

ROLL CALL

PURCHASE AND RENEWAL RECOMMENDATIONS

The "Purchase and Renewal Recommendations" are presented by campus and a Summary from "Appropriated Funds" (i.e. from State appropriations to the University) and from "Institutional Funds" is included. The latter term is used here to designate funds received by the University under contracts with the United States Government; contracts with private corporations and other organizations, from foundation grants, and grants from corporations and other donors; and University revolving funds authorized by law. The Summary also indicates a total amount by campus.

The board action recommended in this item complies in all material respects with applicable State and Federal laws, University of Illinois Statutes, The General Rules Concerning University Organization and Procedure, and Board of Trustees policies and directives.

The Directors of Purchases have proposed and the Vice President and Chief Financial Officer recommends the following purchases and renewals. Unless otherwise specified, the purchase in each case is recommended on the basis of the lowest acceptable bid.

The President of the University concurs.

PURCHASES RECOMMENDED

Urbana-Champaign Campus	
1	Unit
	Division of Intercollegiate Athletics, Housing Dining Services, Illini Union, Assembly Hall
	Item
	Beverage Service Program for the period of July 1, 2010 through June 30, 2015 with an option to renew for one additional five year period at the same terms and conditions. All renewals are subject to continuing need, availability of funds, satisfactory performance, and Board of Trustees' approval.

Cost \$7,500,000 (estimated)

Renewal Option:

July 1, 2015 to June 30, 2020 \$7,500,000 (est.)

Vendor Coca-Cola Enterprises, Inc., Niles, IL and Coca-Cola North America, a Division of the Coca Cola Company, Atlanta, GA

Proposals Received

Point Summary of Proposals
(Max. Score 32,850)

Coca-Cola Enterprises, Inc., Niles, IL and
Coca-Cola North America, a Division of the
Coca-Cola Company, Atlanta, GA
(Packages A, B,C, and D) 14,973

Compass Group USA, Inc., by and through
its Canteen Vending Services Division,
Dallas, TX (Package C) 3,523

Pepsi-Cola Champaign Bottling Co.,
Champaign, IL (Package D) 2,938

Competitive selection procedures were followed in accordance with the Illinois Procurement Code.

The University seeks the ability to offer a wide variety of choice to its students, visitors and employees through its beverage services program. Vendors were encouraged to provide responses for all packages, both exclusive and non-exclusive, as listed below.

- Package A – Campus Exclusivity (except for some excluded venues)
- Package B – Exclusive Pouring Operations
- Package C – Vending Machine Exclusivity
- Package D – Non-Exclusive Vending Machine

The recommendation is to award Package A to Coca-Cola. Coca-Cola offered the best overall proposal for both vending and pouring operations at the University. In addition, Coca-Cola received the highest score for sustainability and energy efficiency standards.

Coca-Cola will be responsible for managing approximately 314 vendor-owned vending machines on University properties, which are currently overseen by Illini Union Retail Services, and all non-excluded pouring operations, including Housing Dining Services, Athletics, and the general campus. Coca-Cola will provide all required dispensing equipment.

This contract will also result in income to the campus through commissions on product sales and support to the campus' program, in exchange for legal consideration of the sponsorship package outlined in the request for proposal. Coca-Cola will provide an annual fixed sponsorship funding amount with an annual variable funding component based on meeting predetermined volume on bottles and cans.

Pricing on bottles and cans will automatically increase by 5% annually with an option to increase above that, provided sufficient documentation is given to support the increase. Coca-Cola also provided aggressive pricing for dispensed products, with annual percentage increases tied to the National Chain Increase, with the increase capped at \$1.00 per gallon.

A Best and Final Offer was negotiated, addressing both pricing and various terms and conditions of the contract.

2 Unit University-wide departments

Item Proprietary chemical, biochemical, chromatography and other products for research, development, and similar applications for all University of Illinois locations for the period of July 1, 2010 through June 30, 2011.

Cost \$2,750,000 (estimated)

Vendor Sigma-Aldrich, Inc., St. Louis, MO

This purchase is a sole source because Sigma-Aldrich is the only supplier of these proprietary chemicals and related products due to the unique nature of the chemicals.

On September 12, 2002, the Board of Trustees approved the purchase of these proprietary chemicals for an estimated \$987,804, for the period October 1, 2002 through June 30, 2005, with options to renew for seven additional one-year periods. A change order to increase expenditures to \$2,000,000 for FY09 was approved by the Board of Trustees on May 22, 2008.

These proprietary chemicals are required University-wide, by various departments, in support of multiple research projects for new and/or ongoing research. It is essential that the same vendor's products be used to ensure compatibility and the validity of research results from year to year.

Sigma-Aldrich, Inc. has agreed to hold pricing firm for FY11, which provides discounts from 10 to 62% off of list price. The majority of discounts will be 40 to 50% off of list price.

3	Unit	Roy J. Carver Biotechnology Center
	Item	Reagents for DNA Analyzer Systems for July 1, 2010 through June 30, 2011.
	Cost	\$1,510,000 (estimated)
	Vendor	Illumina, Inc., San Diego, CA

This purchase is a sole source because the items are uniquely suited to researchers' needs, patented, compatible with existing equipment, and Illumina is the only manufacturer and distributor.

The Roy J. Carver Biotechnology Center owns three DNA Analyzer Systems, the instruments that require the use of DNA Analyzer reagents. These instruments provide the cutting edge, 'next generation', sequencing technology necessary for economical high throughput sequencing of DNA. Each DNA run requires a new reagent.

The reagents for the Genome Analyzer are used by multi-disciplinary researchers in multiple campus departments for ongoing projects in next generation sequencing of small RNA, quantitative expression, de novo sequencing and re-sequencing organisms for SNP (genetic markers) detection.

A volume discount of 10% off of list price has been negotiated.

Chicago Campus

4 Unit The University of Illinois Chicago (UIC) Medical Center,
Department of Pathology

Item Human Blood and Blood Components for the period July 1, 2010 through June 30, 2012, with the American Red Cross offering the option to renew for three additional twelve month periods and LifeSource offering the option to renew for one additional twelve month period. All renewals are subject to continuing need, availability of funds, satisfactory performance, and Board of Trustees' Approval.

Cost \$9,600,000 (estimated)

Renewal Options:

July 1, 2012 to June 30, 2013	\$4,800,000 est.
July 1, 2013 to June 30, 2014	\$4,800,000 est. (Primary vendor only)
July 1, 2014 to June 30, 2015	\$4,800,000 est. (Primary vendor only)

Vendors	Primary (70%):	American Red Cross (ARC), Chicago, IL	\$6,720,000 est.
	Secondary (30%):	LifeSource Blood Services (LBS), Glenview, IL	\$2,880,000 est.

<u>Bids Received</u>	<u>Total Estimated Cost</u>
American Red Cross, Chicago, IL	\$4,363,285
LifeSource Blood Services, Glenview, IL	\$4,401,951

Competitive bidding procedures were followed in accordance with the Illinois Procurement Code.

The human blood and blood component products will be used by the University of Illinois at Chicago Medical Center for various procedures based on the patients' individual needs. It is recommended that a dual award be made to ensure that the blood product will be readily available and that the needs of the patients at the UIC Medical Center will be adequately met.

The lowest responsive and responsible bidder will be the primary source and the second low bidder will be the secondary source. When the need for blood products arises, the primary vendor will be contacted first. In the event that the blood products are not available from the primary vendor, the

secondary vendor will be used.

The primary source, ARC, agreed to three twelve-month renewals, with pricing held firm through the first renewal period, for a potential cost savings of approximately \$240,000. The maximum increase for the second and third renewals is 2.5% per year. The secondary source, LBS, agreed to one twelve-month renewal, with pricing held firm.

5 Unit Department of Bioengineering

Item High Field Magnetic Resonance Imaging Systems

Cost \$1,939,000 (estimated)

Vendor Varian, Inc., Walnut Creek, CA

Bids Received

Total Estimated Cost

Option 1:

Varian Inc., Walnut Creek, CA

\$1,460,000

Bruker BioSpin Corp., Billerica, MA

\$2,003,000

Option 2:

Varian Inc., Walnut Creek, CA

\$1,939,000

Bruker BioSpin Corp., Billerica, MA

\$2,160,200

Competitive bidding procedures were followed in accordance with the Illinois Procurement Code.

Bidders were asked to provide pricing for two types of High Field Magnetic Resonance Imaging Systems. Option 1 was for a 20cm magnet and option 2 was for a 30cm magnet. Bidders were required to quote both options. The recommendation is for Option 2, the 30cm magnet, from Varian, Inc.

The High Magnetic Resonance Imaging System (MR) will help develop new hardware and software tools for the application of novel MR imaging protocols across both the physical and life sciences directed toward advancing engineering knowledge and scientific principles. MR imaging is used to visualize detailed internal structure and limited functions of the body. It provides a much greater contrast between the different soft tissues of the body and is a non-invasive diagnostic technology that produces physiologic images based on the use of magnetic and radio frequency fields.

This purchase is being funded by a National Science Foundation Major Research Instrumentation Grant, which has a mandatory institutional cost share of 30%. The 30% institutional component is coming from the five colleges of the Principal Investigator (PI) and Co-PI's listed on the grant, the Provost, and Research Resources Center.

RENEWALS RECOMMENDED

Urbana-Champaign Campus

1 Unit Campus Information Technologies and Educational Services (CITES)

Item Renewal option for various quantities and models of network access switching equipment and service maintenance for FY11.

Cost \$1,000,000 (estimated)

Vendor CTG Inc. of Illinois DBA Novanis, Springfield, IL

This will exercise the first of two renewal options to the purchase approved by the Board of Trustees on May 21, 2009 for an estimated \$2,500,000. Competitive bidding procedures were followed in accordance with the Illinois Procurement Code.

This purchase is for various quantities and models of network access switching equipment and service maintenance. The access layer devices provide internet service to offices and labs. Access layer devices also support Power over Ethernet (PoE), in order to provide services to access points (APs), cameras and future Voice over IP (VoIP) needs.

CTG Inc. of Illinois/Novanis is designated as a MAFBE vendor by the State of Illinois.

Discount levels remain firm for the renewal option period, resulting in an estimated savings to the University of \$20,000.

University Administration

2	Unit	Utilities Administration
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Item	Renewal option for coal (approximately 130,000 tons) for the Abbott Power Plant as a primary fuel used in the University boilers for the period of July 1, 2010 through June 30, 2011 including the disposal of approximately 47,700 tons of waste (ash, cinders, bottom ash, and gypsum).
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Cost	\$12,000,000 (estimated)
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Vendor	Coal Sales, LLC, Evansville, IN
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This will exercise the first of two renewal options to the purchase approved by the Board of Trustees on March 11, 2009 for an estimated \$11,635,200.

Coal is the primary fuel source for Abbott's boilers to produce steam which generates electricity and heats campus buildings. Natural gas, which is used as a supplementary fuel when the production of BTUs by coal is not high enough, is more costly than coal in the production of steam.

The contract includes a potential range of prices for the coal depending on the current price of natural gas. The renewal options for coal provide for an annual increase of up to 3%, which could increase the price from \$88.40 to \$91.05 per ton. However, Purchasing negotiated a decrease in the ceiling price per ton for FY11 to \$89.05, for a potential savings to the University of up to \$260,000.

SUMMARY OF PURCHASES	
(Rounded to nearest dollar)	
Urbana-Champaign Campus	\$ 11,760,000
Chicago Campus	\$ 11,539,000
Recommended from Institutional Funds	
Grand Total	\$ 23,299,000
SUMMARY OF RENEWALS	
(Rounded to nearest dollar)	
Urbana-Champaign Campus	\$ 1,000,000
University Administration	\$ 12,000,000
Recommended from Institutional Funds	
Grand Total	\$ 13,000,000