 553-2700
Eileen Ryan, Assistant Risk Manager
(773) 553-2828

TERM: The term of each "all risk" policy, mechanical breakdown policy and crime policy shall commence on July 1, 2007 and shall end July 1, 2008.

DESCRIPTION OF POLICIES:

The aggregate insured value of the Board's property is in excess of \$15 million on a current replacement cost basis.

The coverage is provided on an occurrence basis subject to the following limits and deductibles.

2007 COVERAGES BELOW

Coverage	Description	Limits	Deductibles	Premium
"All Risk" Property	Blanket coverage for Board property including property under construction, and terrorism coverage	\$250,000,000	\$500,000	Not to Exceed \$2,400,000
Boiler Machinery	Coverage for sudden and accidental breakdowns of boilers, machinery and electrical equipment	\$100,000,000	\$50,000	Not to Exceed \$150,000
Crime Insurance	Blanket coverage including fidelity	\$50,000,000	\$500,000	Not to Exceed \$150,000

AUTHORIZATION: Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate the policies.

PREMIUM: All premium payments will be made through Mesirov for payment to the appropriate insurance carriers based on premiums reported to the Bureau of Risk Management. Allowable premiums are outlined above and may be subject to change in the event of a change in property values. Any premium change that causes the premium to exceed the maximum amounts stated above shall require additional Board authority.

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan), this contract is exempt from review because the vendor is merely a conduit of funds and receives no payments under this transaction.

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

FINANCIAL: Charge to Bureau of Risk Management: \$2.7 million Fiscal Year: 2008
Budget Classification: 0963-215-000-7068-5490 Source of Funds: Tort Liability #215

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.

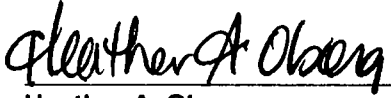
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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



**Heather A. Obora
Chief Purchasing Officer**

Approved:



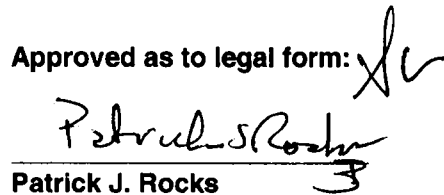
**Arne Duncan
Chief Executive Officer**

Within Appropriation:



**John Maiorca
Chief Financial Officer**

Approved as to legal form:



**Patrick J. Rocks
General Counsel**