

**AUTHORIZE PLACEMENT OF THE BOARD'S EXCESS LIABILITY AND
PROPERTY INSURANCE PROGRAMS THROUGH MESIROW INSURANCE SERVICES, INC.**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize Mesirow Insurance Services, Inc. to place the following insurance policies on behalf of the Board for excess liability and property insurance programs in the aggregate amount not to exceed \$3,700,000.00 for a 12 month period. These placements will be arranged through Mesirow Insurance Services, Inc. (Mesirow), selected on a competitive basis pursuant to Board Rule 5-4.1 (Specification No. 05-250055). The policies of coverage constitute the contract between the Board and its insurance carriers.

Specification No. 05-250055

Contract Administrator: Demetra Knowles (773) 553-3256

Excess Insurance Carriers

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Princeton E & S
555 College Road East
Princeton, NJ 08543 3. Great American Assurance Co.
P.O. Box 2575
Cincinnati, OH 45202 5. Firemen's Fund Insurance Co. of Ohio
777 San Marin Drive
Novato CA 94998 | <ol style="list-style-type: none"> 2. Westchester/Surplus Lines Ins. Co.
P.O. Box 21284
Philadelphia, PA 19106 4. Lexington Insurance Co.
200 State, 4th Floor
Boston, MA 02110 |
|---|--|

Property Insurance Carriers

All Risk Property

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Lexington Insurance Company
100 Summer St.
Boston, MA 02110 | <ol style="list-style-type: none"> 2. Travelers Property & Casualty Insurance Co
One Tower Square
Hartford, CT 06183 |
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Mechanical Breakdown Insurance

1. Federal Insurance Company (Chubb)
P.O. Box 1615
Warren, NJ 07061-1615

Crime Insurance

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Great American
Insurance Company
900 Oakmont Lane, Suite 306
Westmont, IL 60559 3. Travelers Casualty & Surety
One Tower Square
Hartford CT. 06183 5. Hanover Insurance Company
Company of America
215 Shuman Blvd.
Naperville, Illinois 60563 | <ol style="list-style-type: none"> 2. Fidelity & Deposit Co. of Maryland
1400 American Lane
Schaumburg, IL 60196-1056 4. Great American Insurance Co. of America
580 Walnut Street, 12th Floor
Cincinnati, OH 45202 |
|---|---|

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) 553-2700
 Eileen Ryan, Director Risk Mgmt. & Emergency Planning
 (773) 553-2828

TERM: The term of each excess liability, "all risk" property, mechanical breakdown and crime policy shall commence on July 1, 2008 and shall end July 1, 2009.

DESCRIPTION OF POLICIES:

The excess liability coverage is provided on an occurrence basis subject to the following limits and retention. The aggregate insured value of the Board's property is in excess of \$15 billion on a replacement cost basis. The coverage is provided on an occurrence basis subject to the following limits, retentions and deductibles.

Coverage	Description	Limits	Retention or Deductible	Not to Exceed
Excess Liability	Wrongful acts, personal injury, property damage liability, school board legal liability, employers' liability, automobile and non-owned aircraft liability, employment practices liability, employee benefit liability and harassment liability, TRIA & Surplus Lines Tax.	\$75,000,000 (Sexual Harassment is limited to \$5,000,000 excess of SIR)	\$10,000,000 Self Insured Retention (SIR)	\$1,320,000
All Risk Property	Blanket coverage for Board property including but not limit to property under construction, and terrorism coverage	\$250,000,000	\$500,000 deductible	\$2,100,000
Mechanical Breakdown	Coverage for sudden and accidental breakdowns of boilers, machinery and electrical equipment	\$100,000,000	\$50,000 deductible	\$130,000
Crime Insurance	Blanket coverage including but not limited to fidelity	\$50,000,000	\$500,000 deductible	\$150,000

PREMIUM: All premium payments will be made through Mesirow for payment to the appropriate insurance carriers based on premiums reported to the Bureau of Risk Management & Emergency Planning. Allowable premiums are outlined above and may be subject to change in the event of a change in rates, property values or coverage specifications. Any premium change that causes the premium to exceed the maximum amounts stated above shall require additional Board authority.

AUTHORIZATION: Authorize the Chief Financial Officer to execute all ancillary documents required to administer or effectuate the policies.

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

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

FINANCIAL:

Charge to Bureau of Risk Management: \$1,320,000 Fiscal Year: 2009

Budget Classification: 12470-210-54530-0000-231114-000

Excess Liability Insurance

Charge to Bureau of Risk Management: \$2,380,000 Fiscal Year: 2009

Budget Classification: 12470-210-54530-0000-231115-000

Property, Mechanical Breakdown and Crime Insurance

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.

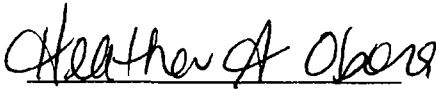
Indebtedness – The Board's Indebtedness Policy adopted July 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:

Approved:

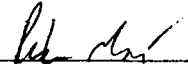


**Heather A. Obora
Chief Purchasing Officer**



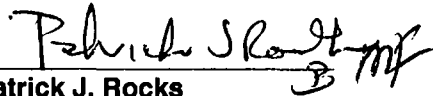
**Arne Duncan
Chief Executive Officer**

Within Appropriation:



**Chief Financial Officer
Pedro Martinez**

Approved as to legal form:



**Patrick J. Rocks
General Counsel**