

AMEND BOARD REPORT 09-0923-PR8
AMEND BOARD REPORT 09-0624-PR17
AMEND BOARD REPORT 09-0422-PR15
AMEND BOARD REPORT 08-1119-PR12

**APPROVE THE FINAL OPTION TO RENEW THE TWO AGREEMENTS
WITH SUN MICROSYSTEMS, INC. ("SUN") ORACLE AMERICA, INC. FORMERLY KNOWN AS SUN
MICROSYSTEMS, INC 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, Inc. ("Sun") Oracle America, Inc. formerly known as Sun Microsystems, Inc. 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. Due to the uncertainty in E-Rate funding, a Reduced Scope will be implemented for the Basic Maintenance Contract or Contract #1 until E-Rate funding is secured. The cost for the option period for the Reduced Scope of Contract #1 shall not exceed \$3,609,933.41. Should E-Rate funding become available, the Full Scope will be implemented and the cost for the option period, for the Basic Maintenance Contract or Contract #1, shall not exceed \$12,903,992.77, of which approximately \$9,548,088.61 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 and the Full Scope, 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 \$3,355,904.16. Similarly, a Reduced Scope will be implemented for the Non-Basic Maintenance Contract or Contract #2 until E-Rate funding is secured. The cost for the option period, for the Reduced Scope for Contract #2 shall not exceed \$1,739,362.78. Should E-Rate funding become available, the Full Scope will be implemented and the cost for the option period, for the second agreement, shall not exceed \$1,891,397.20, of which approximately \$128,763.12 will be the discounted portion of eligible E-Rate services and/or products to be funded by the SLD/USAC. Under the Full Scope for 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 \$1,762,634.08. 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.

This April 2009 amendment is necessary to increase the compensation amount of Contract #2 by \$152,284.000. The amended compensation amount reflects additional maintenance services that will cover the maintenance of an Intrusion Prevention System, which was previously approved and purchased by the Board through a separate vendor and Board Report. An amendment to the renewal agreement for Contract #2 is required. The authority granted herein shall automatically rescind in the event the written amendment to the renewal agreement for Contract #2 is not executed within ninety (90) days of the date of this Board Report.

This June 2009 amendment is necessary to (1) change the E-Rate percentage rate from 86% to 90%, (2) reduce the scope of services provided under both renewal agreements in response to a possible lack of E-Rate funding for the duration of this contract, and (3) change the parties funding amounts as a result of the percentage change. However, if E-Rate funding does become available, Sun Microsystems, Inc. shall perform the Full Scopes of services. This amended Board Report is also necessary to authorize the Chief Information Officer to give written notification to Vendor in the event additional funding becomes available and to proceed under the Full Scopes of services without further Board approval. Written amendments to both renewal agreements are required. The authority granted herein shall automatically rescind in the event the written amendments to the renewal agreements are not executed within ninety (90) days of the date of this Board Report.

This September 2009 amendment is necessary to (1) increase the compensation for Reduced Scope of Contract #1 by \$254,029.25 for additional hardware maintenance costs, (2) increase the compensation for the Reduced Scope of Contract #2 by \$84,968.70 to replace the Websense web filtering systems with the newly installed Ironport web filtering system, (3) amend the Affirmative Action section. Written amendments to both renewal agreements are required. The authority granted herein shall automatically rescind in the event written amendments to the renewal agreements are not executed within 90 days of the date of this Board Report.

This April 2010 amendment is necessary because on or about February 15, 2010, Oracle USA, Inc. (a wholly owned subsidiary of Oracle Corporation) merged with and into Sun Microsystems, Inc. ("Sun"), and Sun was the surviving entity in the merger. Sun was concurrently renamed Oracle America, Inc.

<u>VENDOR:</u>	<u>Sun Microsystems</u> 4150 Network Circle Santa Clara, CA 95054 Contact: Tom Lockman Phone: (217) 359-9805 Vendor #: 89823	<u>Oracle America, Inc.</u> 500 Oracle Parkway Redwood Shores, CA 94065 Contact: Jess Moore Phone: (951) 316-5917 Vendor #: 91760
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USER: Information & Technology Services
125 South Clark, 3rd Floor
Chicago, IL 60603
Contact: Arshele Stevens, Chief Information Officer
Phone: (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:

Reduced Scope – Until E-Rate funding becomes available and vendor receives written notification from the Chief Information Officer to implement the Full Scopes, ~~Sun~~ Oracle shall provide a reduced level of services.

Under Contract #1, which covers services eligible for the E-Rate discount, vendor shall continue to provide onsite basic maintenance services to the Board. This will include basic 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 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 critical infrastructure 24 hours a day, seven days a week, 365 days a year. Support of all other designated infrastructure will be reduced to eight hours a day, five business days per week,

- Notice of outages, reporting, and on-site repair services
- Break/fix switch maintenance services for school LAN equipment.

Under Contract #2, which covers non-basic maintenance and ineligible services, Vendor will continue to provide basic management services to monitor and maintain the WAN, LAN, and network security infrastructure, including routers, switches, firewall/VPN appliances, Intrusion Prevention Systems firewall/VPN management stations, content filtering system, load balancers, WAN/LAN interfaces, and other ancillary equipment including:

- Proactive remote monitoring and management of Board-owned or leased equipment and pro-active repair maintenance of systems.
- Basic network monitoring for designated critical infrastructure 24 hours a day, seven days a week, 365 days a year. Basic network monitoring of all other designated infrastructure will be reduced to eight hours a day, five business days per week,
- Service level agreements with Sun Oracle will also be reduced.

In addition to these services, Vendor will provide maintenance services for an Intrusion Prevention System, which is being implemented by the Board. These additional services fall within the scope of Contract #2 and will be provided under the renewal of Contract #2.

Vendor will not provide installation, configuration, and project management for the following equipment and initiatives without written notice from the Board:

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

Full Scope – Should E-Rate funding become available and the Chief Information Officer provides written notification to implement the Full Scopes, Vendor will 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: Vendor 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: Vendor will continue to provide management services to monitor and maintain the WAN, LAN, and network security infrastructure, including routers, switches, firewall/VPN appliances, Intrusion Prevention Systems (IPS), 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.

Vendor 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.

In addition to these services, Vendor will provide maintenance services for an Intrusion Prevention System, which is being implemented by the Board. These additional services fall within the scope of Contract #2 and will be provided under the renewal of Contract #2.

DELIVERABLES:

Reduced Scope – Until E-Rate funding becomes available and Vendor receives written notification from the Chief Information Officer to implement the Full Scopes, Vendor will provide the Board with the following deliverables:

- 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
- 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.

Vendor will provide the following resources as a minimum to service both agreements. Actual staffing levels will be vary, but will increase or decrease to meet SLAs as defined in the agreements:

- (1) Customer Service Managers
- (1) Technical Manager
- (3) Tier 3 Senior WAN Engineers
- (1) Senior Checkpoint Engineers
- (1) Senior PIX Engineers
- (1) Senior Windows Engineer

Vendor will continue to have appropriate field personnel for the proper dispatches in order to meet SLAs as defined in the agreements.

Full Scope - Should E-Rate funding become available and the Chief Information Officer provides written notification to implement the Full Scopes, Vendor will 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.

Vendor 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, Vendor will continue to have appropriate field personnel for the proper dispatches in order to meet or exceed SLAs.

OUTCOMES: Reduced Scope - Until E-Rate funding is available, Vendor shall perform a reduced level of service. The services shall be severely reduced to basic network maintenance and support services only with limited staff, monitoring and reporting. The level of support hours and services shall be reduced to only required levels to restore service. Additional work and support outside of this reduced service level shall not be included. **Full Scope** - Should E-Rate funding become available and the Chief Information Officer provides written notification to implement the Full Scope, Vendor services will 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. Vendor 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:

Due to the uncertainty in E-Rate funding, a Reduced Scope will be implemented for the Basic Maintenance Contract or Contract #1 until E-Rate funding is secured. The cost for the option period for the Reduced Scope of Contract #1 shall not exceed \$3,609,933.41. Should E-Rate funding become available, the Full Scope will be implemented and the cost for the option period, for the Basic Maintenance Contract or Contract #1, shall not exceed \$12,903,992.77, of which approximately \$9,548,088.61 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").

Similarly, a Reduced Scope will be implemented for the Non-Basic Maintenance Contract or Contract #2 until E-Rate funding is secured. The cost for the option period, for the Reduced Scope for Contract #2 shall not exceed \$1,739,362,78. Should E-Rate funding become available, the Full Scope will be implemented and the cost for the option period, for the second agreement, shall not exceed \$1,891,397.20, of which approximately \$128,763.12 will be the discounted portion of eligible E-Rate services and/or products to be funded by the SLD/USAC. Under the Full Scope for 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 \$1,762,634.08

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written option documents and amendments. Authorize the President and Secretary to execute the option documents and amendments. Authorize the Chief Information Officer to execute all ancillary documents required to administer or effectuate this option agreement. Authorize the Chief Information Officer to give written notification to Vendor in the event additional funding becomes available and to proceed under the Full Scopes of services under both renewal agreements without further Board approval.

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: 35% total MBE, and 5% total WBE. Vendor has identified and scheduled the following firms and percentages:

Reduced Scope

Total 40%

Total 30% African American

IMC Connect, Inc. 30%
207 E. Ohio #293
Chicago, IL 60611

Total 5% Hispanic

CS&C Julex Inc. 5%
1613 S. Michigan Avenue
Chicago, IL 60616

Total 5% Woman

KMC Enterprises Inc. 5%
13235 Hiawatha Drive
Homer Glen, IL 60491

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

FINANCIAL: Reduced Scope – Until E-Rate funding becomes available and Vendor receives written notification from the Chief Information Officer to implement the Full Scopes of services, the costs shall be as outlined below.

	FY10
Total Amount for Contract #1	\$3,609,933.41
TOTAL PAID BY CPS	
12540-230-54125-254901-000000	\$3,355,904.16 (PO # 1801280)
12540-230-54125-254901-000000	\$254,029.25
TOTAL FUNDED BY THE SLD/USAC	\$0.00
Total Amount for Contract #2	\$1,739,362.78
TOTAL PAID BY CPS	
12540-230-54125-254901-000000	\$1,654,394.08 (PO # 1801280)
12540-230-54125-254901-000000	\$84,968.70
TOTAL FUNDED BY THE SLD/USAC	\$0.00

Full Scope – Should E-Rate funding become available and Vendor receives written notification from the Chief Information Officer to implement the Full Scopes of services, the cost shall be as outlined below.

	FY10
Total Amount for Contract #1	\$12,903,992.77
Annual Eligible	\$10,608,987.35
NON-DISCOUNTED PORTION PAID BY THE BOARD 10%	\$1,060,898.73
DISCOUNTED PORTION FUNDED BY THE SLD/USAC 90%	\$9,548,088.61
Annual Ineligible	\$2,295,005.43
TOTAL PAID BY CPS	
12540-230-54125-254901-000000	\$3,355,904.16
TOTAL FUNDED BY THE SLD/USAC	\$9,548,088.61
Total Amount for Contract #2	\$1,891,397.20
Annual Eligible	\$143,070.13
NON-DISCOUNTED PORTION PAID BY THE BOARD 10%	\$14,307.01
DISCOUNTED PORTION FUNDED BY THE SLD/USAC 90%	\$128,763.12
Annual Ineligible	\$1,748,327.07

TOTAL PAID BY CPS 12540-230-53306-254901-000000	\$1,762,634.08
TOTAL FUNDED BY THE SLD/USAC	\$128,763.12

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

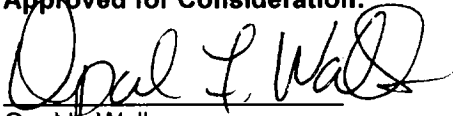
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

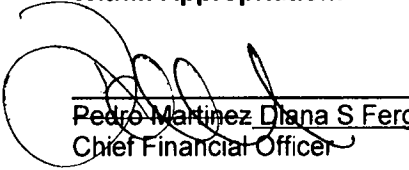
Approved for Consideration:


Opal L. Walls
Chief Purchasing Officer

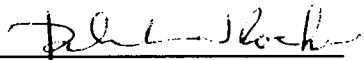
Approved:


Ron Huberman
Chief Executive Officer

Within Appropriation:


Pedro Martinez
Chief Financial Officer

Approved as to legal form: 


Patrick J. Rocks
General Counsel 