

**APPROVE THE ESTABLISHMENT OF THE AUSTIN BUSINESS AND ENTREPRENEURSHIP
ACADEMY AND APPROVE ENTERING INTO A SCHOOL MANAGEMENT AND PERFORMANCE
AGREEMENT WITH AMERICAN QUALITY SCHOOLS, AN ILLINOIS NOT FOR PROFIT
CORPORATION**

THE CHIEF EXECUTIVE OFFICER RECOMMENDS:

That the Board approve the establishment of the Austin Business and Entrepreneurship Academy located at 231 N. Pine, Chicago, IL 60623, and approve entering into a School Management and Performance Agreement with American Quality Schools, an Illinois not for profit corporation, for the operation of the Austin Business and Entrepreneurship Academy. The School Management and Performance Agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written School Management & Performance Agreement is not executed by the Board and American Quality Schools within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

SCHOOL

OPERATOR: American Quality Schools, an Illinois not for profit corporation
850 W. Jackson Blvd, Suite 275
Chicago, IL 60607
Phone (847) 467-2876
Contact Person: Michael Bakalis

OVERSIGHT: New Schools Development Department
125 S. Clark, 5th Floor
Chicago, IL 60603
Phone (773) 553-1530
Contact Person: Hosanna Mahaley Johnson

DESCRIPTION:

School Designation: Pursuant to the Board's Policy to establish Renaissance Schools, 05-1026-PO2, as amended ("Renaissance Policy"), the Austin Business and Entrepreneurship Academy will open in the fall of 2006 and is designated a Contract School as described in the Renaissance Policy. The Board hereby designates Austin Business and Entrepreneurship Academy as an alternative school pursuant to 105 ILCS 5/34

Public Hearing: A Public Hearing on the opening of the Austin Business and Entrepreneurship Academy as a Renaissance Contract School was held on November 10, 2005 at 231 North Pine in accordance with the Renaissance Policy. The hearing was recorded. A summary report of the hearing is available for review.

Request for Proposals: In May 2005, the Department of New Schools Development issued a request for proposals to solicit responses from parties interested in starting schools under the Renaissance 2010 initiative, including a request for proposals to operate at Austin High School, 231 N. Pine. Proposals to operate either a charter, contract or performance school were submitted to the Board on August 19, 2005. Proposals were evaluated pursuant to the standards set forth in the Renaissance Schools Board Policy. Proposals were reviewed by the New Schools Development Department, a Comprehensive Evaluation Team and the Austin Transition Advisory Council and recommendations were submitted to the Chief Executive Officer based upon those reviews and evaluations.

Enrollment: The Austin Business and Entrepreneurship Academy will be a neighborhood school that will enroll students through a blind lottery with preference given to Austin community residents. Austin Business and Entrepreneurship Academy will enroll approximately 200 students in grade 9 for the 2006-

07 school year. In the following years, the school will add grades 10-12 and may serve up to 600 students.

Attendance Boundaries: The Department of Demographics and School Planning and the New Schools Development Department will work with the Austin Business and Entrepreneurship Academy, the Austin Transition Advisory Council, and the Austin community to develop overlay school attendance boundaries that will provide priority for enrollment for students living within such boundaries. The establishment of an attendance boundary is subject to Board approval.

Curriculum: The Austin Business and Entrepreneurship Academy will focus on providing basic skills development in reading, writing, language arts, mathematics and social science. Culture, science and computer literacy will also be integral parts of the curriculum. Special features include experiential activities and learning and practical work opportunities for the students.

Governance: A school governing body will be established in a timely manner pursuant to Board Report 00-1025-EX2 Guidelines for Alternative Local School Councils, as amended, and pursuant to 105 ILCS 5/34-2.4b.

School Management Description: At a minimum, the School Management & Performance Agreement will address student academic outcomes and financial and management practices of the school and shall reflect resolution of any and all outstanding issues between the Board and the school operator including, but not limited to: site location, enrollment, funding, educational program, financial controls and practices, Board Rules and Policies, academic accountability and evaluations. In accordance with the Board's Renaissance Policy, Contract Schools may obtain other exemptions or alternative policies subject to and upon Board approval.

TERM: The term of the School Management & Performance Agreement shall commence July 1, 2006, and end June 30, 2011. American Quality Schools' School Management & Performance Agreement and Austin Business and Entrepreneurship Academy's designation as a Renaissance Contract School will expire on June 30, 2011, unless renewed or terminated earlier by the Board.

COMPENSATION: American Quality Schools will be paid on a per-pupil basis for the operation of the Austin Business and Entrepreneurship Academy.

AUTHORIZATION: Authorize the General Counsel to include relevant terms and conditions, including any indemnities to be provided to the school operator, in the written School Management & Performance Agreement. Authorize the President and Secretary to execute the School Management & Performance Agreement.

FINANCIAL: Using current year financial data, the General Fund cost of 200 students in 2006-07 will be approximately \$1,250,000. The financial implications will be addressed during the development of the 2006-2007 fiscal year budget. Since the School Code of Illinois prohibits the incurring of any liability unless an appropriation has been previously made, expenditures beyond FY06 are deemed to be contingent liabilities only, subject to appropriation in subsequent fiscal year budgets.

PERSONNEL IMPLICATIONS: As a Contract School, AQS will employ its own teachers and staff.

Approved for Consideration:



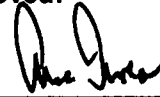
Barbara Eason-Watkins
Chief Education Officer

Within Appropriation:



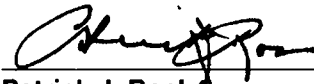
John Maiorca
Chief Financial Officer

Approved:



Arne Duncan
Chief Executive Officer

Approved as to Legal Form 



Patrick J. Rocks
General Counsel