

**APPROVE EXERCISING THE SECOND OPTION TO RENEW AGREEMENT WITH CANNON  
COCHRAN MANAGEMENT SERVICES, INC. TO PROVIDE CLAIM ADMINISTRATIVE SERVICES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the second renewal 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 \$936,000.00 for administrative fees, and authorize funding of escrow accounts associated with these services in an amount not to exceed \$11,000,000.00 for total of \$11,936,000.00 combined for a 24 month term. 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 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification No. 08-250004

Contract Administrator: Pamela Seanior (773) 553-2254

**Vendor:**

**Cannon Cochran Management Services, Inc,**  
2 E. Main Street  
Danville, Illinois 60132  
(312) 455-6467  
Vendor# 69076

**USER:**

**Risk Management**  
125 South Clark Street, 7<sup>th</sup> Floor  
Wendalyn Napolitano  
(773) 553-2826

**ORIGINAL AGREEMENT:** The original agreement (authorized by Board Report 08-0423-PR13) in the amount of \$1,350,000 for administrative services, and authorize funding of escrow accounts associated with these services in an amount not to exceed \$16,500,000 was for a 36 month term commencing July 1, 2008 and ending June 30, 2011, with the Board having two (2) options to renew for periods of twenty-four (24) months each. The first option agreement (authorized by Board Report 11-0427-PR45), is for a term commencing July 1, 2011 and ending June 30, 2013. CCMSI was selected on a competitive basis pursuant to Board Rule 5-4.1 (Specification No. 08-250004).

**OPTION PERIOD:** The term of this agreement is being extended as of July 1, 2013 and shall end June 30, 2015.

**OPTION PERIOD REMAINING:** There are no options to renew remaining.

**SCOPE OF SERVICES:** During the renewal period, CCMSI shall provide all aspects of liability, employment practice, and interscholastic claims management services including, but not limited to, claim adjustment, notice to carriers, 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 Risk Management/Finance Dept. CCMSI shall pay claims, settlements and awards through established escrow accounts which will be funded at intervals as agreed to by Risk Management/Finance Department.

**DELIVERABLES:** CCMSI shall monitor and update Special Account Instructions (SAI) in accordance with the contract provisions and approval by the Deputy. 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/Finance Dept. personnel; provide quarterly stewardship reports to Risk Management/Finance Dept. and an annual "State of Account" meeting with Board senior management



**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.


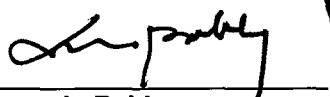
**Contingent Liability** – Any agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**

  
Sebastian De Longeaux  
Chief Purchasing Officer

**Approved:**

  
Barbara Byrd-Bennett  
Chief Executive Officer

Approved as to legal form   
  
James L. Bebley  
General Counsel