

AMEND BOARD REPORT 02-0925-PR13
APPROVE ENTERING INTO AGREEMENTS WITH UNISYS CORPORATION AND UNISYS LEASING CORPORATION FOR FINANCING THE PURCHASE OF A UNISYS CLEARPATH SYSTEM

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a Software Licenses and Maintenance Services Agreement to the Consolidated Agreement No. 97100999 ("Contract for Acquisition"), a Lease Agreement and an Assignment of Purchase Rights Agreement (collectively, the "Agreements") with Unisys Corporation ("Vendor" or "Unisys") and Unisys Leasing Corporation ("Leasing Vendor" or "Unisys Leasing") for financing the purchase of a ClearPath CS7822 system processor, including hardware, software, maintenance and support services, software subscription and MIPS (capacity) rental (the "ClearPath System") in the aggregate amount not to exceed ~~\$3,357,016.83~~ \$6,300,656.27 for a period of ~~forty-eight months~~ six years. Upon the expiration of the Agreements, exercise of the purchase option in the Lease Agreement and payment of the lease payment due July 30, 2006 and performance by the Board of the other terms of the Lease Agreement, the Leasing Vendor will transfer title to the ClearPath System hardware will be automatically vested in to the Board on September 30, 2006. Vendor was selected on a non-competitive basis because the software and hardware are proprietary to Unisys and are required to maintain the Student Information and School Administration Systems. The Leasing Vendor was selected on a non-competitive basis because of their competitive lease financing rates. Written Agreements are currently being negotiated. No payment shall be made to the Leasing Vendor prior to the execution of the written Agreements. The authority granted herein shall automatically rescind in the event written agreements are not executed within ninety (90) days of the date of this Board Report. Information pertinent to the Agreements is stated below.

This amended Board Report is necessary to i) increase the compensation amount by \$2,943,639.44, ii) extend the term of the Contract for Acquisition and Lease Agreement for an additional twenty-four months to support the Student Information and Student Administration applications that reside on the ClearPath System until these applications have been migrated, and iii) to clarify that the Contract for Acquisition was titled "Software Licenses and Maintenance Services Amendment to the Consolidated Agreement". Written amendments to the Contract for Acquisition and Lease Agreement are required. No payment shall be made to Vendor/Leasing Vendor for these additional services prior to execution of the amendments. The authority granted herein shall automatically rescind in the event the written amendments are not executed within ninety (90) days of the date of this Board Report.

SPECIFICATION NO.: 00-250848

VENDOR: Unisys Corporation
 One East Wacker Drive
 Chicago, Illinois 60601
 Contact: Tandy Green ~~Christopher J. Gonzalez~~
 Telephone: (312) 850-2649 ~~(312) 832-7284~~
 Vendor No. 28507

LEASING VENDOR: Unisys Leasing Corporation
 1000 South McCaslin Blvd
 Superior, Colorado 80027
 Contact: Rick Grum
 Telephone: (847)-672-6127
 Vendor No. 30004

USER: Office of Technology Services
125 South Clark Street, 3rd Floor
Chicago, Illinois 60603
Contacts: Robert W. Runcie, Chief Information Officer
Steve Dorner, Deputy Chief Information Officer
Elaine L. Williams, Chief Technology Officer
Arlene Love, Deputy Chief Technology Officer — Operations
Telephone No.: (773) 553-1300

FINANCING USER Office of School Financial Services
Bureau of Treasury
125 South Clark Street, 13th Floor
Chicago, Illinois 60603
Contacts: David Bryant
Telephone No.: (773) 553-2806

TERM: The term of ~~each agreement~~ the Contract for Acquisition shall commence on October 1, 2002 and end ~~September 30, 2006~~ September 30, 2008. The lease term of the property schedule under the Lease Agreement shall commence October 30, 2002 and shall terminate upon payment of the final rental payment due on July 30, 2008 in the amended property schedule which ends September 30, 2008.

CONTRACT FOR ACQUISITION: This contract is with Unisys Corporation and includes the purchase of the CS7822 processor, including hardware, software license (~~48 months~~) six years, ~~4-year~~ 6-year software subscription licenses (SSUs), 3-year rental of processing power (50 MIPS) for 30 days per year, ~~4~~ 6 year hardware and software support services (SURETY Maintenance).

LEASE AGREEMENT: This lease agreement is with Unisys Leasing Corporation and provides for the financing of the acquisition.

ASSIGNMENT OF PURCHASE: The assignment of purchase rights passes through all the purchase rights, representations and warranties from the manufacturer (Unisys Corporation) to the Board.

DELIVERABLES: The acquisition, installation and support of the ClearPath System. ~~At the conclusion of the 48-month period~~ Upon exercising the Board's option to purchase the ClearPath system under the Lease Agreement upon the payment due July 30, 2006, the Board will own the ClearPath System as of September 30, 2006. Hardware and software maintenance entitles the Board to 7x24 coverage, on-site hardware support, telephone software support and same day, four-hour response time. The software license will allow the Board to use Unisys' proprietary software for the term of the Agreements.

OUTCOME: The new ClearPath System will further secure the optimal performance of the Board's critical Student Information and School Administration Systems.

COMPENSATION: All payments for the acquisition, installation and support of the processor shall be paid to the Leasing Vendor pursuant to the Lease Agreement. Leasing Vendor shall be paid \$190,000.00 in principal and interest for each of the first three quarters of the term of the Lease Agreement, with the remaining balance of \$2,787,016.83, being paid in thirteen equal quarterly installments of \$214,385.91 (principal and interest). During the final 24 months of the extended term, Leasing Vendor shall be paid eight equal quarterly installments of \$367,954.93 (principal and interest); for a cost not to exceed \$3,357,016.83 \$6,359,012.11. The payments will cover the cost of the acquisition, installation, support and financing of the ClearPath System. There is no compensation required for the assignment.

AUTHORIZATION: Authorize the General Counsel to include relevant terms and conditions in the Agreements and amendments. Authorize the President and Secretary to execute the Agreements and amendments. Authorize the Chief Technology Officer to execute other documents incidental thereto, as may be deemed necessary to carry out and comply with the terms of the Agreements.

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 contract scope not further divisible.

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

FINANCIAL: Charge to Office of Technology Services: $\$3,357,016.83 + \$2,943,639.44 = \$6,300,656.27$

Budget Classification:	0960-210-000-1116-5470	\$570,000.00	FY '03
	0960-210-000-1116-5470	\$857,543.64	FY '04
	0960-210-000-1116-5470	\$857,543.64	FY '05
	0960-0220-210-000-1116-5470	\$857,543.64	FY '06 P.O.# 1005694
	0960-0220-210-000-1116-5470	\$214,385.94	<u>\$1,318,250.70</u> FY '07
	0220-210-000-1116-5470	\$1,471,819.72	FY '08
	<u>0220-210-000-1116-5470</u>	<u>\$ 367,954.93</u>	FY '09

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.

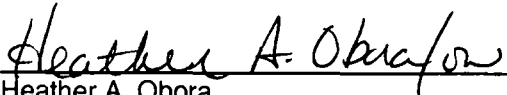
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

Approved:



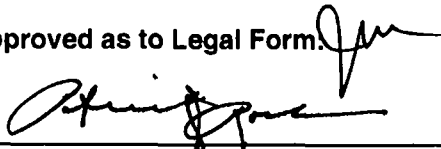
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to Legal Form:



Patrick J. Rocks
General Counsel