

**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 EMC Corporation ("EMC") and Koch Financial Corporation ("Koch") 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 \$2,042,232.01 for a period of thirty-six months. Lessor 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 Lessor or Lease Finance 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

LESSOR: EMC Corporation
176 South Street
Hopkinton, MA 01748
Contact: Tom Dunne
Telephone No.: (773) 756-3123
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: Robert Runcie, Chief Information Officer
Steve Dorner, Deputy Chief Information Officer
Telephone No. (773) 553-1300

TERM: The term of this agreement shall commence on December 1, 2006 and shall end on November 30, 2009.

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: Koch Financial Corporation shall be paid \$681,410.67 in principal and interest in FY08, \$681,410.67 in FY09, \$681,410.67 in FY10; plus a final \$1.00 payment as a buy-out of the lease Agreement, at a cost not to exceed \$2,042,232.01 in aggregate.

AUTHORIZATION: Authorize the General Counsel to include relevant terms and conditions in the lease agreement including any indemnities to be provided by Board to Lessor or Lease Finance Vendor. Authorize the President and Secretary to execute the lease agreement. Authorize the Chief Financial Officer of the Board or his or her designee to execute all ancillary documents required to administer or effectuate the lease agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE and 5% WBE. However, the Waiver Committee recommends a full waiver of the MBE/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

EMC has made a commitment to participate in our Education to Careers Program by sponsoring a student intern.

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

FINANCIAL: Charge to Office of Technology Services: \$2,042,232.01

Budget Classification:	
0220-210-000-1116-5400	\$681,410.67 FY08
0220-210-000-1116-5400	\$681,410.67 FY09
0220-210-000-1116-5400	\$681,410.67 FY10

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.

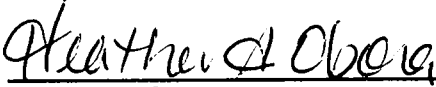
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted 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-P04), as amended from time to time shall be incorporated into and made a part of the agreement.

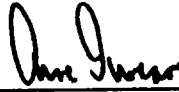
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:




Heather A. Obora
Chief Purchasing Officer

Approved:



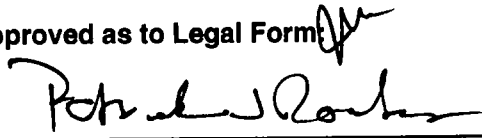
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to Legal Form:



Patrick J. Rocks
General Counsel