

**APPROVE ENTERING INTO AN AGREEMENT WITH
CANNON COCHRAN 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 entering into an agreement with Cannon Cochran Management Services, Inc. (CCMSI), for claims administration services for the Board's liability and interscholastic claim programs, at a cost not to exceed \$1,350,000.00 for administrative fees, and authorize funding of escrow accounts associated with these services in an amount not to exceed \$16,500,000.00 for a 36 month term. CCMSI was selected on a competitive basis pursuant to Board Rule 5-4.1. A written agreement for consultant services is currently being negotiated. No payment shall be made to consultant prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification Number: 08-250004

Contract Administrator: Lee Saulter (773) 553-2989

VENDOR: Cannon Cochran Management Services, Inc.
2 East Main Street
Danville IL, 61832
William O'Neill, Vice President
(312) 455-1612
Vendor: 69076

USER: Department of Finance
125 South Clark, 14th Floor
Chicago, Illinois 60603
Pedro Martinez, Chief Financial Officer
(773) 553-2700
Eileen Ryan, Director of Risk Management & Emergency Planning
(773) 553-2828

TERM: The term of this agreement shall commence on July 1, 2008 and shall end June 30, 2011. This agreement shall have two options to renew for periods of two years each.

EARLY TERMINATION RIGHT: The Board shall have the right to terminate this agreement with 30 days written notice.

DESCRIPTION OF SERVICES:

CCMSI shall provide all aspects of liability and interscholastic claims management services including, but not limited to, claim adjustment, benefit administration, claim investigation, medical management, litigation management, settlement negotiation, subrogation recovery, information management, management reporting and daily contact with Board staff. CCMSI shall provide or arrange for certain services in addition to the CCMSI administrative services, which will be at an additional allocated expense charge to the claim file. Services to be included as an allocated expense include, but are not limited to, surveillance, field investigations, expert consulting and testimony. CCMSI shall receive all reports of accidents to students and visitors, and process them appropriately under guidelines as agreed to by the Director. CCMSI shall pay claims, settlements and awards through established escrow accounts which will be funded at intervals as agreed to by the Director.

DELIVERABLES: CCMSI shall develop Special Account Instructions (SAI) in accordance with the contract provisions and approval by the Director. SAI will detail assigned personnel, claim management protocols, reserve notification, settlement authority, claim status reporting, escrow funding levels and special directions as necessary. CCMSI will conduct monthly meetings with Risk Management personnel, provide quarterly stewardship reports to the Director and an annual "State of Account" meeting with Board senior management addressing major trends and recommendations for program improvement. Allocated expense charges will be reported in the "State of Account" with the total annual payment received by each vendor partner.

OUTCOMES: CCMSI's services will result in an affordable, comprehensive claims administration program for Chicago Public Schools students, employees and visitors.

COMPENSATION: CCMSI shall be paid as follows: Annual service fee not to exceed the sum of \$450,000.00 in installments agreed to by the Director.

REIMBURSABLE EXPENSES: CCMSI shall be reimbursed for the following expenses: Only the allocated expense charges described above via the escrow account.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the renewal agreement. Authorize the Chief Financial Officer and Chief of Human Resources to execute all ancillary documents required to administer or effectuate the agreement and to fund the escrow accounts in the amounts stated.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Remedial Program for Minority and Women Business Enterprise Contract Participation (M/WBE Plan). The M/WBE participation goals for the contract include: 30% total MBE and 7% total WBE. The vendor has identified and scheduled the following firms:

Total MBE: 30%

Fact Finders Group 7%
4747 Lincoln Mall Drive #415
Matteson, IL 60443

Risk and Insurance Management Services, Inc. 17%
One East Oak Hill Drive, 4th floor
Westmont, IL 60559

Mirage Software Inc. DBA Bourntec Solutions 6%
120 West Madison St. suite #608
Chicago, IL 60602

Total WBE: 7%

Risk Innovations, Inc. 7%
1202 N. 75th St. #253
Downers Grove, IL 60516

FINANCIAL: Charge to Risk Management & Emergency Planning for Administrative Fees

Budget Classification# 12470-210-54530-231111-000000

FY 2009 FY 2010 FY 2011
\$450,000.00 \$450,000.00 \$450,000.00

Charge to Risk Management & Emergency Planning to fund the Liability Escrow Accounts

Budget Classification# 12470-210-54530-231113-000000

FY 2009 FY2010 FY2011
\$5,000,000.00 \$5,000,000.00 \$5,000,000.00

Charge to Risk Management & Emergency Planning to fund the Athletic Injury Escrow Account

Budget Classification# 12470-210-54530-119025-000000

FY 2009 FY 2010 FY 2011
\$500,000.00 \$500,000.00 \$500,000.00

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.

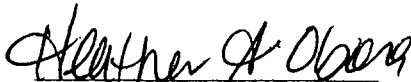
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

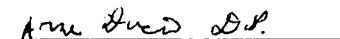
Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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

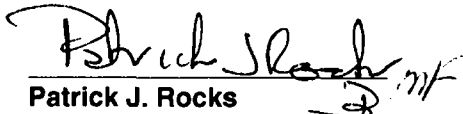
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Pedro Martinez
Chief Financial Officer

Approved as to legal form:


Patrick J. Rocks
General Counsel