

**APPROVE ENTERING INTO A SOFTWARE LICENSE AGREEMENT WITH
MERCURY INTERACTIVE CORPORATION FOR KINTANA SOFTWARE PRODUCTS AND
CONSULTING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a software license agreement with Mercury Interactive Corporation (Mercury Interactive) for Kintana software products, consulting services and training to be used by the Office of Technology Services ("OTS") at a cost not to exceed \$431,093.30. Software licensor was selected on a non-competitive basis because of their expertise in Project Management software. A written license agreement for such software products is currently being negotiated. No payment shall be made to software Licensor prior to the execution of the written license agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this agreement is stated below.

SPECIFICATION No.: 03-250255

SOFTWARE LICENSOR: Mercury Interactive Corporation
10 South Riverside Plaza, Suite 1800
Chicago, Illinois 60606
Contact: Mark Brenner
Telephone No.: (312) 474-6385
Vendor Number: 36036

USER: Office of Technology Services
125 South Clark, 3rd Floor
Chicago, Illinois 60603
Contact: Robert W. Runcie, Chief Information Officer
Telephone No.: (773) 553-1300

TERM: The term of this software license agreement shall commence on December 1, 2003 and shall end November 30, 2006. This agreement shall have 3 options to renew for periods of one (1) year each.

USE OF SOFTWARE: Mercury Interactive will provide a license to the Board to use the Kintana software products. Mercury Interactive will also provide maintenance on this licensed software, which consists of program corrections and enhancements that Mercury Interactive may develop during the term of this agreement as long as the Board's maintenance fee is current.

OUTCOMES: The Kintana software program products will secure the Board's capacity to provide program management and project management services for all future technology projects.

LICENSE FEE: Software Licensor shall be paid a lump sum in the amount of \$215,645.00 for the licensing of Kintana products.

MAINTENANCE FEE: Upgrades and bug fixes will be subject to an annual maintenance fee of \$19,408.05 and support fee of \$19,408.05 for a total of \$38,816.10. The yearly renewal maintenance fee will be set at a cost which equals 9% for maintenance and 9% for support of the net license fee for paid and new software products.

SCOPE OF SERVICES: Mercury Interactive and CPS will mutually agree on the work schedules of the consultants. Mercury Interactive will provide the following services related to the implementation of the Kintana software modules:

- Provide technical knowledge and development skills in the required development tools and knowledge of the Kintana Project Management modules.
- Provide deep and relevant business and functional knowledge of the Kintana Project Management modules.
- Provide training for project management team.

DELIVERABLES: Mercury Interactive will deliver the software, program corrections and enhancements that Mercury Interactive may develop during the term of the agreement, on magnetic tape, CD, email attachment or via downloadable FTP. In addition, Mercury Interactive will provide the following as part of their implementation:

- Provide consulting services for the setup and implementation of Kintana project management software.
- Deliver source code for new reports, interfaces, customizations and extensions based on written business / functional requirements.
- Training for project managers, program managers and standard project users.

COMPENSATION FOR SERVICES: Mercury Interactive shall be paid a rate of \$200 per hour for implementation services, for a maximum of 320 hours at a cost not to exceed \$64,000.00. Mercury Interactive shall be paid for all education and training courses at a cost not to exceed \$35,000.

TOTAL COMPENSATION: The total compensation in the aggregate for all fees and services shall not exceed \$431,093.30.

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

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

However, the Waiver Review Committee recommends that a partial waiver of the M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

The vendor has, however, identified and scheduled the following firms and percentages

Total 22% MBE:

Total 22% African American:
Advanced Data Concepts \$95,000.00
 819 S. Wabash Ave., Ste. 600 Certified through 9/30/04
 Chicago., Illinois 60605

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

FINANCIAL: Charge to the Office of Technology Services: \$431,093.30

Budget Classification:	0960-410-000-7536-5410	\$137,816.10	Fiscal Year: 2004
	0960-410-000-7536-5311	\$215,645.00	Fiscal Year: 2004
	0960-210-000-7536-5470	\$ 38,816.10	Fiscal Year: 2005
	0960-210-000-7536-5470	\$ 38,816.10	Fiscal Year: 2006

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.

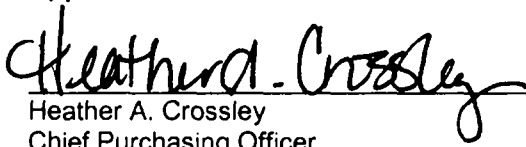
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

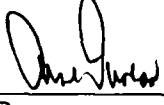
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:




Heather A. Crossley
Chief Purchasing Officer

Approved:



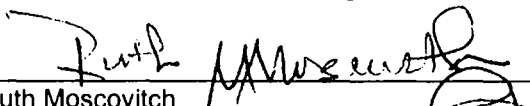
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to Legal Form: 



Ruth Moscovitch
General Counsel