

Board Meeting
July 21, 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

Chicago Campus

1	Unit	University of Illinois Hospital & Health Sciences System (UIHHSS)
	Item	Pharmaceutical Wholesale Distributor Services to support Ambulatory Care and Hospital outpatient clinics and retail pharmacies for the period July 1, 2016 through June 30, 2020 with three (3) two-year renewal option periods.
	Cost	July 1, 2016 through June 30, 2017 \$120,616,899 (estimated) July 1, 2017 through June 30, 2018 \$140,070,707 (estimated) July 1, 2018 through June 30, 2019 \$162,705,535 (estimated) July 1, 2019 through June 30, 2020 \$189,047,019 (estimated)

Renewal Options:

July 1, 2020 through June 30, 2022	\$219,708,342/year (estimated)
July 1, 2022 through June 30, 2024	\$255,404,889/year (estimated)
July 1, 2024 through June 30, 2026	\$296,971,384/year (estimated)

Vendor McKesson Corporation, San Francisco, CA

<u>Proposals Received</u>	<u>Point Summary of Proposals (Maximum Score of 100)</u>
McKesson Corporation, San Francisco, CA	95.00
Amerisource Bergen Drug, Chesterbrook, PA	88.00
DMS Pharmaceutical Group, Park Ridge, IL	51.70

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

This purchase will provide pharmaceutical wholesale distribution services of pharmaceutical drug products on an as-needed basis to support Ambulatory Care and Hospital outpatient clinics and retail pharmacies. The vendor will extend various pricing options for pharmaceutical products in appropriate quantities, such as Wholesale Acquisition Cost (WAC), Group Purchasing Organization (GPO) and 340B for a four (4) year base period with the option to renew for three (3) additional two-year periods at the same terms and conditions based on satisfactory performance, continuing needs and availability of funds.

The proposed annual cost estimate increases are based on pharmaceutical drug distribution trends and the current industry standard of annual 12% to 17% price increases of pharmaceutical drugs. Through best and final offer negotiations with McKesson Corporation, UIHHSS obtained a 5.9% price decrease from original proposal prices.

McKesson Corporation will demonstrate good faith effort to comply with a 10% Business Enterprise Program (BEP) goal.

University Administration

1 Unit Office of Procurement Services, Strategic Procurement

Item Convenience foods and sundries for the University of Illinois food services, convenience stores, book stores, and departmental resale outlets for the period July 20, 2016 through June 30, 2022.

Cost \$12,000,000.00 (estimated)

Renewal Option:
July 1, 2022 through June 30, 2026 \$2,000,000.00/year (estimated)

Vendor Eby-Brown Company, LLC, Naperville, IL

Competitive bidding procedures were followed in accordance with the Illinois Procurement Code. Two (2) vendors, Eby-Brown Company and Performance Food Group submitted bids in response to the issued Invitation for Bid (IFB) and both were deemed responsive in accordance with the Illinois Procurement Code.

Based on historical spending for convenience foods and sundry items at each campus, a strategic contract was considered in order to minimize the number of individual contracts for these items at the campuses and to leverage volume discounts. Currently, there are eighteen (18) outlet locations at the campuses which require delivery of these items during the week for resale to faculty and students. Over 275 core products to include: fresh, frozen, shelf food items, pegged candies and gum, snack items, batteries, paper products, and cleaning supplies are available for delivery under this contract. Purchases of these items for stocking the outlet location are funded strictly by the sales generated at these locations.

Eby-Brown Corporation will demonstrate good faith effort to comply with a 20% Business Enterprise Program (BEP) goal.

SUMMARY OF PURCHASES	
Chicago Campus	\$612,440,160.00
University Administration	\$ 12,000,000.00
Recommended from Institutional Funds	
Grand Total	\$624,440,160.00