

October 27, 2004

APPROVE SETTLEMENT AGREEMENT WITH PREFERRED MEAL SYSTEMS, INC.**THE GENERAL COUNSEL REPORTS THE FOLLOWING DECISION:**

That the Chicago Board of Education approve the Settlement Agreement with Preferred Meal Systems, Inc. ("Preferred Meal") which provides for a \$150,000 charitable donation and increases the MBE/WBE participation in Preferred Meal's contracts with the Board. At issue was Preferred Meal's MBE/WBE participation in previous Board contracts. By the Settlement Agreement Preferred Meal makes no admission that it violated relevant Board Rules in relation to those contracts.

DESCRIPTION: The Board's Debarment Policy and Procedures (the "Policy") provides for debarment of businesses and their "affiliates," participants," and "principals" (as defined in the Policy) from participation in the Board's procurement transactions and activities for failure to perform in accordance with the terms of Board rules, policies, agreements or transactions, violation of contract provisions and requirements, violations of Board Rules and Policies. Specifically, Section 2.2(b) of the Policy provides for debarment based upon "violation of the terms of a Board or other public or private policy rule, procedure, agreement or transaction of such a serious nature that, if the Board were to transact business with the contractor, it would affect the integrity of the Board programs, policies or activities. Such violations include a failure to perform in accordance with the terms or one or more Board rules, policies, agreements or transactions, including, but not limited to failure to comply with MBE/WBE participation goals..." Additionally, Section 2.2(d) of the Policy provides for debarment based upon "any other act or omission of a serious or compelling nature which weighs against a determination that a person is responsible, which may include, but is not limited to violation(s) of:...Board Rules, Policies or Procedures..." Further, Section 2.2(e) of the Policy provides for debarment based upon "commission of any other act indicating a lack of business integrity or honesty".

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

AFFIRMATIVE

ACTION STATUS: Affirmative Action review is not applicable to this report.

FINANCIAL: None.

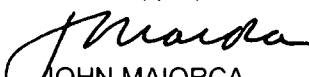
AUTHORIZATION: Authorize the General Counsel to execute the Settlement Agreement, and all ancillary documents related thereto.

GENERAL CONDITIONS: None

Approved,


RUTH M. MOSCOVITCH
General Counsel 

Within Appropriation:


JOHN MAIORCA
Chief Financial Officer