

**APPROVE EXERCISING THE FINAL OPTION TO RENEW THE EXISTING AGREEMENTS
WITH SUN MICROSYSTEMS FOR NETWORK MONITORING, MANAGEMENT, AND MAINTENANCE
SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the final option to renew the two agreements with Sun Microsystems ("Sun") to provide network monitoring, management and maintenance services for the Chicago Public Schools' ("CPS") wide area network ("WAN"), local area network ("LAN"), and network security infrastructure. The cost for the option period, for the Basic Maintenance Contract or Contract #1, shall not exceed \$12,903,992.77, of which approximately \$11,097,433.78 will be the discounted portion of eligible E-Rate services and/or products to be funded by the School and Libraries Division of the Universal Service Administrative Company ("SLD/USAC"). Under this first agreement, the Board shall only be responsible for the non-discounted portion of E-Rate eligible services and/or products and the cost of ineligible services and/or products, which shall not exceed \$1,806,558.99. The cost for the option period, for the second agreement, shall not exceed \$1,630,873.20, of which approximately \$144,359.60 will be the discounted portion of eligible E-Rate services and/or products to be funded by the SLD/USAC. Under the Non-Basic Maintenance Contract or Contract #2, the Board shall only be responsible for the non-discounted portion of E-Rate eligible services and/or products and the cost of ineligible services and/or products, which shall not exceed \$1,486,513.60. Written documents exercising these options are currently being negotiated. No payment shall be made to Vendor during the option period prior to the execution of the written documents. The authority granted herein shall automatically rescind in the event written documents are not executed within 90 days of the date of this Board Report. Information pertinent to these options is stated below.

VENDOR: Sun Microsystems, Inc.
4150 Network Circle
Santa Clara, CA 95054
Contact: Mark Pingry, Customer Account Manager
Telephone No.: (217) 359-9805
Vendor No.: 89823

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

ORIGINAL AGREEMENT: The original agreements (authorized by Board Report #05-1116-PR10 and as amended by Board Report #06-0125-PR6) in the amounts of \$11,093,305.00 for the eligible services agreement and \$1,553,063.00 for the ineligible and non-basic maintenance services agreement. The agreements were for a term commencing July 1, 2006 and ending June 30, 2007, with the Board having three options to renew for one year each. The agreements were extended for a period commencing July 1, 2008 and ending June 30, 2009 (authorized by Board Report 07-1114-PR12). The original agreements were awarded on a competitive basis pursuant to Board Rule 5-4.1.

OPTION PERIOD: The term of these agreements is being extended for one year, commencing July 1, 2009 and ending June 30, 2010.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: Sun will continue to provide the Board with services described below during the renewal term:

Under Contract #1 covering services eligible for the E-Rate discount shall be as follows: Sun will continue to provide onsite basic maintenance services in conjunction with the E-Rate Program to the Board. This

will include management services to monitor and maintain the WAN, LAN, and network security infrastructure, including routers, switches, firewall/VPN appliances, firewall/VPN management stations, load balancers, WAN/LAN interfaces, and other ancillary equipment ("Services"), including:

- Remote management of Board owned or leased equipment, maintenance administration of systems, fault/error detection, reporting, analysis, and correction of issues.
- Support for designated infrastructure 24 hours a day, seven days a week, 365 days a year.
- Notice of outages, reporting, and on-site repair services
- Break/fix switch maintenance services for school LAN equipment.

Under Contract #2 covering non-basic maintenance and ineligible services as follows: Sun will continue to provide management services to monitor and maintain the WAN, LAN, and network security infrastructure, including routers, switches, firewall/VPN appliances, firewall/VPN management stations, content filtering system, load balancers, WAN/LAN interfaces, and other ancillary equipment ("Services"), including:

- Proactive remote monitoring and management of Board owned or leased equipment, pro-active and maintenance administration of systems, fault/error detection, reporting, analysis, and correction of issues.
- Network monitoring for designated infrastructure hours a day, seven days a week, 365 days a year.
- Equipment audits at regular intervals with the Board, including covering any device changes as required.

Sun will also continue to provide installation, configuration, and project management for the following equipment and initiatives:

- Replacement of network equipment at approximately seventy schools to include replacement of switches, wireless access points, and wireless network interface cards. This also will include incidental low voltage cabling and minor construction.
- Upgrades to school MDF room network equipment.
- Upgrades and installation of core networking equipment.

DELIVERABLES: Sun will continue to provide the Board with the following deliverables meeting the Board's specified requirement under both agreements:

- Reporting (all reports accessible online, in a downloaded form and hard copy).
- Network analysis.
- Network management and network monitoring.
- Firewall, VPN, and content filter change request management.
- General management.
- Third-party security audit.
- Service level agreements (SLAs) and implementation of SLAs.
- Installation and configuration of Cisco series switches and other related equipment at schools and in the core network.
- Redeployment of existing school switches, replaced by the new switches.
- Removal of old equipment at the schools and in the core.
- Incident management and onsite maintenance services for all school LAN equipment, including switches, hubs, wireless access points, transceivers, and uninterruptible power supplies.

Sun will also continue to provide the following assigned dedicated resources to service both agreements:

- (2) Customer Service Managers
- (1) Technical Manager
- (1) Sr. Level Project Manager
- (4) Tier 3 Senior WAN Engineers

- (2) Tier 2 Senior WAN Engineers
- (2) Tier 2 Midlevel WAN Engineers
- (2) Senior Checkpoint Engineers
- (2) Senior PIX Engineers
- (1) Senior Windows Engineer
- (2) Senior LAN Engineer
- (1) Senior Network Engineer
- (1) Business Solution Analyst
- (1) QA Manager

All assigned engineers will serve as primary resources, with a secondary engineer (familiarized with the Board's network) acting as a back-up. Also, Sun will continue to have appropriate field personnel for the proper dispatches in order to meet or exceed SLAs.

OUTCOMES: Sun's services will continue to result in the Board having comprehensive managed services for its WAN, LAN, and network security infrastructure, which will result in improved service and bandwidth to CPS. These services will also continue to result in the Board having managed services and appropriate reporting and maintenance for all CPS locations, 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, and network security data equipment; and (iii) improved ability to maximize network uptime. Sun will also continue to provide installation and project management services for new equipment within the core network and at the schools. School LAN equipment will be repaired in a timely fashion, reducing network downtime. The switches will have a common configuration and operating system that will improve uptime and reduce intermittent issues.

COMPENSATION: Vendor shall be paid during this option period of Contract #1 as follows: at a total cost not to exceed the sum of \$12,903,992.77, of which approximately \$11,097,433.78 is the discounted portion of eligible E-Rate services and/or products to be funded by the SLD/USAC. The CPS portion of the cost for the non-discounted portion of E-rate eligible services and/or products and the cost of ineligible services and/or products shall not exceed \$1,806,558.99. Vendor shall be paid during this option period of Contract #2 as follows: at a total cost not to exceed the sum of \$1,630,873.20, of which approximately \$144,359.60 is the discounted portion of eligible E-Rate services and/or products to be funded by the SLD/USAC. The CPS portion of the cost for the non-discounted portion of E-Rate eligible services and/or products and the cost of ineligible services and/or products during the renewal term shall not exceed \$1,486,513.60.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option documents. Authorize the President and Secretary to execute the option documents. Authorize the Chief Information 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 Remedial Plan for Minority and Women Business Enterprises Contract Participation (M/WBE Plan). The M/WBE participation goals for this contract include: 33% total MBE, and 7% total WBE. Sun has identified and scheduled the following firms and percentages:

Total 33%

Total 24% African American

IMC Connect, Inc. 22%
 207 E. Ohio #293
 Chicago, IL 60611

ST Products Inc. 2%
 765 E. 69th Place
 Chicago, IL 60637

Total 9% Hispanic

CS&C Julex Inc. 9%
 1613 S. Michigan Avenue
 Chicago, IL 60616

Total 7%

Thomas A. McCrary 5%
 16515 Prairie Ave
 South Holland, IL 60473

KMC ENTERPRISES INC. 2%
 13235 HIAWATHA DRIVE
 Homer Glen, IL 60491

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

FINANCIAL:

	FY10
Total Amount for Contract #1	\$12,903,992.77
Annual Eligible	\$12,903,992.77
NON-DISCOUNTED PORTION PAID BY THE BOARD 14%	\$1,806,558.99
DISCOUNTED PORTION FUNDED BY THE SLD/USAC 86%	\$11,097,433.78
Annual Ineligible	\$0
TOTAL PAID BY CPS 12540-115-54125-254901-000000	\$1,806,558.99
TOTAL FUNDED BY THE SLD/USAC	\$11,097,433.78
Total Amount for Contract #2	\$1,630,873.20
Annual Eligible	\$167,860.00
NON-DISCOUNTED PORTION PAID BY THE BOARD 14%	\$23,500.40
DISCOUNTED PORTION FUNDED BY THE SLD/USAC 86%	\$144,359.60
Annual Ineligible	\$1,463,013.20
TOTAL PAID BY CPS 12540-115-54125-254901-000000	\$1,486,513.60
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TOTAL FUNDED BY THE SLD/USAC	\$144,359.60

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 June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

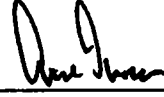
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



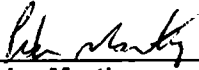
Opa L. Walls
Chief Purchasing Officer

Approved:



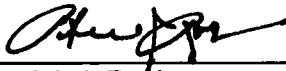
Arne Duncan
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to legal form:



Patrick J. Rocks
General Counsel