

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT WITH
SEVEN SPACE/NUCLIO CORPORATION FOR
WIDE AREA NETWORK MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the agreement with SevenSpace/Nuclio Corporation ("SevenSpace" or "Consultant"), formerly known as Nuclio Corporation, to provide to wide area network management services to the Office of Technology Services ("OTS") at a cost not to exceed \$9,897,668.00 for a two (2) year option period, of which \$6,362,916.48 is eligible for, but not contingent upon, discounts in accordance with the guidelines and requirements of the Federal Government's Universal Services Program ("E-Rate"); for a total cost to the Board not to exceed \$3,534,751.52. A written document exercising this option is currently being negotiated. No payment shall be made to the Consultant during the option period prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this option is stated below:

SPECIFICATION NO.: 01-250291

CONSULTANT: SevenSpace/Nuclio Corporation (formerly known as Nuclio Corporation)
1801 South Meyers Road
Oak Brook Terrace, Illinois 60181
Contact: Mr. Mark Pingry
Director of Consulting Services
Telephone No. (630) 678-6000
Vendor No. 35391

USERS: Office of Technology Services
125 South Clark Street, 3rd Floor
Chicago, Illinois 60603
Contact: Elaine L. Williams, Chief Technology Officer
Telephone: (773) 553-1300

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 01-1219-PR19, as amended by Board Report 02-0424-PR17) in the amount of \$4,531,708.00, is for a term commencing January 14, 2002 and ending June 30, 2003, with the Board having three (3) one-year options to renew the agreement. Consultant was selected pursuant to a duly advertised Request for Proposals (Specification No. 01-250291).

OPTION PERIOD: By mutual agreement of the parties, two (2) of the one (1) year option periods are being exercised together, resulting in the term of this agreement being extended for two (2) years commencing July 1, 2003 and ending June 30, 2005. This renewal term is necessary to coincide with, and allow for the Board's participation in, Year 6 and Year 7 of the E-Rate Program.

OPTION PERIODS REMAINING: This agreement has one (1) option to renew remaining for a one (1) year period. Pricing for the option period shall be in accordance with pricing formulas specified in the Contract.

SCOPE OF SERVICES: Consultant will continue to provide the Board with network management services to monitor and maintain the Wide Area Network ("WAN") and Local Area Network ("LAN"), including routers, ATM switches, WAN/LAN interfaces and other ancillary WAN/LAN equipment ("Services"), including:

- Proactive remote monitoring services for the Board's WAN/LAN equipment and management of WAN/LAN devices, including fault/error detection, reporting, analysis and correction of network-related problems

- 24x7x365 WAN/LAN network monitoring and support
- Equipment audits at regular intervals, including modifications, as required
- Notice of outages, reporting and on-site repair services

Additionally, during the renewal term, Consultant will provide project management and installation services of new WAN equipment to provide improved bandwidth and services to the schools.

DELIVERABLES: Consultant will continue to provide the following deliverables meeting the Board's specified requirements:

- Reporting (all reports accessible online, in a downloaded form and hard copy)
- Network Analysis
- Network Management and Network Monitoring
- General Management
- Service Level Agreements (SLA) and Implement agreed upon SLAs
- (94) School Server Monitoring and Level 1 Administration
- EMC Monitoring and Administration for CPS' enterprise storage.

Consultant will, during the renewal term, also provide the following deliverables:

- Installation and configuration of Cisco 6509 series switches at the schools
- Redeployment of existing school switches replaced by 6509's
- Installation and configuration of Cisco 10008 routers in the Core
- Removal of old equipment at the schools and in the core
- Installation of Cisco CSS load balancing switches
- Installation and configuration of Cisco 6513 switches in the core network
- Redeployment and configuration of Cisco 6509 switches in the core network
- Produce a comprehensive WAN design guide.

Consultant will also continue to provide the following assigned dedicated resources:

- CCIE certified level Design Engineer
- Network Engineer (with a concentration in routing)
- Network Engineer (with a concentration in ATM/BPX switching)
- Customer Support (NOC) Engineer
- Field Engineering Manager
- Project/Program Manager

All assigned engineers will continue to serve as primary resource with a secondary engineer (familiarized with the Board's network) acting as backup. Also, Consultant will continue to have appropriate field personnel for the proper dispatches in order to meet or exceed Service Level Agreements.

OUTCOMES: The Board will have comprehensive managed services for its WAN/LAN and improved service and bandwidth to the Chicago Public Schools. Consultant will continue to provide the Board with management services, including monitoring maintenance, for the WAN/LAN. These services will result in the Board having managed services and appropriate reporting and maintenance for all CPS locations for its WAN/LAN, including network monitoring, fault management (detection and notification), fault isolation and resolution, configuration and software support, hardware/software dispatch with on-site repair and technical assistance. These services will result in the Board (i) being notified of outages and having the ability to view trouble tickets via a web-based ticketing system and reports; (ii) receiving appropriate on-site repair services dispatched to schools and Central Office that experience outages related to WAN/LAN data equipment, and (iii) improved ability to maximize uptime. Consultant will also provide installation and project management services for new equipment within the core network and at the Schools.

COMPENSATION: Consultant shall be paid for this two (2) year option period as follows: upon invoicing, per deliverables/projects, as will be outlined in the agreement, not to exceed the sum of \$9,897,668.00, of which \$6,362,916.48 is eligible for, but not contingent upon, E-Rate discounts, for a total cost to the Board not to exceed \$1,780,815.76 (FY04) and \$1,753,935.76 (FY05), at an aggregate cost to the Board not to exceed \$3,534,751.52. If E-Rate funding is not approved, the Board shall be invoiced for all E-Rate eligible services and equipment at the then current Board discount level.

REIMBURSEABLE EXPENSES: None.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option agreement. Authorize the President and Secretary to execute the option agreement. Authorize the Chief Technology Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan). The M/WBE participation goals for the contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

The vendor has identified and scheduled the following firms and percentages:

Total 35% MBE:

Total 22% African American:

Code Engineering	\$890,790.12 / 9%
2021 Midwest Road	Certified through 4/1/03
Oakbrook, Illinois 60521	
Tom McCrary	\$395,906.72 / 4%
16515 Prairie	Applied 6/21/02
South Holland, Illinois 60473	
IMC	\$890,790.12 / 9%
333 East Ontario, #310B	Certified through 9/1/03
Chicago., Illinois 60611	

Total 10% Hispanic:

CS & C	\$989,766.80
1613 S. Michigan Ave.	Reapplied 8/16/02
Chicago., Illinois 60616	

Total 3% Asian:

Consilium	\$296,930.04
P.O. Box 6221	Pending 6/5/02
Bloomington, Illinois 60108	

Total 5% WBE:

KMC	\$247,441.70 / 2.5%
9055 Forrest Lane	Certified through 5/1/03
Hickory Hills, Illinois 60457	
Telecom	\$247,441.70 / 2.5%
2162 Tyler Dr.	Applied 10/10/02
Lynwood, Illinois 60411	

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

FINANCIAL: Charge to Office of Technology Services: \$9,897,668.00

Budget Classification:	0960-210-000-1618-5410	\$4,996,834.00	FY04
	0960-210-000-1618-5410	\$4,900,834.00	FY05

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.

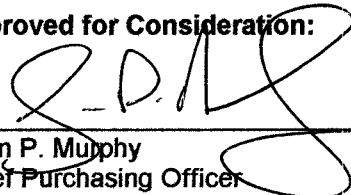
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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



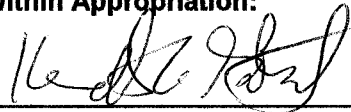
 Sean P. Murphy
 Chief Purchasing Officer

Approved:



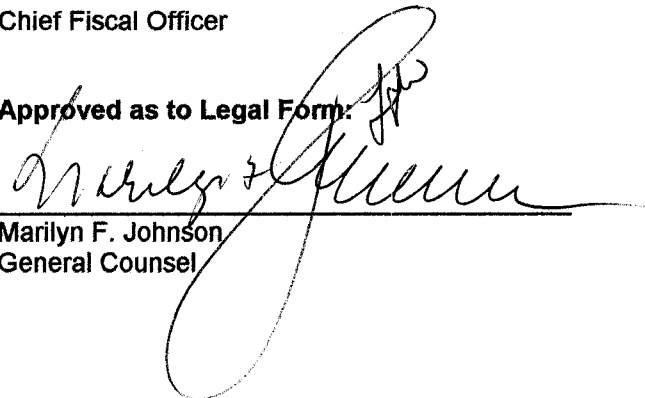
 Arne Duncan
 Chief Executive Officer

Within Appropriation:



 Kenneth C. Gotsch
 Chief Fiscal Officer

Approved as to Legal Form:



 Marilyn F. Johnson
 General Counsel