

**APPROVE THE RENEWAL OF A SOFTWARE LICENSE AGREEMENT WITH
IBM FOR SOFTWARE PRODUCT AND MAINTENANCE**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of an existing agreement with IBM Corporation ("IBM") for OS390 system software required for the IBM 9672 Mainframe System to be used by the Office of Technology Services ("OTS") at a cost not to exceed \$452,316.00 for a one (1) year period. A written license renewal agreement for such software product is currently being negotiated. Software upgrades and fixes will be provided for an annual maintenance fee included in the contract price. No payment shall be made to software Licensor prior to the execution of the written license renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within ninety (90) days of the date of this Board Report. Information pertinent to this renewal agreement is stated below.

SPECIFICATION No.: 01-250337

SOFTWARE LICENSOR: IBM Corporation
330 N. Wabash
Chicago, Illinois 60611
Contact: Larry Postlewait
Telephone No.: (312) 245-5998
Vendor Number: 13388

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

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 02-0123-PR14 as amended by Board Report 03-0625-PR07) for a term commencing October 1, 2001 and ending September 30, 2004. Software licensor was selected on a non-competitive basis because the IBM OS 390 software is proprietary to IBM.

RENEWAL PERIOD: This software license agreement shall be renewed for a term commencing October 1, 2004 and ending September 30, 2005.

USE OF SOFTWARE: IBM will continue to provide a license and maintenance to the Board to use the OS/390 software products, including OS/390 Release 2.10, Version 7, DB2 Utility Suite upgrade and subscription and Software Xcel. IBM will also provide maintenance on this licensed software, which consists of program corrections and enhancements that IBM may develop during the term of this agreement as long as the Board's maintenance fee is current.

DELIVERABLES: IBM will continue to deliver the software, program corrections and enhancements that IBM may develop during the term of the agreement, on magnetic tape, CD, email attachment or via downloadable FTP.

OUTCOMES: The software program product, OS/390, will further secure the Board's critical data thru September 30, 2005.

COMPENSATION: Under the agreement, IBM shall be paid as follows: upon invoicing, the annual fee of \$2,808.00 for DB2 Subscription, the monthly sum of \$28,296.00 for the OS/390 software maintenance, the monthly sum of \$7,863.00 for DB2 maintenance, and the monthly sum of \$1,300.00 for Software Xcel service, for an aggregate cost for the one (1) year period not to exceed \$452,316.00.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written license renewal agreement. Authorize the President and Secretary to execute the license renewal agreement. Authorize the Chief Information Officer to execute all ancillary documents required to administer or effectuate this license renewal 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 scope is not further divisible.

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

FINANCIAL: Charge to Office of Technology Services: \$452,316.00

Budget Classification: 0220-210-000-1116-5470

FY'05

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. Obora *B.H.*
Chief Purchasing Officer

Approved:



Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to Legal Form: *HM*



Ruth Moscovitch
General Counsel