

**APPROVE SETTLEMENT OF INSURANCE CLAIM
MICHUDA CONSTRUCTION, INC. AND INDIANA INSURANCE COMPANY**

THE GENERAL COUNSEL REPORTS THE FOLLOWING SETTLEMENT:

DESCRIPTION: In mid-October 2006, a sump pump failed at the John Hancock College Preparatory High School, which caused the basement to flood, damaged the power supply. Risk Management submitted a claim to the Board's property-insurance carrier, Indiana Insurance Co., seeking payment of \$417,773.69 for damages. The insurance company disputed portions of the Board's claim, and Risk Management has negotiated a settlement, subject to Board approval, wherein the insurer will pay the sum of \$360,951.88 on the Board's claim, in exchange for a release of claims against Michuda and its insurer related to the sump pump failure.

LSC REVIEW: LSC approval is not applicable to this report.

AFFIRMATIVE ACTION STATUS: Affirmative Action review is not applicable to this report.

FINANCIAL: Indiana Insurance Company will pay the Board \$360,951.88 in settlement of this claim.

AUTHORIZATION: Authorize the General Counsel to negotiate and execute the Settlement Agreement(s), and all ancillary documents related thereto.

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.

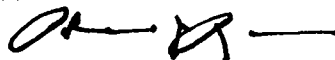
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

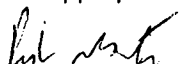
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved,



PATRICK J. ROCKS
General Counsel *WAM*

Within Appropriation:


PEDRO MARTINEZ
Chief Financial Officer