

**APPROVE EXERCISING THE OPTION TO EXTEND THE AGREEMENT
WITH BANK ONE FOR BANKING SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to extend the agreement with Bank One for banking services at a cost not to exceed \$625,000.00 a year. 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.

Specification No.: 00-250571

VENDOR :	Bank One One Bank One Plaza Chicago, IL 60670 Lynne Wooden (312) 732-6362 Vendor #: 28111	USER:	Office of School Financial Services, Bureau of Treasury 125 South Clark. 13 th Floor. Chicago, Illinois 60603 David Bryant
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ORIGINAL AGREEMENT: The original Bank Services Agreement (authorized by Board Report 00-0628-PR45, as amended by Board Report 00-1115-PR14) in the amount of \$510,000.00 per year, is for a term commencing August 1, 2000 and ending July 31, 2002, with the Board having the option to renew the agreement for one additional 24-month period. The original agreement was awarded on a non-competitive basis.

OPTION PERIOD: The term of this agreement is being extended for twenty-four months commencing August 1, 2002 and ending July 31, 2004.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: Bank One will continue to provide general depository services including, but not limited to, receipt of Board revenues via electronic fund transfers and checks; transmission of the Board's direct deposit payroll; outgoing electronic funds movement; and check processing services for the Board's 1.6 million checks and remittance stubs, including printing, check reconciliation, controlled disbursements, positive pay, check stock security and storage, other related payment services, and other related banking services as determined by the Chief Fiscal Officer, provided the maximum compensation amount is not increased. Bank One shall also continue to reconcile checks cleared against checks issued and provide exceptions reports to the Bureau of General Accounting. Through controlled disbursements, Bank One shall continue to provide information on the Board's daily clearings, allowing Bureau of Treasury staff to more effectively manage cash and invest all available funds, thus increasing interest earnings. Bank One shall continue to verify that each check presented for payment has, in fact, been issued by the Board.

DELIVERABLES: Bank One will continue to provide cancelled checks, bank statements, reconciliation reports, and other written reports as requested.

OUTCOMES: Bank One's services shall result in streamlining of receipts and disbursements, cost savings in the check payment process, increased interest income due to more efficient cash management, and operational efficiencies in the cash reconciliation process.

COMPENSATION: Vendor shall be paid at the specific rates identified in the original agreement during the option period, not to exceed the sum of \$625,000.00 per year.

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 Fiscal Officer to execute all ancillary documents required to administer or effectuate this option 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 vendor demonstrated good faith efforts.

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

Total MBE 4%

Total 4% African American:

Washington, Pittman & McKeever \$27,500.00	819 S. Wabash Ave., Ste. 600, Chgo., IL 60605 Reapplied for certification 3/5/02
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Total WBE 20%

Best Imaging \$200,000.00/03%	20 E. Randolph St., Chgo., IL 60601 Reapplied for certification 5/1/02
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Arrow Messenger \$35,450.00/6%	1322 W. Walton St., Chgo., IL 60622 Re-certified through 1/1/03
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Parallel Partners \$30,000.00/5%	20 N. Wacker, Ste. 770, Chgo., IL 60606 Re-certified through 8/1/02
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File Dynamics \$58,400.00/9%	3055 W. 111 th St., Chgo., IL 60655 Re-certified through 7/1/02
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The City of Chicago Department of Procurement Services certifies each identified firm. The identified firms are subject to change upon approval from the Procurement and Contract's Division of Compliance and Vendor Services without further Board approval.

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

FINANCIAL:	Charge to Bureau of Treasury: \$625,000.00	Fiscal Year: FY03
	Budget Classification: 0230-210-000-1135-5410	Source of Funds: Operating Funds

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).

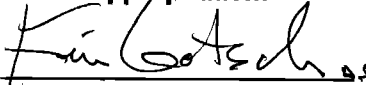
Approved for Consideration:


Anita Rocha
Acting Chief Purchasing Officer

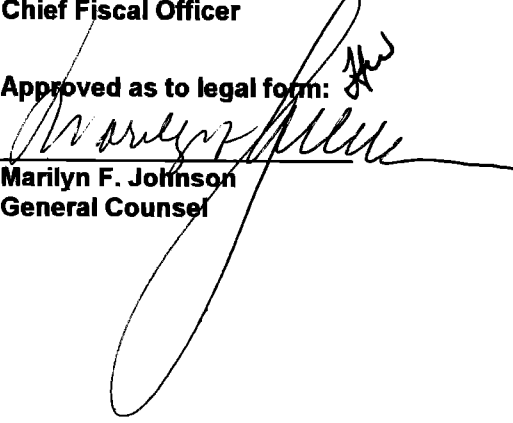
Approved:


Arne Duncan
Chief Executive Officer *by TAD*

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel