

**AUTHORIZE THE ACCEPTANCE OF A SCHOOL CONSTRUCTION GRANT FROM  
THE ILLINOIS CAPITAL DEVELOPMENT BOARD**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Authorize the acceptance of a school construction grant for fiscal year 2004 from the following source for the following user.

**DESCRIPTION:**

1. FUNDING SOURCE: Illinois Capital Development Board

RECEIVING SCHOOL/UNIT: Department of Operations

AMOUNT: \$96,469,246

PURPOSE: Illinois General Assembly passed and the Governor signed the School Construction Law, effective on 1/1/98, to provide State grant funds to Illinois school districts for school construction projects.

FUNDING PERIOD: The Department of Operations filed a School Construction Grant for FY04 in March 2003. On September 3, 2003, the Governor announced the final grant awards for fiscal year 2004 in the amount of \$96,469,246 for the Chicago Board of Education.

BUDGET STATUS: School Construction Funds have been previously budgeted for the grant and are used for new school construction and major capital school renovations. Notwithstanding the foregoing sentence, with the approval of the Chief Executive Officer and the Chief Administrative Officer, School Construction Funds may be used to pay debt service on any of the Board's outstanding bonds, subject to and in accordance with the relevant bond covenants and restrictions, when doing so is deemed to be in the financial interest of the Board. If School Construction Funds are so used, the Chief Executive Officer shall report to the Board the amount of said Funds used to pay debt service and the bonds to which said Funds were applied.

CREDIT/CHARGE TO: Fund 410

**EXPENDITURE OF FUNDS:** Expenditure of grant funds in excess of \$10,000 are subject to additional prior Board approval. In the event grant funds are not expended in accordance with the grant and are required to be returned to the funding source, up to 10% of the grant award may be so returned without further Board action. The return of any grant funds in excess of 10% of the grant award shall be reported to and approved by the Board.

**AUTHORIZATION:** Authorize the President and the Secretary to execute any required grant acceptance agreement for the above-referenced grant awards. The Chief Executive Officer, the Chief Administrative Officer and the General Counsel are authorized to take any action and to execute any documents that may be necessary to use School Construction Funds to pay debt service on any of the Board's outstanding bonds.

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

**AFFIRMATIVE ACTION:** Not applicable.

**FINANCIAL:** Notice of this grant award was received during the month of September 2003.

**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.

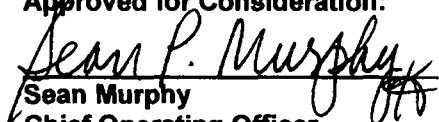
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness - The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be 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, 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:**

  
Sean Murphy  
Chief Operating Officer

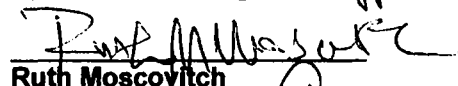
**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
John Maiorca  
Chief Financial Officer

**Approved as to legal form:**

  
Ruth Moscovitch  
General Counsel