

**APPROVE SETTLEMENT OF INSURANCE-COVERAGE LAWSUIT,
NORTH AMERICAN ELITE INSURANCE v. BOARD, No. 08 C 986 (N.D. Ill.)**

THE GENERAL COUNSEL REPORTS THE FOLLOWING SETTLEMENT:

DESCRIPTION: On December 20, 2000, a water pipe at Corliss High School froze and burst, causing damage to the building and certain property within it. Risk Management submitted a claim to the Board's property-insurance carrier, North American Elite Insurance Co., but disputes arose as to scope of damage, and the amount of the loss covered by the policy. The insurer filed suit, seeking a judgment declaring that the Board's claim was barred entirely by the policy's suit-limitation provision, or alternatively, that the maximum value of the Board's claim was \$522,632.63. The Law Department has negotiated a settlement, subject to Board approval, wherein the insurer will pay the sum of \$500,000.00 on the Board's claim, in exchange for a waiver of any further claims for property damage related to the incident.

LSC REVIEW: LSC approval is not applicable to this report.

AFFIRMATIVE ACTION STATUS: Affirmative Action review is not applicable to this report.

FINANCIAL: North American Elite Insurance will pay the Board \$500,000.00 in settlement of this claim.

AUTHORIZATION: Authorize the General Counsel to execute the Settlement Agreement(s), and all ancillary documents related thereto.

GENERAL CONDITIONS:

Inspector General - Each party to the agreement shall acknowledge, in accordance with 105 ILCS 5/24-13.1, 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 restrict 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, is hereby incorporated into and made a part of the agreement.

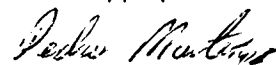
Ethics - The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4) as amended from time to time, is hereby incorporated in to and made a part of the agreement.

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,


PATRICK J. ROCKS
General Counsel 

Within Appropriation:


PEDRO MARTINEZ
Chief Financial Officer