

**RESOLUTION AUTHORIZING THE FILING OF A PETITION, PURSUANT TO THE  
LOCAL GOVERNMENTAL AND GOVERNMENTAL EMPLOYEES TORT IMMUNITY ACT,  
FOR PERMISSION TO PAY A JUDGMENT IN INSTALLMENTS**

**WHEREAS**, the Board of Education of the City of Chicago (the "Board") is a school district, existing pursuant to the Illinois School Code, governed by the seven- member Chicago Board of Education (the "School Board"), with boundaries co-terminus with those of the City of Chicago; and

**WHEREAS**, the Board is a "local public entity" as this term is defined in Section 1-206 of the Local Governmental and Governmental Employees Tort Immunity Act (the "Act"); and

**WHEREAS**, Section 9-104 of the Act states, in pertinent part, as follows: "Subject to subsection (b) of this Section, if a local public entity does not pay a tort judgment during the fiscal year in which it becomes final and, if in the opinion of the governing body, the payment of the judgment creates an unreasonable financial hardship for the local public entity it shall pay the balance of the judgment, with interest thereon, in installments."; and

**WHEREAS**, as a result of the decision of the Illinois Supreme Court in *Sarkissian vs. Board of Education*, the Board was found liable on a default judgment order entered April 17, 1990, the amount of said judgment, depending on the court's determination as to the accrual of interest since its entry, may total approximately \$17.4 million (the "Judgment"); and

**WHEREAS**, the decision of the Illinois Supreme Court in the *Sarkissian* case was issued after June 26, 2002, the date on which the School Board approved the Fiscal Year 2003 Budget of the Board (the "FY 03 Budget"); and

**WHEREAS**, as a result of current economic conditions, the FY 03 Budget was negatively impacted by a variety of factors, including approximately \$30 million in reduced payments by the State of Illinois to the Board, higher health care costs, negotiated wage increases for union personnel and lower investment income; and

**WHEREAS**, as a result of reduced revenues and unavoidable expenditure increases, in adopting the FY 03 Budget, the School Board eliminated approximately 300 staff positions as well as eliminating salary increases for all non-union employees and mandating that all non-union employees take off two days without pay; and

**WHEREAS**, the FY 03 Budget contains no contingency, and does not have the funds available, to pay in full the Judgment; and

**WHEREAS**, future fiscal year budgets, at least in the immediate term, are likely to continue to feel the impact of a sluggish economy and possibly additional State budget cuts, while having to bear increased costs associated with newly negotiated union contracts and statutorily-mandated pension contributions.

**NOW THEREFORE, BE IT RESOLVED**, by the Board of Education of the City of Chicago:

1. **Recitals.** The recitals of this Resolution are hereby incorporated into this text as if set out herein in full.
2. **Finding.** Based on the recitals and other facts, the School Board finds that payment of the Judgment, in full, in the current fiscal year would create an unreasonable financial hardship for the Board.

- 3. Petition.** The Board hereby directs and authorizes the General Counsel to file a petition in the appropriate court to seek the right to pay the Judgment in installments, as provided for by Section 9-104 of the Act. In connection with the filing of this petition, the General Counsel is hereby authorized to utilize the services of outside counsel and other entities that, in her judgment, are reasonably necessary to prepare, file and defend the petition.
- 4. Effective.** This Resolution shall take effect immediately upon its adoption by the School Board.