

**APPROVE THE PRE-QUALIFICATION STATUS OF VARIOUS CONSULTANTS
TO PROVIDE RISK MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the pre-qualification status of the seventeen (17) consultants identified below to provide Risk Management Services to the Bureau of Risk and Benefits Management at a cost for the contract term not to exceed \$10,000,000 in the aggregate for a 3-year term. These consultants were selected pursuant to a duly advertised Request for Qualifications (Specification No. 02-250198). A written master agreement for each consultant is currently being negotiated. No payment shall be made to any consultant prior to the execution of such Consultant's Master Agreement. The authority granted herein shall automatically rescind as to each consultant in the event a written agreement for such consultant is not executed within 120 days of the date of this Board Report. Information pertinent to these master agreements as to each consultant is stated below,

Specification Number: 02-250198

CONSULTANTS:

1. Aon Risk Services, Inc. of Illinois
200 East Randolph Street
Chicago, Illinois 60601
Contact Person: Jennifer Dolan
(312) 381-4266
Fax: (312) 381-6104
Vendor No.: 23844
Modules: 1, 2, 3, 4, 5, 6, 7, 8
2. Arthur J. Gallagher & Co.
Two Pierce Place
Itasca, Illinois 60143
Contact Person: Walt Larkin
(630) 285-3624
Fax: (630) 285-4062
Vendor No.: 32164
Modules: 1, 4, 5
3. Blackwell Consulting Services
100 South Wacker Drive, Suite 800
Chicago, IL 60606
Contact Person: Stephanie Hart
(312) 873-5460
(312) 553-0745
Vendor No.: 20588
Modules: 3
4. Chancellor Insurance Group
14200 Chicago Road
Dolton IL 60419
Contact person: Terence S. Chanicllor
(708) 841-9880
Fax: (708) 841-9710
Vendor No.: 29990
Modules: 8
5. Gallagher Bassett Services, Inc.
Two Pierce Place
Itasca IL 60143
Contact Person: Greg Andress
(630) 285-4313
Fax: (630) 285-4005
Vendor No.: 11199
Modules: 7, 8
6. Integral Solutions Group, Inc.
4221 Saratoga Ave., Suite 202
Downers Grove, IL 60515
Contact Person: . Todd Schwingle
(847) 571-4741
Vendor No.: 24379
Modules: 3
7. Marsh USA, Inc.
500 West. Monroe
Chicago, Illinois 60661
Contact Person: Thomas Morsch
(312) 627-6352
Fax: (312) 627-65-83
Vendor No.: 31247
Modules: 1, 2, 3, 4, 5, 6, 7, 8
8. Mesirow Insurance Services
321 North Clark
Chicago, IL 60601
Contact Person: Norman Malter
(312) 595-6000
Fax: (312) 595-6381
Vendor No.: 84715
Modules: 1, 7, 8

9. Miller, Herber, Lehmann Associates, Inc.
Pinnacle Actuarial
2817 Reed Road, Suite 2
Bloomington, IL 61704
Contact Person: Robert J. Walling
(309) 662-0102
Fax: (309) 662-8116
Vendor No.: 37547
Modules: 2, 4, 6
10. Praesidium
2104 E. Randol Mill Road Suite 102
Arlington TX 76011
Contact Person: Dr. Richard F. Dangel
(817) 261-7233
Vendor No.: 37562
Modules: 7
11. RGA Insurance Services
800 W. Roosevelt Road
Glen Ellyn, IL 60137
Contact Person: Thomas F. Roche
Fax: (630) 545-1708
Vendor No.: 32587
Modules: 6
12. RKH Consulting, Inc.
P.O. Box 515
Wildwood MO 63040
Contact Person: Randal Hindman
(636) 273-6153
Fax: (636) 273-4249
Vendor No.: 37548
Modules: 6
13. Risk Management Solutions
216 West Jackson Blvd., Suite 450
Chicago, IL 60606
Contact Person: Bennie Jones
(312) 960-6200 ext. 206
Fax: (312) 960-1920
Vendor No.: 25310
Modules: 6, 7, 8
14. SOL Consultants, Inc.
600 Holiday Plaza Drive, #545
Matteson, IL 60443
Contact Person: A. Cornelius Shogunie
(708) 283-2400
Fax: (708) 2831876
Vendor No.: 25082
Modules: 7, 8
15. Solutions and Savings, Inc.
5 East Lillian Ave.
Arlington Heights IL 60004
Contact Person: Denise Patrick
(847) 398-1311
Fax: (847) 398-6725
Vendor No.: 25996
Modules: 7, 8
16. Stratus Consulting Group
P.O. Box 2684
DesPlaines IL 60017
Contact Person: Manual Rivera
(312) 371-3126
Fax: (773) 293-1747
Vendor No.: 30884
Modules: 6, 7, 8
17. Safety Solution
60 West Randolph Street, Suite 200
Chicago, IL 60601
Contact Person: Angelia Hopson
(312) 762-9350
Fax: (312) 762-9281
Vendor No.: 35665
Modules: 7

USER GROUP: Bureau of Risk and Benefits Management
125 South Clark-14th Floor
Chicago, Illinois 60603
Georgette Hampton, Director
(773) 553-2818

TERM: The terms of this pre-qualification period and each master agreement shall commence May 1, 2003 and shall end April 30, 2006, with the Board having two options to extend the pre-qualification status and the master agreements for periods of one year each.

USE OF POOL: The Bureau of Risk and Benefits Management is authorized to receive services from the pre-qualified pool through an informal proposal process, obtaining at least three quotes for services from the pre-qualified pool, with payment by Purchase Orders. Risk and Benefits Management will develop a Scope of Services and Statement of Work for each proposed project. Proposals will be evaluated based on experience, market capacity, competency of key personnel, responsiveness and costs. A selection committee comprised of the Director of Risk and Benefits Management, Manager of Risk Administration and Risk Manager will evaluate the proposals. A notice to proceed letter for all services will be issued by the Director of Risk and Benefits Management. This notice to proceed shall include a detailed scope of services and the dollar amount for such services. No notice to proceed shall exceed \$500,000 with a maximum of \$1,000,000 to any broker/consultant during any one-year period. A report detailing contracts awarded, contract value and M/WBE compliance will be provided to the Board, quarterly.

SERVICES: Each consultant shall provide those types of services identified in their agreements, including projects which will include, but not be limited to 1) Insurance Brokerage Services; 2) Actuarial Consulting; 3) Risk Information Management Consulting; 4) Enterprise Risk Consulting; 5) Electronic Consulting; 6) Risk Management Consulting; 7) Safety and Loss Control Consulting and Training; and 8) Site Inspection Program Services. Each consultant is authorized to provide the services related to the modules identified above.

OUTCOMES: Consultants' services will enable the Board to gain efficiencies in the assessment of current insurance markets in a timely manner, while availing itself of consultants' position in the market to bring about the most cost effective placement of the Board's insurance and risk management programs.

COMPENSATION: Consultants shall be paid on an hourly rate basis depending on the types of services being rendered, not to exceed \$500,000 for any one assignment, with the maximum compensation payable to any one consultant in any one year not to exceed \$1,000,000. Total compensation payable for all consultants for the three year term shall not exceed \$10,000,000. Consultants providing brokers services shall be paid an annual fee, payable in one lump sum payment upon execution of the placement of insurance.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written master agreements. Authorize the President and Secretary to execute the master agreements. Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate the master agreement and to issue the notices to proceed.

AFFIRMATIVE ACTION: Pursuant to Section 6.2 of the Revised Remedial Plan form and Women Business Enterprise Contract Participation (M/WBE Plan), the Per Contract and Category Goals method for M/WBE participation will be utilized. Thus, contracts for subsequent vendors from the pool created by this contract will be subject to compliance reviews on a contract- by- contract basis. Aggregated compliance of the vendors in the pool will be reported on a monthly basis.

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

FINANCIAL: The Bureau of Risk and Benefits shall pay for the services from its approved budget.

GENERAL CONDITIONS REGARDING PRE-QUALIFIED VENDOR PROGRAMS:

All pre-qualified vendors shall be required to enter into the Board's standard master agreement, which master agreement shall specifically identify the services to be provided by each vendor and shall include other basic contractual terms and conditions as deemed appropriate by the General Counsel.

The Chief Purchasing Officer shall develop, within six (6) months of the establishment of the pre-qualified program, a qualitative evaluation process which will rate each vendor's performance under the program and allow for a vendor's compensation limit to be increased or decreased, as the case may be, or provide grounds for revoking a vendor's pre-qualification status.

The Chief Purchasing Officer shall monitor all purchase orders, or such other documents as required, for User Groups to utilize the pre-qualified vendors to ensure that the program remains within its budgetary limitations.

User Groups may only utilize pre-qualified vendor for those services for which such vendor has been pre-qualified and are identified in such vendor's master agreement. The Chief Purchasing Officer shall prepare a directory or other such type of listing to be distributed to all User Groups which specifies the types of services for which each vendor has been pre-qualified.

Pursuant to Board Rule 5-10.2, the Chief Purchasing Officer shall submit a quarterly Board Report which reports expenditures made during the previous quarter to pre-qualified vendors including an accounting and reconciliation of such expenditures to individual vendors against the total expenditure authorized for the applicable pre-qualified pool of vendors.

The Chief Purchasing Officer shall impose financial limits on the use of pre-qualified vendors, including limits on the amount each User Group may purchase from a vendor under the pre-qualified program and the total amount of compensation paid to any one vendor during the term of the pre-qualification program. Financial limitations shall be imposed based upon the following categories of services: (i) For those services which are substantial in nature, re-occurring or of a type from past experience which will involve a high threshold of expenditures, the Chief Purchasing Officer may impose financial limitations as deemed necessary; and (ii) For those services which are routine in nature and will not involve a high threshold of expenditures, the Chief Purchasing Officer shall impose financial limits per User Group and per vendor. Any request to exceed any imposed financial limitations shall require additional Board approval.

The Chief Purchasing Officer shall develop guidelines regarding the imposition of financial limitations on newly pre-qualified vendors or previous vendors of the Board who are now being pre-qualified to perform new or different services, with a corresponding periodic evaluation of such vendor's performance to allow for an increase in such vendor's financial limitation due to satisfactory performance ratings.

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:


Sean P. Murphy
Chief Purchasing Officer

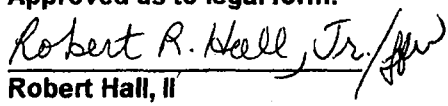
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Peggy Davis
Chief of Staff

Approved as to legal form:


Robert Hall, II

Acting General Counsel