

APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT WITH SEDGWICK CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE FUNDING OF ESCROW ACCOUNTS ASSOCIATED WITH THESE SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the agreement with Sedgwick Claims Management Services, Inc. for claims administration services for the Board's workers' compensation programs, to the Office of Human Capital at a cost for the option period not to exceed \$2,800,000.00 for administrative fees and authorize funding of escrow accounts associated with these services in an amount not to exceed \$70,000,000.00 for the 24 month renewal term. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option period prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 120 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification Number : 08-250004
Contract Administrator : Pamela Seanior / 773-553-2254

CONSULTANT:

- 1) Vendor # 79006
SEDGWICK CLAIMS MANAGEMENT SERVICES, INC
1100 RIDGEWAY LOOP RD.
MEMPHIS, TN 38120
Chery Morler
312-542-0058
312-346-4184

USER:

Office of Human Capital
125 S Clark St - 2nd Floor
Chicago, IL 60603

Contact : Dale Moyer
Phone: 773-553-2818

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 08-0423-PR16) in the amount of \$4,200,000.00 is for a term commencing July 1, 2008 and ending June 30, 2011 with the Board having two (2) options to renew for 2 year terms. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2.

OPTION PERIOD:

The term of this agreement is being extended for two years commencing July 1, 2011 and ending June 30, 2013.

OPTION PERIODS REMAINING:

There is one option to renew for a period of two years remaining.

SCOPE OF SERVICES:

Sedgwick will continue to provide all aspects of workers' compensation claims management services,

including, but not limited to, claims investigation, adjustment, benefits administration, medical management, PPO, bill review, utilization review, litigation management, settlement negotiation, subrogation recovery, information management, management reporting and daily contact with Board staff. Sedgwick will continue to provide certain services, or arrange and administer certain services in addition to Sedgwick administration services, which shall be additional allocated expense charges to the claim file. Such services to be included as allocated expense(s) to the claim file may include, but are not limited to, medical management, PPO, bill review, utilization review surveillance, field investigations, expert consulting and testimony. Sedgwick shall pay claims, settlements and awards through established escrow accounts. The escrow accounts will be funded at intervals agreed to by the Director.

DELIVERABLES:

Consultant will continue to attend monthly meetings with the Board management personnel, provide quarterly stewardship reports to the Director and annual "State of Account" meetings with the Board Senior management.

OUTCOMES:

Consultant's services will result in a comprehensive claims administration program for the Board of Education and Chicago Public School employees.

COMPENSATION:

Service fees to Sedgwick shall be paid in installments agreed to by the Director; total for this option period not to exceed \$2,800,000.00.

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 and Chief of Human Capital 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 (M/WBE Plan). The M/WBE participation for the contract include: 30% MBE and 7% total WBE. The vendor has identified and scheduled the following firms:

Total MBE: 30%

The Ownes Group
19 South LaSalle St.- Suite 500
Chicago, IL60603

Total WBE: 7%

Peggy Steuben Associated Agency, Inc
2040 W. Hopkins Place
Chicago, IL 60620

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to the Office of Human Capital for Workers' Compensation

Budget Classification # 12470-115-57605-119004-0000000 for WC administration Fees

FY 2012

\$1,400,000

FY 2013

\$1,400,000

To Fund WC Escrow Account

FY 2012

\$35,000,000

FY 2013

\$35,000,000

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.

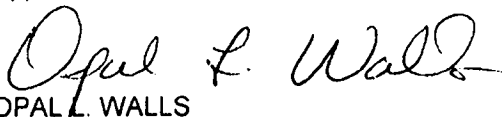
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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



TERRY MAZANY
Chief Executive Officer

Within Appropriation:



DIANA S. FERGUSON
Chief Financial Officer

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel