

Approved by the Board of Trustees
May 17, 2018

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Board Meeting
May 17, 2018

ROLL CALL

PURCHASE RECOMMENDATIONS

The "Purchase Recommendations and Renewal Options" are presented by university, 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 university.

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 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

1	Unit	Technology Services
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Item	Furnish Microsoft Enterprise Desktop Platform Software for all three universities and the system offices for the period July 1, 2018 through June 30, 2019.
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Cost	\$3,500,000.00 (estimated)
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Vendors	PCM Sales – En Pointe Technologies, El Segundo, CA
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Sole source procurement procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-25.

The university participates in the Microsoft Enrollment for Education Solutions (EES) subscription agreement, which provides qualified academic institutions with significant price discounts on software purchases. This discounted software is distributed by accredited Large Account Resellers (LARs), the only vendors authorized by Microsoft to sell licenses to customers with 250 or more users.

The vendor will supply Microsoft Desktop Platform Enterprise Software on an as needed basis for Technology Services Web Store for distribution to all universities and system offices. The Enterprise Software will be used by faculty, staff and students, including desktop platforms for Office Professional, Windows, Skype, Client Access License Suites, Core Server Platform and SQL server products.

2 Unit Facilities & Services – Energy Services Division

Item	Five-year service agreement for maintenance, repair services, replacement parts, and unlimited overhaul for two solar turbine generators for the period July 1, 2018 through June 30, 2023.
Cost	\$12,500,000.00 (estimated)
Vendor	Solar Turbines, Inc., Naperville, IL

Sole Source procurement procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-25.

This purchase is considered a sole source because Solar Turbines is the Original Equipment Manufacturer (OEM) for the two gas turbines at Abbott Power Plant. Solar Turbines is the sole provider of patented and compatible replacement parts, engineering expertise, and factory-trained personnel to perform the required services.

The current age of the turbines and their increased usage makes this unlimited service and overhaul agreement the most cost-effective approach to preventing the university from incurring the steep costs of one-time repairs and complete turbine replacement. Without such an agreement in place, a single turbine failure could cost the university up to \$4,000,000 per turbine. This five-year agreement mitigates the university's risk and the cost is considered fair and reasonable.

Springfield

3 Unit Human Resources

Item Purchase of student accident and illness insurance plan for the period of August 16, 2018 through August 15, 2019.

Cost \$1,800,000.00 (estimated)

Vendor Academic Health Plans/Blue Cross Blue Shield, Grapevine, TX

Proposals Received	Point Summary of Proposals (Maximum Score of 1,000)
Academic Health Plans/Blue Cross Blue Shield IL, Grapevine, Texas	938
Academic Health Plans, United Healthcare, Grapevine, Texas	896
Academic Health Plans, Aetna, Grapevine, Texas	862
Academic Health Plans National Guardian Life, Grapevine, Texas	820
USI Insurance Services, Aetna Student Health, Portland, OR	778.6
Campus First Agency, Westlake, OH	693
RSC Insurance Brokerage, University Health Plans, Randolph, MA	690

Competitive sealed proposal procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-15.

The vendor will provide students with a comprehensive accident and illness insurance plan and provide students with local providers that are in-network, the opportunity to find providers that are out-of-network and prescription services.

The university requires all registered students either participate in the University of Illinois at Springfield (UIS) Student Health Insurance Plan or provide proof of comparable insurance, called a hard waiver. The university assesses the Student Health Insurance fee each semester and the university subsequently provides an electronic submission of eligible students to the insurance company. The vendor will handle enrollment of spouse and dependents as well as collections.

Pricing is based on an estimated number of enrolled students for the Fall 2018, Spring 2019, and Summer 2019 semesters. A Best and Final Offer was negotiated, saving the university approximately \$88,000 over the life of the contract.

RENEWAL OPTIONS RECOMMENDED

Urbana-Champaign

1 Unit Facilities & Services – Energy Services Division

Item Renewal option for purchase of maintenance and repair work at the Utilities Production Plants for the period of July 1, 2018 through June 30, 2019.

Cost \$12,500,000.00 (estimated)

Vendor Primary: Progress Pump & Turbine Service, Inc., Schererville, IN
\$8,000,000.00 (estimated)
Secondary: General Electric International, Inc., Swansea, IL
\$4,500,000.00 (estimated)

This will exercise the fifth of five renewal options to the purchase approved by the Board of Trustees on November 14, 2013, for an estimated \$12,000,000 for the period November 18, 2013, through June 30, 2014. Competitive bidding procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-10.

The Utilities Production Plants are the only source of heat and chilled water for the University of Illinois at Urbana-Champaign (UIUC). They are also the only source of electricity for a portion of the university since the UIUC electrical demand exceeds the electrical grid's import limit. It is critical to maintain a regular and predictable overhaul cycle on these large assets in the interest of providing reliable utilities for the UIUC campus.

The vendor(s) will continue to provide maintenance and repair work under this agreement, on an as needed basis, including services on steam turbines, generators, motors, pumps, and fans. The contracts also allow access to utility and industrial grade repair expertise, tooling, inspection services, and project management.

The primary vendor has agreed to hold pricing firm through the renewal period. The secondary vendor increased pricing by 2% but will only be utilized in the event that the primary vendor cannot handle the extent of the maintenance and repair work.

2 Unit Facilities & Services – Energy Services Division

Item Renewal option for purchase of maintenance and repair work for equipment at the Utilities Production Plants for the period of July 1, 2018 through June 30, 2020.

Cost \$38,000,000.00 (estimated)

Vendor Vendors were awarded as follows:

Davis-Houk, Inc., Urbana, IL	\$10,500,000 (estimated)
Kennedy Tank and Manufacturing Co., Inc., Indianapolis, IN	\$10,300,000 (estimated)
Progress Pump & Turbine Services, Inc., Schererville, IN	\$10,000,000 (estimated)
General Electric International, Inc., Evansville, IN	\$5,200,000 (estimated)
International Chimney Corporation, Joliet, IL	\$2,000,000 (estimated)

This will exercise the second of four renewal options to the purchase approved by the Board of Trustees on May 14, 2014 for an estimated \$37,000,000 for the period July 1, 2014 through June 30, 2016. Competitive bidding procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-10.

The Utilities Production Plants are the only source of heat and chilled water for the University of Illinois Urbana-Champaign campus (UIUC). They are also the only source of electricity for a portion of the campus. It is vital to have contracts in place that allow the university to move quickly to address scheduled and emergency maintenance and repairs as specific needs are identified. The university will not guarantee any minimum utilization or expenditures to any vendor during the proposed contract period, and vendors will be utilized strictly on an as-needed basis.

The maintenance and repair work under this agreement will include but not necessarily be limited to service on gas and coal boilers, gas turbines, heat recovery steam generators, ductwork, chimneys, electrical systems and equipment, chemical systems and equipment, steam turbines, chillers, cooling towers, pumps, piping systems, and plant auxiliary systems. Pricing is based on the hourly rate for maintenance and repair work.

3 Unit Office of the Provost

Item Renewal option for Marketing and Delivery Services for Large-Scale, Low-Cost Online Degree Programs for the period September 1, 2018 through August 31, 2020.

Cost \$32,600,000.00 (estimated)

Vendor Coursera Inc., Mountain View, CA

This will exercise the first of two renewal options for the original purchase approved by the Board of Trustees on September 8, 2016 for an estimated \$5,000,000 for the period October 1, 2018 through August 31, 2019. This purchase is a sole source in that the vendor has a proprietary learning management system which readily handles well over 100,000 learners per course and has the expertise in market data analytics to better identify students interested in degree programs. Sole Source procurement procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-25.

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 needs 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

4 Unit UIUC Campus Auxiliary Services

Item Renewal option for Student Health Insurance and routine administrative services, including claims adjudication and claim payments for students at the University of Illinois at Urbana-Champaign campus students for the period of August 21, 2018 through August 20, 2019.

Cost \$33,000,000.00 (estimated)

Vendor United Healthcare Services Inc., St. Petersburg, FL

This renewal will exercise the third of eight options approved by the Board of Trustees on March 12, 2015, for an estimated \$25,000,000 for the period August 21, 2015, through August 20, 2016. Competitive bidding procedures were followed in accordance with the Illinois Procurement Code, 30 ILCS 500/20-10.

The vendor will continue to provide student health insurance as well as routine administrative services, including claims adjudication and claim payments through a Student Health Insurance Plan (SHIP) designed as a preferred provider organization (PPO) model that must offer two levels of coverage payment of 80% of usual and customary charges for non-network providers, and 80% of the preferred allowance for in-network providers.

The university requires all registered students either participate in the University of Illinois at Urbana-Champaign (UIUC) Student Health Insurance Plan (SHIP) or provide proof of comparable insurance, called a hard waiver. The university assesses the SHIP fee each semester and the university subsequently provides an electronic submission of eligible students to the insurance company. The vendor will handle enrollment of spouse and dependents and collections.

The vendor has demonstrated satisfactory performance in fulfilling the terms and conditions of their contract. Renewal pricing is based on negotiations between the university and vendor and on the overall loss ratio and the estimated number of enrolled students for Fall 2018, Spring 2019 and Summer 2019 semesters based upon historical data.

SUMMARY OF PURCHASES	
Urbana-Champaign	\$ 16,000,000
Springfield	1,800,000
Recommended from Institutional Funds	
Grand Total	\$17,800,000
SUMMARY OF RENEWALS	
Urbana-Champaign	\$ 116,100,000
Recommended from Institutional Funds	
Grand Total	\$ 116,100,000