

**APPROVE SETTLEMENT OF COMMERCIAL DISPUTE  
QUANTUM CROSSINGS, LLC**

**THE GENERAL COUNSEL REPORTS THE FOLLOWING SETTLEMENT:**

**DESCRIPTION:**

Quantum Crossings, LLC ("Quantum") is a vendor from which the Board purchases certain telecommunications-related services, funded by the federal e-rate program. The e-rate program provides funding to school districts across the country based on need, as determined by discount-rate formulas that rely, in part, on the percentage of students receiving free or reduced meals. The agency overseeing the program allocates funds to the school districts with the highest discount rates, and then next highest, and so on until the program's funds are exhausted. For funding-year 2008 (the Board's Fiscal Year 2009), the Board sought funding at the district-wide discount rate of 86%, but only districts entitled to discount rates of 87% or higher obtained funding, as the program funds were fully expended at that level. Quantum provided services that these funds, if available would have paid. A dispute arose between the Board and Quantum over the Board's obligation to pay for those services. The Law Department has negotiated a settlement of Quantum's claim for the sum of \$1,200,000.00, in exchange for a full release.

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

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

**FINANCIAL:** Charge to the General Fund for non-tort legal settlements, Account #12470-115-54530-231122-000000-2012 ..... \$1,200,000.00

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

**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 member 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 May 25, 2011 (11-0525-PO2), 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,



PATRICK J. ROCKS  
General Counsel *WR*

WITHIN APPROPRIATION:



DAVID WATKINS  
Chief Financial Officer