

Approved by the Board of Trustees
September 8, 2016

Board Meeting
September 8, 2016

ROLL CALL

PURCHASE RECOMMENDATIONS

The "Purchase 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 Assistant Vice President for Procurement Services has proposed and the Vice President, Chief Financial Officer recommends the following purchase. 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	Facilities and Services Energy Services
	Item	Modify existing Single Automatic Extraction Condensing Steam Turbine (SAXC) to Single Automatic Extraction Non-Condensing (SAXNC) operation
	Cost	\$1,936,000.00 (estimated)

Vendor Dresser Rand Co., Burlington, IA

This purchase is a justifiable sole source in that the vendor is both the original equipment manufacturer and the owner of the proprietary machine design and drawings. Sole source procedures were followed in accordance with the Illinois Procurement Code.

The proposed purchase is the cornerstone of specific modifications at Abbott Power Plant that will not only improve the plant's efficiency, but also contribute to the University's ongoing efforts to move the UIUC Campus toward more sustainable energy.

Currently, steam turbine generators 8 and 9 at Abbott Power Plant are designed to provide 150-pound extraction steam, and are also equipped with a condenser (SAXC). While this design provides flexibility in the operation of the equipment, it also decreases the overall efficiency of the system.

The modifications will add a 50-pound backpressure mechanism to the existing 150-pound extraction system, resulting in a more efficient, and sustainable operation. This conversion will provide the current extraction only steam turbine generators with the critical capacity to efficiently cogenerate steam and electricity year round, furthering the University's goal of moving to the highest efficiencies attainable. Without the conversion, Abbott Power Plant will continue to operate at a sub-optimal level, at a higher cost to the University.

2 Unit Office of the Provost

Item Marketing and Delivery Services for Large-Scale, Low-Cost Online Degree Programs for the period October 1, 2016 through August 31, 2018 with two (2) two-year renewal option periods

Cost \$5,000,000.00 (estimated)

Renewal Options:

October 1, 2018 through August 31, 2020 \$14,000,000.00 (estimated)

October 1, 2020 through August 31, 2022 \$21,000,000.00 (estimated)

Vendor Coursera Inc., Mountain View, CA

This purchase is a justifiable sole source purchase in that the vendor has a proprietary learning management system which readily supports in excess of 100,000 learners per course and has the expertise in market data analytics to better identify students interested in degree programs. Sole source procedures were followed in accordance with the Illinois Procurement Code.

The proposed sole source purchase will provide the University with a unique combination of marketing, learner support and content delivery services in order to offer large-scale, high-quality online degree programs, primarily at the graduate level, at much lower cost to students than comparable conventional programs.

While a conventional master's degree program might enroll 100 to 150 students, we envision enrolling as many as 3,000 students per program. This provides significant economies of scale, which allows the University to offer these programs at prices far below those of conventional degrees. To accomplish this the University requires specialized marketing services, a high-volume learning management system, and learner support services.

Gaining access to this combination of marketing services, electronic course delivery, and learner support services will enable the University to offer high-quality degrees in an innovative manner. Students enrolled in these programs will benefit directly through the low tuition rates, and other University students will also benefit as the revenues from these programs help support other activities on our campus.

Chicago Campus

3	Unit	University of Illinois Hospital and Health Sciences System (UIHHSS), Department of Radiation Oncology
---	------	--

	Item	TrueBeam Linear Accelerator, System 2.0
--	------	---

	Cost	\$3,398,766.00
--	------	----------------

	Vendor	Varian Medical Systems Inc., Palo Alto, CA
--	--------	--

This purchase is a justifiable sole source in that the vendor is the manufacturer and sole provider of the TrueBeam Accelerator, which provides matching radiation beam qualities and treatment options consistent with current

equipment utilized in the Department of Radiation Oncology. Sole source procedures were followed in accordance with the Illinois Procurement Code.

This new state-of-the-art Varian accelerator will replace a seventeen (17) year old Varian accelerator and will provide the department with a seamless back-up solution for non-scheduled downtime events. The Varian TrueBeam Accelerator has matching radiation beam qualities and treatment options that makes switching patients between the two available machines seamless which will ensure continuity, quality and safety of treatment for the best outcome and experience for Department of Radiation and Oncology patients. The Varian TrueBeam System is the only system that can utilize all functionality contained within the current electronic medical record (EMR) environment benefiting medical staff but more importantly our patients.

Through negotiations, the University garnered a 59% discount from the manufacturer's suggested retail price and a 2.5% reduction from the purchase price of the Varian TrueBeam purchased in 2012.

RENEWAL OPTIONS RECOMMENDED

Chicago Campus

1	Unit	University of Illinois Hospital and Health Sciences System (UIHHSS), Department of Surgical Services
---	------	---

Item	Renewal option for purchase of patented medical products on an as needed basis for cardiac, spinal, and orthopedic surgeries for the period September 20, 2016 through September 19, 2017
------	---

Cost	\$4,000,000.00 (estimated)
------	----------------------------

Vendor	Medtronic, Inc., Minneapolis, MN
--------	----------------------------------

This will exercise the first of two (2) twelve-month renewal options to the purchase approved by the Board of Trustees on September 12, 2013 for an estimated \$16,000,000 for the period September 20, 2013 through September 19, 2016.

The vendor will continue to provide a wide breadth of technologically advanced and complex products that can fit a patient's unique needs on as needed basis. The various products provided will be used in procedures that include: heart surgery (angioplasty), coronary diagnoses, cardiac rhythm

management, spinal surgery, and bone replacement. The use of the vendor's products will improve the effectiveness, safety, and recovery time for patients undergoing cardiac, spinal, and orthopedic surgeries.

The vendor has demonstrated greater than satisfactory performance in maintaining adequate stock and delivery to provide these patented medical supplies to the Department of Surgical Services and will continue to offer discounted pricing ranging from 10% to 30% off list price.

2 Unit University of Illinois Hospital and Health Sciences System (UIHHSS),
Department of Radiation Oncology

Item Renewal option to provide specialized Radiation Oncology services for the renewal period beginning on October 1, 2016 through September 30, 2017

Cost \$ 3,188,365.00

Vendor University of Chicago, Chicago, IL

This will exercise the second of three (3) twelve-month renewal options to the original thirty-month purchase approved by the Board of Trustees on March 7, 2013. All renewals are subject to satisfactory performance, continuing need and availability of funds.

The University of Chicago will provide professional radiation oncology services that include: four (4) attending physicians; four (4) resident physicians and three (3) PhD medical physicists for inpatient and outpatient services.

The University of Illinois Hospital and Health Sciences System (UIHHSS) does not employ attending physician, PhD level medical physicist, or Radiation Oncology resident staff in the Radiation Oncology Department. Since 2004, these professional radiation oncology services have been provided through an outsource agreement with the University of Chicago Hospitals through their Department of Radiation and Cellular Oncology. This agreement allows for the continuance of the provision of comprehensive radiation therapy services to approximately 25-50 patients per week.

The pricing proposal is considered reasonable and acceptable based upon the historical cost for these services.

SUMMARY OF PURCHASES	
Urbana-Champaign	\$ 6,936,000.00
Chicago	\$ 3,398,766.00
Recommended from Institutional Funds	
Grand Total	\$ 10,334,766.00
SUMMARY OF RENEWALS	
Chicago	\$ 7,188,365.00
Recommended from Institutional Funds	
Grand Total	\$ 7,188,365.00