

**APPROVE SETTLEMENT AND MUTUAL RELEASE AGREEMENT
WITH HAGER & SIEGEL, P.C.**

THE GENERAL COUNSEL RECOMMENDS THE FOLLOWING:

Approve a settlement and mutual release agreement among Hager & Siegel, P.C. ("H&S"), the Chicago Board of Education (the "Board"), and Marilyn Johnson, General Counsel to the Board, regarding a dispute concerning legal services provided by H&S for the Finkl Elementary School Local School Council ("Finkl LSC") at the arbitration hearing requested by Elizabeth Elizondo, the former Finkl principal. Information pertinent to this settlement is as follows:

ENTITY: Hager & Siegel, P.C.
55 West Monroe, Suite 500
Chicago, IL 60603

HISTORY: The proposed settlement resolves a dispute among H&S, the Board and Marilyn Johnson regarding the Board's obligation to pay for legal representation for the Finkl LSC at the arbitration hearing where Elizabeth Elizondo, the former Finkl principal, challenged the Finkl LSC's decision not to renew her contract. Pursuant to Section 34-2.3 of the Illinois School Code (105 ILCS 5/34-2.3), the Board is required to pay any reasonable costs incurred by a local school council for legal representation in these matters. The dispute in this case arose because the Law Department did not think the costs claimed by H&S were reasonable.

The complaint filed by H&S sought \$93,533.48 in legal fees. H&S has now agreed to accept \$65,000.00 in full settlement of this matter.

RECOMMENDED SETTLEMENT: The General Counsel recommends settlement of the claims as follows:

1. The Board should pay H&S the lump sum payment of \$65,000.00
2. The Board should sign, through the First Assistant General Counsel, a Settlement and Mutual Release Agreement with H&S, mutually releasing each other from any and all claims which have been raised or could have been raised in connection with the Elizondo arbitration hearing.

AUTHORIZATION: Authorize the First Assistant General Counsel to execute a Settlement and Mutual Release Agreement pursuant to the above-referenced terms.

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

AFFIRMATIVE ACTION STATUS: None.

FINANCIAL: Charge \$65,000.00 to City-Wide - General Fund
Budget Classification: 0963-210-000-7076-5490

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.

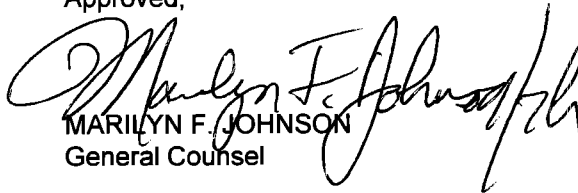
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board Members during the one year period following expiration or other termination of their terms of office.

Indebtedness - The Board's Indebtedness Policy adopted July 26, 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 September 27, 1995, (95-0927-RU3), as amended from time to time, is hereby incorporated into 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,



MARILYN F. JOHNSON
General Counsel

Within Appropriation:



KENNETH C. GOTSCH
Chief Fiscal Officer