

**APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT
WITH KRONOS INCORPORATED**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with Kronos Incorporated to provide I. D.Badges to the Bureau of Payroll Services at a cost for the option period not to exceed \$234,710. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor 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 90 days of the date of this Board Report. Information pertinent to this option is stated below.

VENDOR:

Kronos Incorporated
1515 Woodfield Road
Schaumburg, Illinois 60173
Contact Person: John Hogan
Telephone: (847) 969-1300
Vendor No. 31925

USER:

Bureau of Payroll Services
125 S. Clark Street, 14th Floor
Contact: John Maiorca, Chief Financial Officer
Phone: (773) 553-3280
Raymond Sanders, Deputy Director, Payroll
(773) 553-2660

ORIGINAL AGREEMENT: The original Agreement (authorized by Board Report 03-0827-PR26) in the amount of \$842,000.00 is for a term commencing September 1, 2003 and ending August 31, 2004, with the Board having 3 options to renew for 1 year terms. The original agreement was awarded on a non-competitive basis because of its proprietary system already installed at the Board.

OPTION PERIOD: This agreement is being extended for 1 year commencing November 1, 2004 and ending October 31, 2005. No services were rendered by vendor during September and October of 2004 and no payment shall be made to vendor for any services rendered during September and October 2004.

OPTION PERIODS REMAINING: There are 2 option periods for 1 year remaining.

SCOPE OF SERVICES: Vendor will continue to provide Identification Badges per Chicago Public Schools specifications. Software installation and maintenance have been completed.

DELIVERABLES: Delivery of Identification Badges for Chicago Public Schools employees

OUTCOMES: Vendor's services will result in all Chicago Public School employees having picture Identification badges.

COMPENSATION: Vendor shall be paid during this option period as follows: upon invoicing, not to exceed the sum of \$234,710.

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

AFFIRMATIVE ACTION: Pursuant to section 3.7 of the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE) this contract is *exempt* from review because the contract is a unique transaction.

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

FINANCIAL: Charge to Department of Finance: \$234,710.00 Fiscal Year: 2005
Budget Classification: 0230-210-000-1129-5410

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.

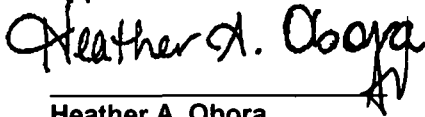
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one-year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted 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.

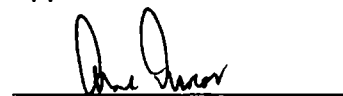
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form 



Ruth M. Moscovitch
General Counsel