Approved by the Board of Trustees

November 14, 2024

**QP 03**

Board Meeting

November 14, 2024

ROLL CALL

PURCHASE RECOMMENDATIONS FOR ILLINOIS QUANTUM AND MICROELECTRONICS PARK, LLC

Following are purchase recommendations proposed by the Board of Managers for the Illinois Quantum and Microelectronics Park, LLC (IQMP) for the approval of the Board of Trustees of the University of Illinois as the sole member of IQMP. The purchases are to be funded from institutional funds. 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.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | **Purchases Recommended** | |
|  |  | |  | |
| |  | | --- | | **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 | | $15,500,000  Commonwealth Edison Company (ComEd) Chicago, IL | |
|  |  | | 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.  The University of Illinois Board of Trustees is expected to authorize the payment to IQMP, LLC in the amount of the grant award from the State of Illinois for $30,000,000 at its meeting on November 14, 2024, to allow a transfer of grant funding pursuant to the terms of the award to IQMP, LLC.  Upon approval of the purchase items indicated here, IQMP, LLC will initiate two purchase orders to facilitate deposit payments in accordance with the grant agreement. IQMP, LLC will first execute a $500,000 purchase order with ComEd for bridging power with multiple 12kV line extensions from existing nearby regional substations to serve the most imminent development building projects at the IQMP. IQMP, LLC will then execute a $15,000,000 purchase order with ComEd for a new onsite substation with multiple large transformers and capacity to supply 350MW of power at the IQMP. Future commitments to ComEd are subject to the system extension and reinforcement costs to satisfy the IQMP electric load and delivery service charges as determined by ComEd. Additional commitments are expected to be funded by the State via a grant issued by the IDCEO, and purchase requests will follow the established IQMP Signature Authority Policy approved by the Board of Managers at the October 24, 2024, meeting.  ComEd will be responsible for the power supply, construction, management, and maintenance of any installations procured through this funding, including any requirements connected with the use of State of Illinois capital funding.  It is recommended that the Board of Trustees approves IQMP, LLC entering into the above-described agreements, to 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. | |
| 2 | Unit | Illinois Quantum Microelectronics Park (IQMP, LLC) | |
|  | Item | IQMP, LLC 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. | |
|  | Cost | $99,000,000 | |
|  | Vendor | Linde Kryotechnik AG Pfungen, Switzerland | |
|  |  | In August 2024, IQMP, LLC issued a request for proposals (“RFP”) for cryoplant resources, equipment, and facilities necessary to support the quantum computing facilities to be built in the Illinois Quantum and Microelectronics Park. The RFP evaluation team selected Linde as the winning bid from the proposals received to provide helium refrigeration systems for Cryoplant A and Cryoplant IL, as shared infrastructure to support quantum computing at IQMP. The anticipated contract amount is for $77,000,000.  To facilitate the IQMP, LLC’s ability to execute a contract with Linde Kryotechnik AG (Linde), 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.  The IQMP, LLC has entered into a Letter of Intent (LOI) Agreement with Linde to maintain the necessary timeline established by the IQMP, LLC and its stakeholders. In accordance with this agreement, the University of Illinois has remitted the equivalent of CHF 2’000’000 (two million Swiss Francs) in earnest money, with an expectation to be reimbursed upon receipt of the grant funds.  Subsequent to the Board’s approval, the proposed timeline of funding submitted by Linde is as follows:   |  |  | | --- | --- | | Helium Refrigeration Systems | *(Estimated USD equivalent)* | | Sign LOI on 10/28, pay within 10 days 11/6 (earnest money) | $ 2,310,240.00 | | Contract within 30 days of LOI Signing: 11/28, then payment due within 30 days 12/27/24 | | | Payment Due after contracting 12/27/24 | $ 28,489,760.00 | | Second installment 4/27/25 | $ 23,100,000.00 | | Third installment 4/28/26 | $ 11,550,000.00 | | Last payment 10/28/26 | $ 11,550,000.00 | |  | $ 77,000,000.00 |   IQMP, LLC will negotiate and enter into 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. Therefore, the remaining $22,000,000 will be expended under these separate agreements and in accordance with the IQMP, LLC Signature Authority Policy.  Of the total grant agreement, $30,800,000 is expected to be released by December 27, 2024, in the form of an advance working capital grant to fund the remaining deposit balance, less the LOI earnest money (which will repay the System). The remaining installments will function as other grants do, where the Board will submit payment in accordance with the Linde contract and subsequently submit proof of payment to the IDCEO for reimbursement via the grant agreement.  IQMP, LLC is subject to University of Illinois Board of Trustees procurement authorization for the cost of the systems and engineering design. The University of Illinois Board of Trustees authorizes IQMP, LLC to enter purchase agreements with Linde for helium refrigeration systems, front-end engineering design, replacement parts and A/E design fees, contingent on the execution of the underlying grant agreement between the University of Illinois Board of Trustees and IDCEO.  The above-described contract[s] 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. | |

|  |  |
| --- | --- |
| **SUMMARY OF PURCHASES** | |
| University of Illinois Urbana-Champaign | $114,500,000 |