

**APPROVE ENTERING INTO AN AGREEMENT WITH LEARNING TOOLS INTERNATIONAL FOR THE PURCHASE OF APPLICATION SOFTWARE LICENSES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve entering into an agreement with Learning Tools International for the purchase of application software licenses at a cost not to exceed \$3,723,143.00. Software licensor was selected on a competitive basis pursuant to a duly advertised Request for Proposal (Specification No. 04-250008). A written license agreement for such software is currently being negotiated. Future software upgrades and fixes will be provided for by an annual maintenance fee that is not included in the license price. 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.:** 04-25008

**SOFTWARE LICENSOR:** Learning Tools International  
2391 Circadian Way  
Santa Rosa, CA 95407  
Contact Person: Kirk Wilson, President  
Telephone No.: (800) 333-9954  
Vendor No.: 12621

**USER:** Office of Technology Services  
125 South Clark Street, 3<sup>rd</sup> Floor  
Chicago, Illinois 60603  
Contact: Robert Runcie, Chief Information Officer  
Gretchen Olson, SIS Program Manager  
Andrea Hearon, Project Manager  
Telephone No.: (773) 553-1300

**TERM:** The term of this agreement shall commence August 1, 2004, and shall end September 30, 2010.

**USE OF SOFTWARE:** Software Licensor will provide licenses to the Board to use the application software modules. Software licensor will also provide maintenance for the first five (5) years of this agreement, which consists of program corrections and enhancements that Software Licensor may develop during the term of this agreement as long as the Board's annual maintenance fee is current.

**MAINTENANCE FEE:** As part of the phased roll out of the software to all end-users, Software Licensor shall be paid a lump sum for maintenance for each year of the agreement. Subsequent annual maintenance fees will be set at a cost not to exceed 25% of the prevailing license fee for this software product, not to exceed a 3% increase per year.

**SCOPE OF SERVICES:** Software Licensor will provide the following implementation services related to the software modules:

- Technical knowledge and development skills of the software modules.
- Deep and relevant business and functional knowledge of the software modules.
- Training for all users.

**DELIVERABLES:** Software Licensor will license the software to the Board, and will also deliver the software, program corrections and enhancements that Software Licensor may develop during the term of the agreement, on magnetic tape, CD, email attachment or via downloadable FTP or the then current method of software delivery.

**OUTCOMES:** The database and enterprise software program will further automate the Board's IEP process, thus making the Board more efficient and effective in managing the program.

**COMPENSATION:** Software Licensor shall be paid as follows: upon invoicing, a one time fee of \$1,780,000.00 for the Licenses and the Fiscal Year 2006 maintenance fee of \$366,000.00 due upon delivery of the licenses. Compensation for subsequent years as follows: \$376,980.00 for the second year; \$388,289.00 for the third year; \$399,938.00 for the fourth year; \$411,936.00 for the fifth year. Total compensation is not to exceed \$3,723,143.00.

**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 full waiver of the participation goals for this contract as required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan) be waived because the contract is not further divisible.

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

**FINANCIAL:** Charge to Office Technology Services for License fee: \$ 3,723,143.00

Budget Classification No.:	0220-464-000-7536-5311	\$1,780,000.00	FY 05
	0220-210-000-7536-5470	\$ 366,000.00	FY 06
	0220-210-000-7536-5470	\$ 376,980.00	FY 07
	0220-210-000-7536-5470	\$ 388,289.00	FY 08
	0220-210-000-7536-5470	\$ 399,938.00	FY 09
	0220-210-000-7536-5470	\$ 411,936.00	FY 10

**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:**



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Heather A. Obara *B.H.*  
Chief Purchasing Officer

**Approved:**



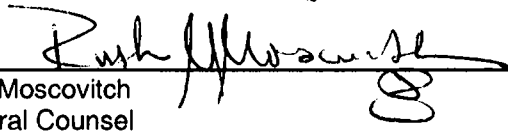
\_\_\_\_\_  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**



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John Maiorca  
Chief Financial Officer

**Approved as to Legal Form:**



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Ruth Moscovitch  
General Counsel