

AUTHORIZE PLACEMENT OF THE BOARD'S PROPERTY INSURANCE AND MECHANICAL BREAKDOWN INSURANCE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize placement of the Board's "all risk" property insurance with North American Specialty Insurance Company, and authorize placement of the Board's Mechanical Breakdown Insurance with Hartford Steam Boiler Inspection and Insurance Company. All of the proceeding coverage's shall not exceed a cost to the Board of \$1,200,000 in premiums annually. These placements were arranged through Arthur J. Gallagher & Company Insurance Brokerage, the Board's property insurance broker. These placements are both continuations of existing policies. The policies of coverage constitute the contract between the Board and its carriers and no further written documentation is required. Information pertinent to this matter is stated below:

Specification No.: 00-250639

INSURANCE CARRIERS:

1. "All Risk" Property Insurance

North American Specialty Insurance Company
650 Elm Street-6th Floor
Manchester NH 03101

2. Mechanical Breakdown Insurance

Hartford Steam Boiler Inspection
& Insurance Company
2443 Warrenville Road
Lisle IL 60532

VENDOR:

Arthur J. Gallagher & Company
Two Pierce Place
Itasca IL
Contact Person Walter Larkin
Phone: 630 285-3624
Vendor#: 32164

USER:

Bureau of Risk and Benefits Management
125 South Clark Street-14th Floor
Georgette Hampton, Director
(773) 553-2818

TERM: The term of the continuation of the "all risk" policy and mechanical breakdown policy shall both commence on July 1, 2001 and shall end July 1, 2002. This is the second year of a three-year renewal term under which the Board has a rate guarantee to renew the "All Risk" property policy at a rate not to exceed \$.01 per \$100 of ratable value.

DESCRIPTION OF POLICIES:

The aggregate insured value of the Board's property is in excess of \$11 billion, on a current replacement cost basis. The coverage is provided on an occurrence basis subject to the following limits and deductibles.

Coverage	Description	Limits	Deductibles
"All Risk" Property	Blanket coverage for Board property as well as property under construction	\$150,000,000 except: \$20,000,000 flood, earthquakes and fine arts	\$500,000 per occurrence except: \$25,000 electronic data processing equipment and media \$2,500 fine arts
Boiler Machinery	Coverage for sudden and accidental breakdowns of boilers, machinery and electrical equipment.	\$50,000,000 except: \$2,000,000 hazardous substance \$1,000,000 demolition/increased cost of construction due to building codes	\$50,000 per occurrence

AUTHORIZATION: Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate the policies.

PREMIUM: All premium payments will be made through Arthur J. Gallagher & Company for payment to the appropriate insurance carriers based on premiums reported to the Bureau of Risk & Benefits Management. Allowable premium is outlined below and may be subject to change in the event of a change in property values.

Coverage	Rates	Not to Exceed
"All Risk" Property	\$.01 per \$100 ratable values	\$1,140,000
Boiler Machinery	\$.0052 per \$100 of ratable values	\$60,000

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the M/WBE Plan, since this vendor is merely a conduit of the funds and receives no payments under this transaction, this transaction is excluded from M/WBE review.

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to Bureau of Risk & Benefits Management: \$1,200,000 Fiscal Year: 2002
Budget Classification: 0963-215-000-7068-5490

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.

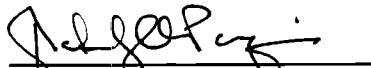
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), 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:


Natalye Paquin
Chief Purchasing Officer


Approved:


Paul G. Vallas
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel