

May 27, 2015

AUTHORIZE THE EXTENSION OF THE AGREEMENT WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. TO PROVIDE CLAIM ADMINISTRATIVE SERVICES

THE INTERIM CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the extension of the agreement with Cannon Cochran Management Services, Inc. to provide claims administration services for the Board's liability and interscholastic claim programs, at an estimated annual cost as set forth in the Compensation section for a six (6) month term and authorize funding of escrow accounts associated with these services. A written extension document is currently being negotiated. No payment shall be made to Cannon Cochran Management Services, Inc. during this extension period prior to execution of their written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this extension is stated below.

Contract Administrator : Wilkerson, Ms. Iman / 773-553-2280

VENDOR:

- 1) Vendor # 69076
CANNON COCHRAN MANAGEMENT
SERVICES, INC
2 EAST MAIN STREET
DANVILLE, IL 61832
Steven M. Varzino
312 455-1612

Ownership: 97.4% Of Stock Is Held In Esop
Trust With 1,200 Participants

USER INFORMATION :

Contact:

12460 - Risk Management
42 West Madison Street
Chicago, IL 60602
Smith, Mr. Dion G
773-553-2560

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 08-0423-PR13) in the amount of \$1,350,000 for administrative services, and to 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. The second option agreement (authorized by Board Report 13-0626-PR25), is for a term commencing July 1, 2013 and ending June 30, 2015. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2.

EXTENSION PERIOD:

The term of this agreement is being extended for six (6) months commencing July 1, 2015 and ending December 31, 2015.

SCOPE OF SERVICES:

During the extension period, CCMSI shall continue to 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 continue to 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 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:

Vendor shall be paid during this extension period as follows: Estimated cost for six (6) month extension term is \$234,000 FY16 for administrative fees paid directly to Vendor (inclusive of all reimbursable expenses) and an additional \$2,600,000 is estimated to be for payment of claims through an escrow account managed by Vendor.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written extension document. Authorize the President and Secretary to execute the extension document. Authorize Chief Financial Officer, or Risk Manager 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 Owned Business Enterprise Participation in Goods and Services Contracts. The M/WBE participation goals for the contract include: 26% total MBE and 5% WBE. The vendor has identified and scheduled the following firms:

Total MBE 26%

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

Insurer Review Services 19%
225 N. Michigan Avenue, #902
Chicago, IL 60601

Total WBE 5%

Risk Innovations, Inc. 5%
1202 N. 75th St. #253
Downers Grove, IL 60516

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 210, Risk Management, Unit 12460 \$234,000, FY 16
Not to exceed \$2,834,000 for six (6) month term.

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 May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

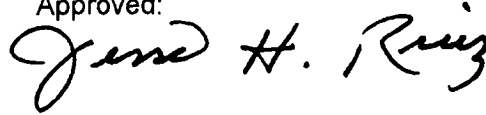
Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



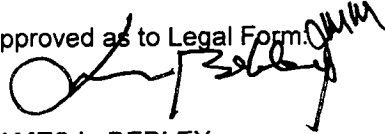
SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



JESSE H. RUIZ
Interim Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY
General Counsel