

AUTHORIZE EXTENSION OF THE BOARD'S EXCESS LIABILITY INSURANCE THROUGH MESIROW INSURANCE SERVICES, INC.

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize Mesirow Insurance Services ("Mesirow"), the Board's Excess Liability Insurance Broker, to extend the Board's Excess Liability Insurance policies with the insurance carriers listed below. The current policies are being extended to bring the program expiration date in line with the fiscal year. The preceding coverage shall not exceed an aggregate cost to the Board of \$870,000 in premiums. These placements will be arranged through 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; and no other written documentation is required. Information pertinent to this matter is stated below:

INSURANCE CARRIERS:

- | | |
|---|--|
| 1. Princeton E & S 555 College Road East Princeton, NJ 08543 | 2. Westchester/Surplus Lines Ins. Co. P.O. Box 21284 Philadelphia, PA 19106 |
| 3. Great American Assurance Co. P.O. Box 2575 Cincinnati, OH 45202 | 4. Lexington Insurance Co. 200 State, 4 th Floor Boston, MA 02110 |
| 5. Firemen's Fund Insurance Company 777 San Marin Drive Novato CA 94998 | |

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/
Bureau of Risk Management
125 South Clark Street-14th Floor
Pedro Martinez, Chief Financial Officer
(773) 553-2560
Eileen Ryan, Risk Manager
(773) 553-2828

TERM: The terms of the excess liability policies shall commence on October 31, 2007 and shall end June 30, 2008.

DESCRIPTION OF POLICIES:

The coverage is provided on an occurrence and claims made basis subject to the following limits and retention.

| Coverage | Description | Limits | Retention |
|----------|---|---|--|
| Excess | Wrongful acts, personal injury, property damage liability, school board legal liability, employers' liability, non-owned aircraft liability, employment practices liability, employee benefit liability and harassment liability, TRIA & Surplus Lines Tax. | \$75,000,000 (Sexual Harassment is limited to \$5,000,000 excess of SIR) | \$10,000,000 Self Insured Retention (SIR) |

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

PREMIUM: All premium payments will be paid to Mesirow who will pay the appropriate insurance carriers based on premiums reported to the Bureau of Risk Management. Allowable premiums are outlined below and may be subject to change in the event of a change in rates, provided premiums do not exceed \$870,000. Any premium change that causes the premium to exceed the maximum amounts stated shall require additional Board authority.

| Coverage/Layer | Carrier | Not to Exceed |
|------------------------------|--------------------|------------------|
| \$10,000,000 xs 10 SIR | Princeton C&S | \$265,000 |
| \$15,000,000 xs \$10,000,000 | Westchester | \$195,000 |
| \$15,000,000 xs \$25,000,000 | Great American | \$165,000 |
| \$15,000,000 xs \$40,000,000 | Lexington | \$145,000 |
| \$20,000,000 xs \$55,000,000 | Firemen's Fund | \$100,000 |
| | Grand Total | \$870,000 |

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the M/WBE Plan, this transaction is excluded from M/WBE review because this 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: \$870,000 Fiscal Year: 2008
 Budget Classification: 12470-210-54530-0000-231114-000

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.

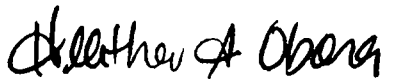
Conflicts – Any agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted July 26, 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.

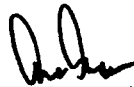
Contingent Liability – Any agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



**Heather A. Obara
Chief Purchasing Officer**

Approved:



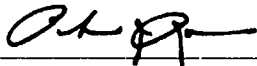
**Arne Duncan
Chief Executive Officer**

Within Appropriation:



**Chief Financial Officer
Pedro Martinez**

Approved as to legal form: 



**Patrick J. Rocks
General Counsel**