

**APPROVE ENTERING INTO A LEASE AGREEMENT WITH
EMC CORPORATION AND KOCH FINANCIAL CORPORATION FOR THE
PURCHASE AND FINANCING OF DISK STORAGE**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a Lease Agreement with Koch Financial Corporation ("Koch") and EMC Corporation ("EMC") for the financing and purchase of (a) Symmetrix 8830 processor, (b) Symmetrix Software and (c) Connectrix switches, (d) Connectrix software, (e) Celerra Media File Server, (f) Celerra Software, and (g) software and hardware maintenance services ("Symmetrix System"), in an amount not to exceed \$2,052,975.33 for a period of thirty-six months. Authorize the annual lease payments to EMC at the rates and for the terms identified below. EMC shall remit all payments made by the Chicago Board of Education to Koch under that certain Master Lease Agreement entered into by and among the Chicago Board of Education, EMC and Koch. Vendor was selected on a non-competitive basis because the software and hardware are proprietary to EMC and required to maintain the storage requirements for the Student Information System, Oracle Financials System and IBM Legacy Financials System. The Lessor was selected on a non-competitive basis because of their competitive Lease financing rates. A written Lease agreement is currently being negotiated. No payment shall be made to Vendor or Leasing Vendor prior to the execution of the written 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.: 02-250235

VENDOR: EMC Corporation
8770 West Bryn Mawr Avenue
12th Floor
Chicago, Illinois 60631
Contact: Chris Dell
Telephone No.: (773) 756-3007
Vendor No.: 28240

LEASE FINANCE VENDOR: Koch Financial Corporation
17767 North Perimeter Drive
Suite 101
Scottsdale, Arizona 85255
Contact: Leo Archambault
Telephone No.: (866) 545-2327

USER: Office of Technology Services
125 South Clark Street, 3rd Floor
Chicago, Illinois 60603
Contact: Elaine L. Williams, Chief Technology Officer
Anthony McPhearson, Enterprise LAN Manager
Telephone No. (773) 553-1300

TERM: The term of this agreement shall commence on December 1, 2002 and shall end on November 30, 2005.

SCOPE OF SERVICES: The hardware and software will be installed on a mutually agreed upon date. Hardware and software maintenance entitles the Board to 7x24 coverage, on-site hardware support, telephone software support, same day, and four-hour response time. The Lease Agreement will allow the Board to use EMC's proprietary software for the term of the Lease Agreement.

DELIVERABLES: EMC will provide equipment, installation, and hardware and software maintenance services for the Symmetrix 8830, Connectrix and Celerra. At the conclusion of the 36-month Lease Agreement (plus \$1.00 buy-out), the Board will own the Symmetrix 8830, Connectrix and Celerra hardware.

OUTCOMES: The new Symmetrix hardware installation and maintenance will further secure the Board's critical disk storage requirements for the Student Information System, Oracle Financials System and IBM Legacy Financials System.

COMPENSATION: EMC shall be paid \$410,594.87 in principal and interest in FY03, \$718,541.01 in FY04 and \$923,838.45 in FY05; plus a final \$1.00 payment as a buy-out of the Lease Agreement, at a cost not to exceed \$2,052,975.33 in aggregate.

AUTHORIZATION: Authorize the General Counsel to include relevant terms and conditions in the Lease Agreement. Authorize the President and Secretary to execute the Lease Agreement. Authorize the Chief Fiscal Officer of the Board or his or her designee to negotiate and execute the Lease Agreement and other documents incidental thereto, as may be deemed necessary to carry out and comply with the terms of the Lease.

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 M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

As a condition of the approved waiver, the vendor has agreed to enter into the Mentor Protégé Program.

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

FINANCIAL: Charge to Office of Technology Services: \$2,052,975.33

Budget Classification:	0220-210-000-7536-5470	\$46,820.00 FY00 PO#C944135
	0960-210-000-1110-5470	\$5,000.00 FY01 PO#20655
	0960-210-000-1110-5470	\$25,886.00 FY01 PO#128898
	0960-210-000-7536-5470	\$10,289.50 FY01 PO# 87908
	0960-210-000-7536-5470	\$25,200.00 FY01 PO#128906
	0960-210-000-1116-5470	\$128,679.00 FY02 PO# 444888
	0960-210-000-1116-5470	\$168,720.37 FY03
	0960-210-000-1116-5470	\$718,541.01 FY04
	0960-210-000-1116-5470	\$923,839.45 FY05

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:



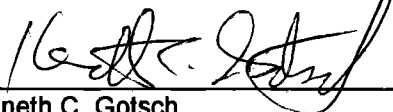
Anita Rocha
Acting Chief Purchasing Officer

Approved:



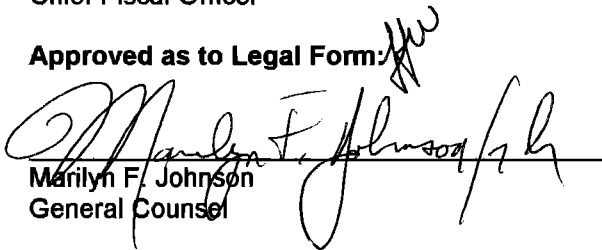
Arne Duncan
Chief Executive Officer *by PAD*

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to Legal Form:



Marilyn F. Johnson
General Counsel