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MEMORANDUM

To: Selvi Stanislaus March 16, 2007

From: Titus S. Toyama

Subject: Board Approval for Contracts Exceeding \$1 Million

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million. The following items are for various software maintenance contracts that support the department's tax processing, revenue generating, and administrative systems.

International Business Machines (IBM) Annual License

This proposal requests \$1.9 million to renew our annual license with IBM to use their software products on the department's mainframe computer. The current license expires on June 30, 2007. These software products are important pieces within our mainframe computer's operating system platform. Without a license renewal, the department would not be able to perform many of its revenue generating functions nor many of its various collection related or administrative tasks that are supported by the mainframe computer. This contract will have a start date of July 1, 2007.

International Business Machines (IBM) Passport Advantage Server License Renewal

This proposal requests \$1.1 million to renew our annual license with IBM to use their software products on the department's distributive system platform. The IBM Passport Advantage consists of a suite of software products that are housed on our server environment. The current license expires on June 30, 2007. These products support enterprise applications for revenue producing activities. Without a license renewal, the department would not be able to perform many of its revenue generating functions nor many of its various collection related or administrative tasks that are supported by the distributive system platform. This contract will have a start date of July 1, 2007.

Software AG License

This proposal requests \$3.1 million to renew and extend the department's license with Software AG for an additional five years. The current license expires on September 30, 2007. The Software AG products provide a complex database operating system for the department's critical records that are housed on the department's mainframe computer. Without support for these products, the daily system production and its revenue generating functions and various administrative tasks would be at risk. This contract will have a start date of October 1, 2007.

If you have any questions regarding any of the above items, please contact me at 845-4106.



Chief Financial Officer

cc: Michelle Fallon
Cathy Cleek
Geoff Way