

**APPROVE ENTERING INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF
CHICAGO RELATING TO THE SMARTCHICAGO BROADBAND EXPANSION PROJECT**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an Intergovernmental Agreement with the City of Chicago to undertake a project to enhance and expand broadband Internet connectivity for schools and neighborhoods at a cost to the Board not to exceed \$4,000,000.00. The City of Chicago submitted an application for a Broadband Technology Opportunities Program (BTOP) grant. BTOP is administered by the National Telecommunications and Information Administration (NTIA) under the American Recovery and Reinvestment Act. Applicants are required to match funds and this amount represents the Board's contribution to the Project. A written agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

AGENCY: City of Chicago
Department of Innovation and Technology
50 W. Washington Street, Suite 2700
Matthew Guilford
312-742-6668

USER: Chief Administrative Office
125 S. Clark St., 5th floor
Robert W. Runcie
773-553-1500

PROJECT DESCRIPTION: The American Recovery and Reinvestment Act ("ARRA") appropriated \$4.2 billion to NTIA to provide competitive grants through the BTOP program to improve access to and adoption of broadband Internet services by community anchor institutions and underserved communities. The City of Chicago ("City") has created the SmartChicago Broadband Expansion Project ("SmartChicago") in response to that program. If funds are awarded to the City, SmartChicago will involve the construction and operation of a new fiber-optic network to 497 community anchor institutions, more than 4,400 businesses, 188 Chicago Public Schools, and a pilot group of more than 20,000 residential homes. SmartChicago will also include the development of awareness and education programs to increase broadband adoption by underserved families. With the infrastructure and programs in place, SmartChicago would significantly improve Internet access for CPS students and parents, potentially increasing teaching and learning opportunities in the home, and generally improving communication and access to information. After the initial implementation, the network will be expanded over time in coordination with other City infrastructure projects.

TERM: The term of this agreement shall commence on September 28, 2009 and the end date shall correspond to the end date of the grant term. The initial grant term is anticipated to be three (3) years. This agreement may have options to renew as mutually agreed to by the parties.

RESPONSIBILITIES OF PARTIES: The City will be responsible for construction of the network, which will provide infrastructure to 188 schools. In close consultation with the Board, the City will also be responsible for creating a new not-for-profit corporation called SmartChicago Communications ("SCC") to manage and operate the network, and oversee its expansion. Both the Board and the City will provide funding to construct the network and support operations of SCC. Subject to the approval of the Board, the Board may execute a separate contract with SCC to provide broadband services to Board facilities as needed.

CONTRIBUTION: The Board will contribute a total of \$4,000,000.00 to the project over the three year grant term. That contribution will be split: \$2,500,000.00 will serve as matching funds for construction of the network and \$1,500,000.00 will support initial operations of SCC. The City and other sister agencies (including the Board) will collectively contribute \$33,545,520.00 toward construction, management, and operation of the network, with the City's estimated contribution totaling an amount not to exceed

\$11,534,998.00. If the Broadband Technology Opportunities Program accepts the City's proposal as submitted, it is expected to contribute \$92,982,080.00 toward the network construction portion of the project.

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

AFFIRMATIVE ACTION: Exempt

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

FINANCIAL: Total contribution shall be for an amount not to exceed \$4,000,000.00

Budget Classification:		
12510-499-54105-009594-000000	\$942,857.00	FY10
12510-499-54105-009594-000000	\$2,142,857.00	FY11
12510-499-54105-009594-000000	\$914,286.00	FY12

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.

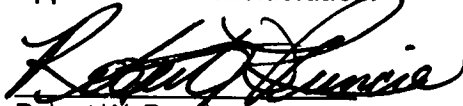
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted June 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 – 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 for Consideration:



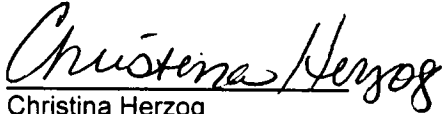
Robert W. Runcie
Chief Administrative Officer

Approved:



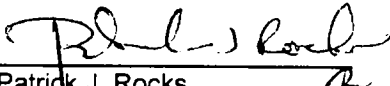
Ron Huberman
Chief Executive Officer

Within Appropriation:



Christina Herzog
Acting Chief Financial Officer

Approved as to legal form: DLK



Patrick J. Rocks
General Counsel