

April 25, 2012

**AMEND BOARD REPORT 11-0427-PR45****APPROVE EXERCISING THE FIRST OPTION TO RENEW AGREEMENT WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. TO PROVIDE CLAIM ADMINISTRATIVE SERVICES****THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the first renewal agreement with Cannon Cochran Management Services, Inc. (CCMSI) to continue to provide claim services to the Bureau of Risk Management at a cost not to exceed \$936,000 dollars. 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 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

This amendment funds the Board's escrow account from which adjusted claims are paid in an amount not to exceed \$10,000,000 during this option period. After claims are paid by CCMSI, the vendor will submit those claims for reimbursement from the escrow account. All settlements are subject to Board Rule 3 as amended. No written amendment is required.

Specification No. 08-250004

Contract Administrator: Pamela Seanior (773) 553-2254

**Vendor:**

**Cannon Cochran Management Services, Inc,**  
2 E. Main Street  
Danville, Illinois 60132  
William O'Neill, Vice President  
(312) 455-6467  
Vendor# 69076

**USER:**

Risk Management  
125 South Clark Street, 7<sup>th</sup> Floor  
Celeste Sullivan, Deputy, Risk Management  
(773) 553-2244

**ORIGINAL AGREEMENT:** The original agreement (authorized by Board Report 08-0423-PR13) in the amount of \$1,350,000 for administrative services, and authorize funding of escrow accounts associated with these services in an amount not to exceed \$16,500, 000 for a 36 month term commencing July 1, 2008 and ending June 30, 2011, with the Board having two (2) options to renew for periods of twenty-four (24) months each. CCMSI was selected on a competitive basis pursuant to Board Rule 5-4.1 (Specification No. 08-250004).

**TERM:** The term of this agreement is being extended as of July 1, 2011 and shall end June 30, 2013.

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

**SCOPE OF SERVICES:** During the renewal period.

CCMSI shall provide all aspects of liability, employment practice, and interscholastic claims management services including, but not limited to, claim adjustment, notice to carriers, benefit administration, claim investigation, medical management, litigation management, settlement negotiation, subrogation recovery, information management, management reporting and daily contact with Board staff. CCMSI shall provide or arrange for certain services in addition to the CCMSI administrative services, which will be at an additional allocated expense charge to the claim file. Services to be included as an allocated expense include, but are not limited to, surveillance, field investigations, expert consulting and testimony. CCMSI shall receive all reports of accidents to students and visitors, and process them appropriately under guidelines as agreed to by Deputy, Risk Management. CCMSI shall pay claims, settlements and awards through established escrow accounts which will be funded at intervals as agreed to by the Deputy, Risk Management.

**DELIVERABLES:** CCMSI shall monitor and update Special Account Instructions (SAI) in accordance with the contract provisions and approval by the Deputy. SAI will detail assigned personnel, claim

management protocols, reserve notification, settlement authority, claim status reporting, escrow funding levels and special directions as necessary. CCMSI will conduct monthly meetings with Risk Management personnel; provide quarterly stewardship reports to Risk Management and an annual "State of Account" meeting with Board senior management addressing major trends and recommendations for program improvement. Allocated expense charges will be reported in the "State of Account" with the total annual payment received by each vendor partner.

**OUTCOMES:** CCMSI's services will result in an affordable, comprehensive claims administration program for Chicago Public Schools students, employees and visitors.

**COMPENSATION:** CCMSI shall be paid as follows: Annual service fee payable in quarterly installments as set forth in the agreement; total not to exceed sum of \$468,000.00.

**REIMBURSABLE EXPENSES:** CCMSI shall be reimbursed for the following expenses: surveillance, field investigations, expert consulting and testimony.

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

**AFFIRMATIVE ACTION:** This contract is in full compliance with the goals required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts. The M/WBE participation goals for the contract include: 26% total MBE and 5% WBE. The vendor has identified and scheduled the following firms:

**TOTAL MBE 26%**

Fact Finders Group  
4747 Lincoln Mall Drive #415  
Matteson, IL 60443

Insurer Review Services  
225 N. Michigan Avenue #902  
Chicago, IL 60601

**TOTAL WBE 5%**

Risk Innovations, Inc.  
1202 N. 75<sup>th</sup> St. #253  
Downers Grove, IL 60516

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

**FINANCIAL:**

Charge to Risk Management & Emergency Planning for Administrative Fees

Budget Classification# 12470-210-54530-231111-000000

FY 2012            FY 2013  
\$468,000           \$468,000    Charge the Bureau of Risk Management:

Budget Classification # 12470.210.54530.231112

# 12470.210.54530.231113

# 12470/210.54530.119025

FY 2012            FY 2013  
\$5,000,000        \$5,000,000    General Liability & Interscholastic Claim Payments

**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.

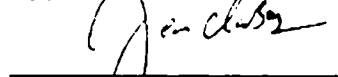
Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:**

  
Sebastian De Longeaux  
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Chief Purchasing Officer

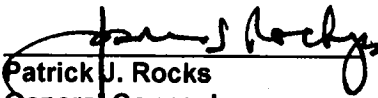
**Approved:**

  
Jean-Claude Brizard  
Jean-Claude Brizard  
Chief Executive Officer

**Within Appropriation:**

  
David G. Watkins  
David G. Watkins  
Chief Financial Officer

**Approved as to legal form:**

  
Patrick J. Rocks  
Patrick J. Rocks  
General Counsel