

**APPROVE SETTLEMENT AND MUTUAL RELEASE AGREEMENT  
WITH A.E.I. MUSIC NETWORK, INC.**

**THE GENERAL COUNSEL RECOMMENDS THE FOLLOWING:**

Approve a settlement and mutual release agreement between A.E.I. Music Network, Inc. ('A.E.I.') and the Chicago Board of Education (the "Board"), concerning a payment bond for a project involving the installation of a multimedia audio/visual network at Mather High School. Information pertinent to this settlement is as follows:

**ENTITY:** A.E.I. Music Network, Inc.  
n/k/a DMX Music and  
Law Offices of Jacob J. Meister

**HISTORY:** This case arose from a 1997 contract between the Board and Business Computers, Inc. (BCI") for the installation of a multimedia audio/visual network at Mather High School (the "Mather Project"). BCI subcontracted a portion of the Mather Project to AEI. The Illinois Public Construction Bond Act mandates that all State and local government entities require general contractors performing public works to deliver payment bonds for the protection of subcontractors involved in public works. The Board did not require BCI to obtain a payment bond. BCI subsequently failed to pay AEI the amount of \$159,081.07 for materials and labor supplied for the Mather Project. At approximately the same time, BCI's business dissolved. In September 1998, AEI sued the Board for failure to obtain the required bond.

The federal trial court dismissed AEI's claim as untimely. However, in May 2002, the Seventh Circuit appellate court reversed the dismissal and remanded the case for further proceedings. AEI has now agreed to settle this case for \$200,000.00, which includes the original amount sought and pre-judgment interest from 1998.

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

1. The Board should pay AEI the lump sum payment of \$200,000.00
2. The Board should sign, through the General Counsel, a Settlement and Mutual Release Agreement with AEI, mutually releasing each other from any and all claims which have been raised or could have been raised in connection with the Mather Project.

**AUTHORIZATION:** Authorize the 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 \$200,000.00 to Law Department  
Budget Classification Fiscal Year 2003 ..... 0963-210-000-7072-5490

**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.