

APPROVE EXERCISING THE FIRST RENEWAL AGREEMENT WITH MESIROW INSURANCE SERVICES, INC. TO PROVIDE INSURANCE BROKER AND CONSULTING SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first renewal agreement with Mesirow Insurance Services, Inc. (Mesirow) to continue to provide insurance broker and consulting services to the Bureau of Risk Management at a cost not to exceed \$260,000. Mesirow was selected on a competitive basis pursuant to Board Rule 5-4.1 (Specification No. 05-250055). A written renewal agreement is currently being negotiated. No payment shall be made to consultant prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification No. 05-250055

Contract Administrator: Demetra Knowles (773) 553-3256

INSURANCE BROKER:

Mesirow Insurance Services, Inc.
321 North Clark
Chicago, Illinois 60610
Michael Mackey, Senior Managing Director
(312) 595-7900
Vendor# 84715

USER:

School Financial Services
125 South Clark Street, 14th Floor
Pedro Martinez, Chief Financial Officer
(773) 553-2593
Eileen Ryan, Risk Manager
(773) 553-2828

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 06-0222-PR13) in the amount of \$260,000, was for a term commencing March 1, 2006 and ending March 1, 2008, with the Board having the options to renew for two (2) periods of twenty four (24) months each.

TERM: The term of this agreement is being extended as of March 2, 2008 and shall end March 1, 2010.

OPTION TO EXTEND: The Board has one (1) remaining option to extend for an additional twenty four (24) months.

SCOPE OF SERVICES: Mesirow will provide the following services during the renewal period:

Insurance Broker Services - Mesirow will provide insurance broker services to the Board, including excess liability and property insurance programs. Moving to a single broker combined program results in a 20% reduction in fees. Mesirow will analyze Board operations and loss experience, develop insurance specifications with Risk Management, prepare marketing submissions, seek quotes from viable insurance markets, negotiate modifications, bind and place insurance programs. Mesirow will support Risk Management further with loss trending and forecasting services, contractual risk transfer assistance, certificate of insurance issuance, loss control consulting and other broker services as needed.

Risk Management Consulting Services - Risk Management will continue to have the option to assign Mesirow to conduct an enterprise risk analysis of the Board's risk exposures. An initial assessment will be conducted identifying the risk exposures critical to the Board's operations. Mesirow will categorize and quantify the risks and develop solutions. Strategic responses will be developed for both insurable and non-insurable exposures. The initial assessment will be conducted on a flat fee basis and Mesirow will be compensated on an hourly rate thereafter.

DELIVERABLES: Mesirow shall also provide the following deliverables:

- Submit final underwriting proposals to Risk Management within the prescribed timeframe to meet Board deadlines.
- Place insurance coverage upon Board approval.
- Place program on a fixed-fee basis without commission.
- Identify any and all entities that may benefit from the placement of each program, identify any commissions, contingencies, wholesale commissions, reinsurance, etc.

- Review and validate the accuracy of invoice statements, billings, and any premium adjustments in compliance with negotiated insurance wording.
- Issue endorsements and insurance certificates as needed or required.
- Submit a written report categorizing the Board's enterprise risk exposures.
- Prioritize Board's risk exposures and develop solutions.

OUTCOMES: A comprehensive, cost-effective insurance program.

COMPENSATION: Mesirow shall be paid an annual brokerage administrative fee of \$108,000. Half of the fee will be paid upon assignment of services, the second half will be paid upon delivery of insurance policies. Risk management consulting services will be paid at a flat rate of \$6,750 for an initial assessment, and \$150 per hour thereafter and shall not exceed \$22,000 annually. Insurance programs must be placed on a fixed fee basis without commissions, and will be reported separately to the Board.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate the policies.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation. The M/WBE participation goals for the contract include: 26% total MBE, and 5% WBE.

The vendor has identified and scheduled the following firms and percentages during the renewal period:

TOTAL MBE 27%

African American

Insurers Review Services	17%
225 North Michigan Avenue, Suite 902	
Chicago, IL 60601	

Hispanic

Rolei Financial Services Corporation	10%
737 N. Michigan Ave Suite 1300	
Chicago, IL 60611	

TOTAL WBE 6%

WBE

Risk Innovations, Inc.	4%
1202 N. 75 th St.	
Downers Grove, IL 60516	

LPR Services, Inc.	2%
3009 Oaksbury Court	
Rolling Meadows, IL 60008	

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

FINANCIAL:

Charge the Bureau of Risk Management: \$130,000 Fiscal year 2008
Property: Budget Classification: 12470-210-54530-000-231115-000

Charge the Bureau of Risk Management: \$130,000 Fiscal Year: 2009
Property: Budget Classification: 12470-210-54530-000-231115-000
Excess Liability: Budget Classification: 12470-210-54530-000-231114-000

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.

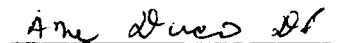
Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

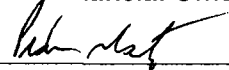
Approved for Consideration:


Heather A. Obora
Chief Purchasing Officer

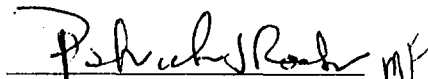
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:

Pedro Martinez
Chief Financial Officer


Approved as to legal form:


Patrick J. Rocks
General Counsel