

APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENT WITH MESIROW INSURANCE SERVICES, INC. TO PROVIDE INSURANCE BROKER AND CONSULTING SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with Mesirow Insurance Services, Inc. (Mesirow) to continue to provide insurance broker and consulting services to the Bureau of Risk Management and Emergency Planning at a cost not to exceed \$260,000. A written renewal agreement is currently being negotiated. No payment shall be made to consultant prior to the execution of the written renewal 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. Information pertinent to this option is stated below.

Specification Number : 05-250055

VENDOR:

Vendor # 84715
Mesirow Insurance Services
353 North Clark St.
Chicago, IL 60654
Michael Mackey, Senior Managing Director
312-595-7900

312-595-7163

USER:

Citywide Pension & Liability Insurance
125 South Clark Street 14th Floor
Chicago, IL 60603

Contact : Eileen Ryan

Phone: 773-553-2828

ORIGINAL AGREEMENT:

The original agreement (authorized by Board Report 06-0222-PR13) in the amount of \$260,000, was for a term commencing March 1, 2006 and ending March 1, 2008, with the Board having two (2) options to renew for periods of twenty-four (24) months each. The agreement was renewed (authorized by Board Report #08-0227-PR11) for a term commencing March 2, 2008 and ending March 1, 2010. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1.

OPTION PERIOD:

The term of this agreement is being extended for 24 months commencing March 2, 2010 and ending March 1, 2012.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Mesirow will continue to provide the following services during the renewal period:

Insurance Broker Services: Mesirow will provide insurance broker services to the Board, including excess liability and property insurance programs. Moving to a single broker combined program results in a 20% reduction in fees. Mesirow will analyze Board operations and loss experience, develop insurance specifications with Risk Management, prepare marketing submissions, seek quotes from viable insurance markets, negotiate modifications, bind and place insurance programs.

Mesirow will support Risk Management further with loss trending and forecasting services, contractual risk transfer assistance, certificate of insurance issuance, loss control consulting and other broker services as needed.

Risk Management Consulting Services: Risk Management will continue to have the option to assign Mesirow to conduct an enterprise risk analysis of the Board's risk exposures. An initial assessment will be conducted identifying the risk exposures critical to the Board's operations. Mesirow will categorize and quantify the risks and develop solutions. Strategic responses will be developed for both insurable and non-insurable exposures. The initial assessment will be conducted on a flat fee basis and Mesirow will be compensated on an hourly rate thereafter.

DELIVERABLES:

Mesirow shall also continue to provide the following deliverables:

1. Submit final underwriting proposals to Risk Management within the prescribed timeframe to meet Board deadlines.
2. Place insurance coverage upon Board approval.
3. Place program on a fixed-fee basis without commission.
4. Identify any and all entities that may benefit from the placement of each program, identify any commissions, contingencies, wholesale commissions, reinsurance, etc.
5. Review and validate the accuracy of invoice statements, billings, and any premium adjustments in compliance with negotiated insurance wording.
6. Issue endorsements and insurance certificates as needed or required.
7. Submit a written report categorizing the Board's enterprise risk exposures.
8. Prioritize Board's risk exposures and develop solutions.

OUTCOMES:

Mesirow's services shall result in a comprehensive, cost-effective insurance program.

COMPENSATION:

Mesirow shall be paid an annual brokerage administrative fee of \$108,000. Half of the fee will be paid upon assignment of services, the second half will be paid upon delivery of insurance policies. Risk management consulting services will be paid at a flat rate of \$6,750 for an initial assessment, and \$150 per hour thereafter and shall not exceed \$22,000 annually. Insurance programs must be placed on a fixed fee basis without commissions, and will be reported separately to the Board. The total compensation shall not exceed \$260,000.00.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION:

This contract is in full compliance with the goals required by the Remedial Program for Minority and Women Business Enterprise Contract Participation for Goods and Services Contracts. The M/WBE participation goals for the contract include 26% MBE and 5% WBE.

The vendor has identified and scheduled the following firms:

Total MBE: 27%
Insurers Review Services
225 N. Michigan Ave. suite 902
Chicago, IL 60601

Rolei Financial Services Corporation
737 N. Michigan Ave. suite 1300
Chicago, IL 60611

Total WBE: 6%
Risk Innovations, Inc.
1202 N. 75th St.
Downers Grove, IL 60516

LPR Services, Inc.
3009 Oaksbury Court
Rolling Meadows, IL 60008

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to Risk Management: \$260,000

12470-210-54530-231115-000000-2011	\$130,000.00
12470-210-54530-231115-000000-2012	\$65,000.00
12470-210-54530-231114-000000-2012	\$65,000.00

CFDA# : Not Applicable

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.

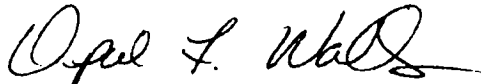
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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



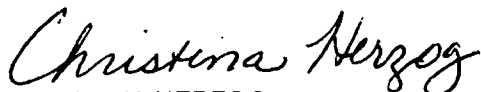
Opal L. Walls
Chief Purchasing Officer

Approved:



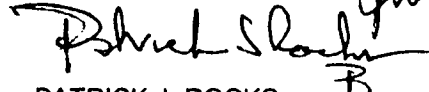
Ron Huberman
Chief Executive Officer

Within Appropriation:



CHRISTINA HERZOG
ACTING CHIEF FINANCIAL OFFICER

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel