

**THIS AGREEMENT WILL BE POSTED
ON THE CPS WEBSITE**

**AGREEMENT EXTENDING THE SOFTWARE LICENSE, IMPLEMENTATION AND SUPPORT
SERVICES AGREEMENT**
NCS Pearson, Inc.

This Agreement Extending the Software License, Implementation, and Support Services Agreement ("Extension Agreement") is entered into by and between the Board of Education of the City of Chicago (the "Board"), with offices located at 125 S. Clark Street, Chicago, Illinois 60603 and NCS Pearson, Inc., as successor-in-interest to SchoolNet, Inc. ("Vendor" or "Pearson"), with offices located at 3075 West Ray Road, Chandler, Arizona 85226.

RECITALS:

- A. The Board and Pearson entered into that certain Software License, Implementation, and Support Services Agreement dated April 1, 2004 and ending June 30, 2008 with the Board having five (5) options to renew for periods of one (1) year each (as amended, the "Original Agreement"). The agreement was extended ("First Renewal Agreement" - authorized by Board Report 08-0602-PR26) for a term commencing on July 1, 2008 and ending June 30, 2009. The agreement was further extended ("Second Renewal Agreement" - authorized by Board Report 09-0527-PR16) for a term commencing July 1, 2009 and ending June 30, 2010. The agreement was further extended ("Third Renewal Agreement" - authorized by Board Report 10-0623-PR14) for a term commencing July 1, 2010 and ending June 30, 2011. The agreement was further extended ("Fourth Renewal Agreement" - authorized by Board Report 10-0622-PR15) for a term commencing July 1, 2011 and ending June 30, 2012. The agreement was further extended ("Fifth Renewal Agreement" - authorized by Board Report 12-0627-PR30) for a term commencing July 1, 2012 and ending June 30, 2013. The Original Agreement, First Renewal Agreement, Second Renewal Agreement, Third Renewal Agreement, Fourth Renewal Agreement and Fifth Renewal Agreement shall be collectively referred to as the "Agreement"; and
- B. After giving effect to the Fifth Renewal Agreement, no options to renew the Agreement remain. The Board now desires to extend the Agreement, and Vendor accepts this extension of the Agreement, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. **Incorporation of Recitals:** The matters recited above are hereby incorporated into and made a part of this Extension Agreement.
2. **Definitions:** Any and all capitalized terms contained in this Extension Agreement, and not defined herein, shall have the definition as set forth in the Agreement.
3. **Renewal Term:** The parties agree to extend the Agreement for a period commencing July 1, 2013 and ending June 30, 2015 ("Extension Period"), unless terminated sooner as provided in the Agreement.
4. **Services:** During this Extension Period, Vendor agrees to provide the services set forth in Exhibit A-5 ("Services"), in accordance with the terms and conditions of this Extension Agreement. "Services" means, collectively, the services, deliverables, duties and responsibilities described in Exhibit A-5 of this Extension Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Extension Agreement.
5. **Compensation:** The maximum compensation payable to Vendor during the Extension Term shall not exceed the amount set forth in Board Report 13-0626-PR34. Vendor shall be paid in accordance with the pricing and invoicing schedule set forth in Sections V and VI of Exhibit A-5.
6. **Freedom of Information Act:** Vendor acknowledges that this Extension Agreement and all

documents submitted to the Board related to this contract award are a matter of public record and are subject to the Illinois Freedom of Information Act (5 ILCS 140/1) and any other comparable state and federal laws and that this Fifth Renewal Agreement is subject to reporting requirements under 105 ILCS 5/10-20.44. Vendor further acknowledges that this Extension Agreement shall be posted on the Board's internet website at www.cps.edu.

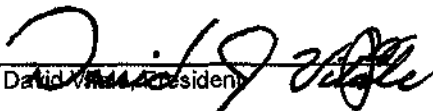
7. **Original Agreement:** Except as expressly provided in this Extension Agreement, all terms and conditions of the Agreement are and shall remain in full force and effect during the Extension Period.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Extension Agreement as of the latest date set forth below.

THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO

NCS PEARSON, INC.

By: 
David W. Miller, President

By: Mark Chernis

Attest: 
Estela G. Beltran, Secretary

Signature: 

Date: 8/7/13

Title: President/Chief Operating Officer

Board Report No. 13-0626-PR34 -1

Date: 7/31/13

Approved as to legal form:

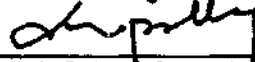

James L. Bebley, General Counsel

Exhibit A-5

SCOPE OF SERVICES

NCS Pearson, Inc.

Board Report # 13-0626-PR34

Name of Project: IMPACT SIM License Maintenance and Support

Board's Project Manager: Patrick Gallagher **Phone:** 773-553-3475

E-Mail: pfgallagher@cps.edu

Consultant's Project Manager: Keith Kostrzewski **Phone:** 646-496-9013

E-Mail: keith.kostrzewski@pearson.com

Period of Performance: **Start Date:** July 1, 2013 **End Date:** June 30, 2015

Scope of Work

I. Scope of Work to be Performed

Existing Software Version: Vendor will provide maintenance and support for Pearson SMS version 7.x and 8.x software, which includes modules for Attendance, Grading, Registration and Enrollment, Student Scheduling, Demographics, Program Management, and Student Health. Vendor will provide any technical program corrections and enhancements that Pearson may develop during the term of this agreement as long as the Board's technical support fee is current. There are no third party licenses associated with this software.

Software Upgrade: Vendor will provide maintenance and support for all Pearson SMS versions made available to Pearson customers during the term of this Agreement, which includes modules for Attendance, Grading, Registration and Enrollment, Student Scheduling, Demographics, Program Management, and Student Health. Vendor will provide any technical program corrections and enhancements that Pearson may develop during the term of this Agreement as long as the Board's technical support fee is current. There are no third party licenses associated with this software.

II. Deliverables

License and Maintenance: Provide annual license and maintenance services for Pearson SMS for Board school district. Maintenance service to adhere to existing version 7.6x and above.

- Regular software updates and installers, including SMS v8.x and YEP
- Database cleanup and alter scripts (usually part of installers)
- Bug Fixes targeted to highest P1 and P2 incidents
- Updated user guides to accompany each release
- Minor feature and functional enhancement
- Performance Optimizations (Attendance and Scheduling Synchronization w/Gradebook)

- Integration testing for embedded components (Crystal Reports, .NET, SQL Server, etc.)
- Performance, Regression and Compatibility (New OS, SQL Server, etc.) Testing for Vendor provided Patches and Software Upgrades
- The provision of ongoing updates to the Pearson K12 Technology Product Roadmap

Ongoing Support: Vendor will hold monthly support calls with Board resources and report on service with the assignment of dedicated resources as outlined below.

A. Levels of Support

There are four levels of support. These levels are defined as follows:

- **Level 1 (Board Help Desk)** - This represents general software support and this level of support will be provided by the Board Help Desk. All support tickets will be initiated through the Board Help Desk and will be logged into the ESM Resolver Incident Management System.
- **Level 2 (Board Stabilization and Support Team)** - This represents the next level of escalation and will be provided by Board Technology Stabilization and Support Team. This level of support will help identify operational issue and close advanced "how-to" questions and training issues. This level of support will not perform code or configuration modifications. If the resolution requires modifications to code or configurations, then the support ticket will be escalated to Level 3.
- **Level 3 (Board Program Team)** - This is the highest level of support in a three-tiered technical support model responsible for handling the most difficult or advanced problems, requiring an expert level troubleshooting and analysis methods. If it is determined that a problem can be solved, this group is responsible for designing and developing one or more courses of action, evaluating each of these courses in a test case environment, and implementing the best solution to the problem. Once the solution is verified, it is delivered to the customer and made available for future troubleshooting and analysis.
- **Level 4 (Pearson Team)** - The fourth level of support is the escalation to the Vendor who will work with the Board's Level 3 technicians to derive action plans, workarounds and resolutions.

B. Incident Management Systems

Both the Board and the Vendor will utilize the Board's in-house, Incident Management system to announce, manage and track all Vendor related software incidents. The Board will create a separate resolver group queue for the Vendor in this system, where a trouble ticket will be transferred if the incident requires Level 4 support. The Board will be responsible for final closure of the ticket and the Vendor is only responsible for the period of time that the ticket spends in their queue.

C. Warranty / Support Standards

Vendor's obligation to provide maintenance and support is specified in this Exhibit. Board has established the following priority levels of each Board problem that Board refers to Vendor for its resolution. The priority level of each reported Board problem shall be classified in accordance with the following definitions:

Priority

Priority is automatically calculated by Service Manager from the combination of the **Impact** and **Urgency** according to the following matrix:

		Impact			
Urgency		1 - Enterprise	2 - Site/Dept	3 - Multiple Customers	4 - Single Customer
	1 - Critical				
	2 - High				P3
	3 - Average			P3	P3
	4 - Low		P3	P3	P4

Impact Criteria

- **Single User** - Service is down or degraded for 1 user.
- **Multiple Users** - Service is down or degraded for several users.
- **Department** - Service is down or degraded for an entire location site or department of users.
- **Enterprise** - Service is down or degraded for the entire organization.

Urgency Criteria

- **Low** - The impacted item is useful, but not required for normal business operations.
- **Average** - The impacted item is valuable to the business, but the business can operate normally via an alternative or manual procedure.
- **High** - The impacted item is important to the business and could lead to legal or financial repercussions. No workaround is currently available.
- **Critical** - The impacted item is a critical business function and will lead to legal or financial repercussions.

The Board will have the ability to escalate two (2) support tickets per month to the next level of priority, based on a specific written (i.e. email) request at the IT Director or Manager and agreed to by Vendor's Project Manager.

D. Acknowledgement by Vendor

Vendor will respond to all Vendor software problems reported by Board through the incident management system. Board's report of the problem to Vendor will include any and all job listings, program dumps, system logs and traces associated with the Board problem. Vendor will acknowledge receipt of all Board

problems within the response times (depending on the Priority Level) set forth in Section J ("Response Times") below by contacting the Board designated support contact by e-mail, telephone, or fax. Vendor will maintain a log of all incoming Board problems for tracking purposes and the Board designated support contact will log the time Board receives Vendor's acknowledgement.

E. Action Plan by Vendor

Vendor will prepare an action plan ("Action Plan") to resolve the Board problem and send the Action Plan to Board within the Response Time. Each Action Plan will include the following information:

- a. problem statement, including early evaluation;
- b. confirmation, when possible, that Vendor has reproduced the problem;
- c. problem status;
- d. actions required;
- e. when actions are expected to occur and when they are expected to be completed (i.e., estimate of how long it will take to resolve the Board problem);
- f. projected time (in hours) for workaround to address critical functions (Priority 1 and Priority 2); and
- g. projected date for correction of the error or otherwise resolving an Board problem in accordance with this Exhibit and confidence level, if possible, for such date (stated in percent form).

As part of its Action Plan, Vendor will (i) respond as to whether it agrees with Board's Priority Level classification, or (ii) if Vendor does not agree with Board's Priority Level classification, propose an alternative Priority Level.

Vendor will promptly notify Board of significant exceptions to each Action Plan and will provide updates to specific Action Plans as reasonably requested by Board.

F. Resolution Categories

Vendor will assign a resolution category for its internal tracking purposes. Vendor's initial Board problem categories are as follows:

- **CODE CHANGE:** revised source code is required and a patch kit will be made available to Board.
- **DUPLICATE:** the Board problem is a duplicate of an existing one.
- **DOCUMENTATION:** the relevant Documentation is in error and no source code change is needed.
- **USE:** the problem was caused by incorrect usage.
- **PERMANENT RESTRICTION:** the Board problem can be traced to a problem in the Vendor Software that cannot be corrected in this version.

- **SUGGESTION:** the Vendor Software is operating to specification and the reported Board problem is an enhancement or a suggested change.
- **CONFIGURATION:** the problem has been caused by use of the Vendor Software on an unsupported or invalid configuration.

G. Resolution by Vendor

Within the specified Response Times, Vendor will use its reasonable and continuous efforts to provide a resolution to each Board problem based on the agreed-to current Action Plan; provided that Vendor has been able to reproduce the Board problem or otherwise has been able to identify the root cause of the Board problem.

For Priority 1 and Priority 2 Board problems, Vendor will use its reasonable and continuous efforts to provide a suitable workaround that provides a functional equivalent to the critical business functions prevented or hindered by such Board problem based on the agreed-to current Action Plan; provided that Vendor has been able to reproduce the Board problem or otherwise has been able to identify the root cause of the Board problem.

Board designated support contact will use reasonable efforts to assist Vendor's designated support contact to resolve the Board problem if problem determination is unclear and impacts a resolution time frame.

In the event that Vendor reasonably determines that the Board problem is not an error in or problem with the Vendor Software, Vendor will promptly notify the Board designated support contact with a detailed explanation so the Board problem can properly be redirected within Board's organization.

If a Board problem cannot be resolved within the Targeted Response Time, Vendor will contact Board as soon as Vendor discovers that the Board problem cannot be resolved in the applicable Response Time. In such event, subject to Section II.J below, Vendor will use diligent and continuous efforts, with the reasonable cooperation of Board to resolve the Board problem as soon as possible, and Board may escalate the Board problem within Vendor pursuant to the governance provisions of the Services Agreement.

H. On-Site Support by Vendor

If a Priority 1 or Priority 2 Board problem persists, Vendor will, at Board's request, provide its resources on Board's site, subject to the availability of Vendor personnel and agreed upon rates and charges. Any on-site attendance by Vendor support personnel to resolve an Board problem must be requested by Board and will be managed by Board.

I. Working Hours

Standard Business Hours for Board is 7 A.M. to 5 P.M. Monday through Fridays. Time that falls outside range will be referred to as Night and Weekend Hours. All times referenced in the Extension Agreement are in Central Standard Time.

J. Response Times

Vendor will respond to Board with an Acknowledgement, Action Plan, and Workaround in accordance with the following Priority Levels within the specified periods after Board notifies Vendor of the Board problem via the Incident Management System.

Response Times Table during Standard Business Hours

Vendor Acknowledgement, Action Plan, and Workaround times for each priority are shown below during Board's Standard Business Hours:

Priority	Vendor Acknowledgment	Action Plan	Vendor Workaround
P1	30 minutes	2 hrs.	3 hrs.
P2	1 hr.	4 hrs.	4 hrs.
P3	8 business hours	24 bus. hours	N/A
P4	24 business hours	48 bus. hours	N/A

For P1 and P2 incidents that initiate during standard business hours but the expected outcome (i.e. a vendor workaround) becomes due outside of that time-frame, the Vendor should make a reasonable effort to produce an Action Plan and Vendor Workaround by the beginning of the next school day starting at 7 A.M. (CST).

For P1 and P2 incidents that initiate outside of standard business hours (Board's Night and Weekend Hours), the timing for delivery of the Vendor Acknowledgement, Action Plan, and Workaround times are shown below:

Priority	Vendor Acknowledgment	Action Plan	Vendor Workaround
P1	2 hrs.	beginning of the next school day	beginning of the next school day
P2	4 hrs.	beginning of the next school day	beginning of the next school day

K. Reports

Vendor in coordination with the Board will use commercially reasonable efforts to provide Board with the following status reports:

- Daily Board problem status report for any open Priority 1 and Priority 2 incidents that remain in the Vendor's incident queue. A daily status report or communication will be required to keep Board up to date on progress of resolution; and
- Weekly Board problem Status for Priority 3 and Priority 4 Board problems - detailed listing showing current status and Action Plan for all open Board problems and all Board problems resolved for the week; and
- Monthly Board problem Statistics - a summary of all Board problems resolved by Vendor for the preceding 6 months, by release level and component. This report will be reviewed on a monthly basis by the Director of Student Information Systems and a representative named by the Vendor.

L. Quality Management

Board may measure responsiveness and quality with respect to Vendor's provision of maintenance and support services by recording and monitoring a 3-month rolling average of Vendor's performance against the following criteria:

a. Responsiveness acknowledgements will be made, Action Plans provided and Workarounds completed within the Response Times set forth in Section II.J for at least 90% of the Board problems in each priority level category.

b. Quality: at least 80% of resolutions will work first time (defined below).

Vendor will use its reasonable efforts to supply Board with resolutions of Board problems that work first time.

a. correcting the reported problem as described in the Board problem description;

b. not introducing regression following Vendor's periodic regression testing; and

c. not causing performance degradation.

Patches that fail to work first time will be reworked by Vendor. Any additional services requested by Board will be processed by Vendor in all respects as new Board problems.

M. Corrective Action Plan

If Vendor fails to meet the quality standards set forth in Section II.L upon Board's written request Vendor will provide a plan to address the causes of such failure ("Corrective Action Plan") within 5 days after Vendor receives Board's request and Vendor will have 30 days to correct the failure through implementation of the Corrective Action Plan.

N. Service Credit

If a Corrective Action Plan cannot be produced within the allotted period or the failure has not been corrected with the 30 day period, the Vendor will be made aware of this project deficit, and the situation will be noted within the Board's Quarterly Supplier Review Meetings. After the first year of this Extension Agreement, the named Vendor and Board Project Managers shall discuss with the Vendor offering a set Service Credit if the Corrective Action Plan cannot be produced within the allotted period or the failure has not been corrected with the 30 day period. This language would take the form of an Amendment to this Extension Agreement.

III. Outcomes

- Delivery of recommended 8.x upgrade plan. Plan to include accommodations for support, installation, testing and validation.
- Delivery of optimized data interface routines with other Pearson systems, notably the IMPACT Gradebook (GradeSpeed).
- Continued provisioning of Pearson SMS for all Board and charter school locations.
- Upgrade to Pearson SMS version 8.x with full Year End Processing functionality.

IV. Milestone/Schedule

Milestone	Schedule
Provide Maintenance and Support Services	July 1, 2013 - June 30, 2015

Optimize data interface routines for IMPACT SIM and IMPACT Gradebook (currently in process)	September 1, 2013
Upgrade to Version 8.x	December 2013

V. Compensation

Vendor shall be paid for maintenance and support for the term of the contract, a total not to exceed \$1,550,558.00 (the "Maintenance and Support Cost"). The Maintenance and Support Cost is inclusive of all maintenance and support services outlined in this Exhibit A-5 for the Licensed Solution. The Maintenance and Support Cost does not include costs for "Customization Support", which are additional and further described below.

Vendor shall be paid for 'Customization Support' costs upon invoicing, for a total not to exceed \$200,223.00 for the term of the Extension Agreement. Costs may also include any additional work that shall be billed on a time and materials basis pursuant to the roles and rates set forth below.

\$1500/day - daily rate. Any travel would be additional approved by the Board / invoiced as incurred.
 \$187.50 - hourly rate. Any travel would be additional approved by the Board / invoiced as incurred.

VI. Invoice Scheduling

Maintenance Support: Invoicing for Licensed Solution Maintenance and Support will not exceed

- o FY13 - \$775,279.00 (07/01/2013)
- o FY14 - \$775,279.00 (07/01/2014).

Customization Support: Invoices for customization will be delivered every month through the duration of the project. The invoices will include consultant services charges and details of work provided as specified in this document.