

July 27, 2011

AUTHORIZE SETTLEMENT OF CLAIM BY LEXINGTON INSURANCE COMPANY

THE GENERAL COUNSEL RECOMMENDS THE FOLLOWING:

Authorize a settlement and release between the Board and Lexington Insurance Company regarding the Board's claim for payment for water damage sustained at Sumner School from broken water main on September 29, 2009.

Information pertinent to this settlement agreement is as follows:

ENTITIES: **Lexington Insurance Company**
Policy: LXI-1951

HISTORY: In 2008, Sumner School sustained extensive water damage due to a broken water main. Damage included extensive flooding of basement, where boilers were located. The Board's claim included cleanup, temporary heat, electrical repairs, gym floor, and replacement of boilers.

DESCRIPTION OF SETTLEMENT: Lexington Insurance Company determined loss to be \$2,053,127.63. The Board retains a \$500,000 deductible, and received advances in the amount of \$1,155,190.19. Lexington proposes final settlement payment of \$397,937.44.

AUTHORIZATION: Authorize the General Counsel to negotiate and execute a settlement agreement as to legal form between the Board and Lexington Insurance Company.

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

AFFIRMATIVE ACTION STATUS: Not applicable.

FINANCIAL: Not applicable

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

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

AK

With In Appropriation:


MELANIE SHAKER
Interim Chief Financial Officer