

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT WITH CITIBANK, N.A.
FOR MULTI-PURPOSE PROCUREMENT CARD SERVICES (REVENUE GENERATING)**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the agreement with Citibank, N.A. (Citibank) to provide Multi-Purpose Procurement Card services to the Department of Procurement and Contracts at no cost to the Board and amending the agreement to authorize participation by other local governmental agencies. This contract is revenue generating and participation by other local governmental agencies, which may include The City of Chicago, and other City of Chicago sister agencies would further increase the total combined volume of Procurement Card use and achieve even greater rebates for the Chicago Public Schools. The specific percentage and rebate amounts shall be as approved by the Chief Financial Officer and the Chief Procurement Officer without further action or approval by the Board. A written renewal agreement exercising this option is currently being negotiated. No services shall be provided prior to execution of the renewal agreement. The authority granted herein shall automatically rescind in the event the written renewal agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification Number : 10-250014

Contract Administrator : Seanior, Miss Pamela Dorcas / 773-553-2280

VENDOR:

- 1) Vendor # 98309
CITIBANK, N.A.
425 PARK AVENUE, 7TH FLR.
NEW YORK, NY 10022
Kevin Wrenn
312 876-3296

USER INFORMATION :

PM Contact:
12430 - Accounts Payable

125 South Clark Street

Chicago, IL 60603

Lo, Miss Christine

773-553-2709

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 10-0728-PR2 as amended by 12-0925-PR5) is for a term commencing upon execution (January 14, 2011) and ending 24 months thereafter, with the Board having 3 options to renew for 1 year terms. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2. This contract is revenue generating with no cost to the Board.

OPTION PERIOD:

The term of this agreement is being renewed for 1 year commencing on January 14, 2013 and ending January 13, 2014.

OPTION PERIODS REMAINING:

There are two option periods of one year each remaining.

SCOPE OF SERVICES:

Citibank will provide Procurement Card Services to the Board. These services will include:

- a) Procurement Cards for authorized Board employees, virtual accounts as a payment option for selected Board vendors;
- b) Access to the CitiDirect Card Management System for account information, activation and reports;
- c) Addition of Virtual Card Account at no extra cost to assist CPS' goal of increasing the spend volume on the program to bring in more rebate funds; and,
- d) Qualification for rebates for Large Ticket items. CPS will receive 25 bps on qualifying purchases as long as the Board meets its \$30M annual spend volume. If the Board doesn't meet the \$30M threshold, the rebate fees will be proportionally reduced.
- e) Citibank will also offer Procurement Card Services to other local governmental agencies pursuant to the terms and conditions of the agreement if such agencies are authorized to receive such services and desires to receive such services. The Board assumes no liability or obligation on behalf of any such local governmental agency.

DELIVERABLES:

Citibank will provide the following:

- a) Complete implementation of the Board's Procurement Card Program;
- b) Issuance of Procurement Cards to authorized School and Central Office personnel;
- c) Assistance in determining eligibility of Board vendors for virtual accounts;
- d) Daily electronic transmission of card transactions to the Board for Oracle submission;
- e) Electronic (and paper if requested by the Board) account statements;
- f) Annual account review report; and,
- g) Revenue sharing based upon sales volume.

OUTCOMES:

Citibank's Procurement Card services will result in: i) an efficient procurement and payment process for authorized Board personnel and selected Board vendors, and ii) projected revenue in the amount of \$500,000.00 to the Board from these transactions during the renewal term.

COMPENSATION:

Citibank will not receive any payment or fees for Procurement Card services provided to the Board.

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 Procurement Officer to execute all ancillary documents required to administer or effectuate this option agreement. Authorize the Chief Financial Officer or Chief Procurement Officer to negotiate and execute amendments to the agreement related to increased rebates based upon total combined volume of Procurement Card use by other local government agencies *provided* such amendments are approved as to legal form by the General Counsel.

AFFIRMATIVE ACTION:

The MBE/WBE goals for this agreement include: 25% total MBE and 5% total WBE participation. However, Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, the Office of Business Diversity recommends that a waiver of the MBE/WBE goals for this agreement be granted as the services under this agreement come at no cost to the Board.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Revenues will be credited to expenditures generated from the Procurement Card in various CPS Oracle funds. Revenues (i.e. purchase rebates) will be credited in the revenue account: "Others" (i.e. Oracle values: 45145)

CFDA#: Not Applicable

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 May 25, 2011 (11-0525-PO2), 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:



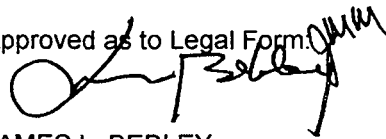
SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT
Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY
General Counsel