Approved by the Board of Trustees

November 14, 2024

**25**

Board Meeting

November 14, 2024

ROLL CALL

PURCHASE RECOMMENDATIONS

Following are purchase recommendations proposed by each University and the System Office. The purchases are to be funded from State appropriations or institutional funds as appropriate. Unless otherwise specified or indicated, purchases are based on the lowest acceptable bid. The vice president/chief financial officer and comptroller has approved all purchases to be funded from State appropriations in accordance with the *Bylaws of the Board of Trustees* and *The* *General Rules Concerning University Organization and Procedure.*

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 president of the University of Illinois System concurs.

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|  |  | **Purchases Recommended** |
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| |  | | --- | | **University of Illinois Urbana-Champaign** | | | |
| 1 | Unit | Illinois Quantum Microelectronics Park (IQMP, LLC) |
|  | Item | IQMP, LLC contract with Commonwealth Edison Company (“ComEd”) to supply the electric power necessary to support the Illinois Quantum and Microelectronics Park and related facilities. ComEd is the sole source available for the required resources in Cook County. |
|  | Cost  Vendor | $30,000,000 (Estimated)  Illinois Quantum and Microelectronics Park, LLC (IQMP) |
|  |  | The State of Illinois has requested that IQMP, LLC contract with Commonwealth Edison Company (“ComEd”) to supply the electric power necessary to support the Illinois Quantum and Microelectronics Park and related facilities. ComEd is the sole source available for the required resources in Cook County. The State of Illinois Chief Procurement Officer (CPO) approved sole source procurement under Bulletin Reference Number IQMP0124 under the Illinois Procurement Code.  In order to execute this transaction, the State of Illinois has entered into a $30,000,000 grant agreement with the Board of Trustees of the University of Illinois, as IQMP, LLC is designated as a disregarded entity for tax purposes. Per the Illinois Office of the Comptroller, IDCEO may only issue funds to a taxable entity. Accordingly, the Board of Trustees of the University of Illinois has been designated as the Grantee of the IDCEO grant funds, which will be sub-granted to IQMP, LLC in their entirety pursuant to a Subgrant Letter Agreement. The State of Illinois has authorized a working capital advance to the University of Illinois (subgrant to IQMP, LLC) to pay deposits to ComEd needed for bridging power and a new substation.  It is recommended that the University of Illinois Board of Trustees authorizes the payment to IQMP, LLC in the amount of the grant award from the State of Illinois for $30,000,000 to allow a transfer of grant funding pursuant to the terms of the award to IQMP, LLC.  The funds for this contract are “State Funds” as defined in the Signature Authority Policy. |
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| 2 | Unit | Illinois Quantum Microelectronics Park (IQMP, LLC) |
|  | Item | Authorization of payment to IQMP, LLC to facilitate the impending contracts including one with Linde Kryotechnik AG to supply the cryoplant resources, equipment and facilities necessary to support the quantum computing facilities to be built in the Illinois Quantum and Microelectronics Park. |
|  | Cost | $99,000,000 |
|  | Vendor | Illinois Quantum and Microelectronics Park, LLC (IQMP) |
|  |  | The IQMP, LLC intends to enter into a contract with Linde Kryotechnik AG to supply the cryoplant resources, equipment and facilities necessary to support the quantum computing facilities to be built in the Illinois Quantum and Microelectronics Park following the conclusion of an RFP process.  To facilitate the IQMP, LLC’s ability to execute a contract with Linde Kryotechnik AG “Linde,” and other agreements to support the IQMP, LLC, the State of Illinois is entering into a grant agreement with the Board of Trustees of the University of Illinois, as IQMP, LLC is designated as a disregarded entity for tax purposes. Per the Illinois Office of the Comptroller, IDCEO may only issue funds to a taxable entity. Accordingly, the Board of Trustees of the University of Illinois has been designated as the Grantee of the IDCEO grant funds which will be sub-granted to IQMP, LLC in their entirety pursuant to a Subgrant Letter Agreement. Through that agreement, the State of Illinois will provide IQMP, LLC with funds to contract with Linde for helium refrigeration systems and front-end engineering design; affiliated auxiliary systems to operate the cryoplants; architectural and engineering services; and replacement parts.  Contingent on the execution of the grant agreement, it is recommended that the University of Illinois Board of Trustees authorize the payment to the IQMP, LLC in the amount of the grant award from the State of Illinois for $99,000,000 (as funds become available) to allow the transfer of grant funding pursuant to the terms of the award to IQMP, LLC as the cryoplant systems owner.  The above-described contracts will be executed in accordance with the IQMP, LLC Signature Authority Policy. The funds for this contract are “State Funds” as defined in the Signature Authority Policy.  IQMP, LLC will negotiate and enter into a separate agreements for affiliated auxiliary systems to operate the helium refrigeration systems (“cryoplants”); architectural and engineering services; construction and site development associated with IQMP designated Cryoplant operations; operations and maintenance; gases needed to operate the systems; utilities; and replacement parts. |

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|  |  | **RENEWAL OPTIONS RECOMMENDED** |
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| 3 | Unit | Gies College of Business |
|  | Item | Renewal to furnish a comprehensive media buying plan, in the United States and International Markets to target prospective students (undergraduate, graduate, and online programs) to promote the college’s innovative programs and centers of excellence for the period March 15, 2025 through March 14, 2027. |
|  | Cost | $12,000,000 (Estimated) |
|  | Vendor | Central States Media Peoria, IL |
|  |  | This will exercise the final two renewal options. Original purchase was approved by the Board of Trustees on March 11, 2021 for an estimated $12,000,000 for the period March 15, 2021 through March 14, 2025.  Competitive bidding procedures were followed in accordance with the Illinois Procurement Code.  The Gies College of Business at the University of Illinois Urbana-Champaign, already ranked among the Top 10 US Public Business Schools, gained national prominence in 2017 with its naming by alumnus Larry Gies. Since then, the College has aggressively invested in recruitment for its highly ranked undergraduate and residential graduate programs, while also expanding its rapidly growing online graduate business degrees. The online program has seen a dramatic rise, growing from just 114 students to 5,700 students from 48 states and 92 countries. Two online degrees were added in 2017 and 2020, contributing to the program’s consistent growth since Spring 2022. In Fall 2024, Gies iMBA experienced a record number of applicants and the highest enrollment figures since Fall 2020. Additionally, in the past two years, Gies has introduced 13 graduate certificates, with dedicated media dollars allocated to build awareness and increase enrollments for these offerings.  However, this success has not come without fierce competition. The pandemic prompted many business schools—previously hesitant to enter the online education space due to lack of knowledge or resources—to do so once they paid the fixed costs of entry.  Given this highly competitive marketing landscape, brand building and recruitment marketing are crucial for the continued growth of all academic programs within the College. Achieving this requires effective multi-channel paid media strategies. With a media budget approaching $1.6 million annually, spread across nearly a dozen programs, managing media buying and distribution internally is inefficient and ineffective. Partnering with an external media buying firm will reduce internal employee costs and unlock long-term buying opportunities that can lower purchase prices and improve reach efficiency.  Central State Media is a Certified BEP firm. |

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|  |  | | **CHANGE ORDER RECOMMENDED** | | |
| **University of Illinois System Office** | | | | |
| 4 | | Unit | | Office of Medicaid Innovation |
|  | | Item | | Change order for a consultant to assist the Office of Medicaid and Innovation in its partnership with the Illinois Department of Healthcare and Family Services in establishing a new framework for its Medicaid managed care delivery system. |
|  | | Cost | | Initial Amount: $995,000  Change Order Amount: $3,955,000  Total Amount: $4,950,000 |
|  | | Vendor | | Boston Consulting Group, Inc. Boston, MA |
|  | |  | | This is a change order to a task order awarded to Boston Consulting Group, Inc. based on the request for proposal (RFP) 1JWS1805 for Consulting for Strategic/Financial Planning and Related Services.  In May of 2018, the University published solicitation reference number 1JWS1805, a request for proposal (RFP) to provide consulting services in two categories: 1) strategic planning and related services and 2) financial and process analysis. Proposals were opened on June 28, 2018.  A team of five evaluators evaluated the 23 qualified proposals. The University’s RFP stated that it would select up to five awardees for each of the identified categories (strategic planning and related services, and financial and process analysis). The award would establish a qualified pool of vendors. When an individual project becomes available under the award, the University would send a task order outlining the scope of work to the respondents in the relevant category for the services being requested. The RFP did not request pricing information. Pricing was to be requested and evaluated at the time of a specific task order evaluation.  In December 2018, the University published its intent to award the top five scoring respondents, which were the same for both categories. The awarded vendors are:   * Baker Tilly Virchow Krause, LLP * The Boston Consulting Group, Inc. * Ernst & Young LLP * Huron Consulting Services LLC * McKinsey & Company, Inc.   In June of 2021, the University renewed the five awards under solicitation 1JWS1805. The first renewal term was from 7/1/2021 through 6/30/2024. The costs of this renewal were estimated at $16 Million. On May 23, 2024, the University exercised the last renewal of the five awards under solicitation 1JWS1805. The second renewal term is from 7/01/2024 through 6/30/2027.  Under the award, a task order was needed for services for the Office of Medicaid. The University of Illinois System, in strategic partnership with the Illinois Department of Healthcare and Family Services (HFS), established the Office of Medicaid Innovation (OMI) via an Intergovernmental Agreement in 2012. Since then, OMI has developed a portfolio of projects and initiatives authorized and funded by HFS directly supporting Illinois’ Medical Assistance Program (including the state’s Medicaid program). OMI’s efforts to provide direct consultative services combined with OMI’s partnerships established across the various University of Illinois campuses, colleges, and locations, allow OMI to provide clinical and policy support to HFS – aligning the resources of the University with Illinois’ public insurer – consistent with 1) the University of Illinois’s Mission to enhance the lives of the citizens of Illinois through leadership in learning, discovery, engagement and economic development; and 2) the University of Illinois System’s Mission to put knowledge to work on a large scale with excellence.    Illinois’ Medicaid and other medical programs administered by HFS are at a transition point. In January 2024, a new director assumed leadership over the Department at a time when the Department is in the midst of taking on several key transformative initiatives, including a CMS 1115 waiver, a federal Certified Community Behavioral Health Clinic (CCBHC) demonstration project, and a competitive procurement cycle for the department’s Medicaid Managed Care Organization (MCO) contracts. All of these are opportunities to better integrate care and vastly expand access to services, particularly those that address health related social needs. In the coming years, HFS is positioned to play a pivotal role in advancing Illinois health and wellbeing through stronger, accessible, and equitable healthcare.  Managing the planning and execution of these important initiatives will require HFS to refocus resources of the department strategically as well as  build additional infrastructure to support our efforts to drive improved health outcomes and system transformation. To assist with the planning for this critical effort, HFS has asked OMI to provide assistance in designing an approach to managed care administration that takes into account both what HFS should require of MCOs and how the Department must transform structurally to hold MCOs accountable and drive optimal performance.  OMI will provide support to HFS in establishing a new framework for its Medicaid managed care delivery system by 1) providing a national landscape review of best practices and trends in state managed care regulatory requirements, contracting practices, and ongoing oversight mechanisms; 2) provide research and perspective on the latest trends in service delivery models, including social services, accountable care organizations and alternative payment models; 3) assist in the development of an MCO procurement, including Request for Proposal and model contract, that incorporates key state priorities, innovations in service delivery, state Medicaid managed care purchasing best practices, and methods to support agency efforts to enhance contract oversight and management; and 4) provide consultation on resource needs, structural improvements, and performance management systems that will be needed at HFS to enable successful MCO performance in this changing environment..  A task order was sent to the five awardees. Two (2) awardees responded--McKinsey and Company, Inc., and Boston Consulting Group, Inc. Boston Consulting Group, Inc., was the awardee of the task order. The University needs to add an additional $3,955,000 for the work Boston Consulting Group, Inc., is doing.  **A 25% aspirational BEP goal was established** for this procurement. Boston Consulting Group, Inc., will meet a goal of 20% by utilizing Illuminative Strategies Inc., for 15% of the services, Rios Partners, LLC, for 5% of the services, and Vander Weele Group, LLC, for 5% of the services. |
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| **SUMMARY OF PURCHASES** | |
| University of Illinois Urbana-Champaign | $129,000,000 |
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| **SUMMARY OF RENEWALS** | | |
| University of Illinois Urbana-Champaign | | $12,000,000 |
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| **SUMMARY OF CHANGE ORDERS** | | |
| University of Illinois System Office | | $ 3,955,000 |
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| **Recommended from Institutional Funds**  **Grand Total** | | $ 144,955,000 |