

Board Meeting
September 10, 2009

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 Directors of Purchases have proposed and the Vice President and Chief Financial Officer recommends the following purchases. 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 School of Chemical Sciences

Item UltrafleXtreme MALDI time-of-flight (TOF)/TOF mass spectrometer for tissue imaging applications.

Cost \$360,000

Vendor Bruker Daltonics, Billerica, MA

This purchase is a sole source because compatibility of equipment, accessories, replacement parts and service is a paramount consideration. Bruker Daltonics is the only manufacturer/vendor that has a commercially available Matrix-Assisted Laser Desorption/Ionization (MALDI)-TOF/TOF mass spectrometer that uniquely offers high speed imaging in dual channels at 1kHz ultra-fast speed, which is required for the study of neuropeptides in brain tissue imaging applications.

The UltrafleXtreme is the fifth mass spectrometer purchased from Bruker Daltonics in recent years, allowing all mass spectra to be compared and used with the same group-developed software calibrations. This next-generation MALDI-TOF/TOF mass spectrometer is compatible with all the current software and protocols.

This instrument will be used to study neuropeptides in the brain that help regulate every physiological process and behavior, including our feelings for food, desire, anxiety and sleep. It will be used in investigations under four separate federally funded research efforts. The largest benefit to the research is that the UltrafleXtreme provides five-fold faster data acquisition while also providing higher resolution and higher sensitivity.

The University is receiving a trade-in allowance for an older Ultra flex II TOF/TOF system of \$175,000 and an educational discount of \$56,758. Funding is provided primarily from federal grants.

2 Unit Material Sciences and Engineering

Item Laser-Molecular Beam Epitaxy System (LMBE-100)

Cost \$356,500

Vendor SVT Associates, Inc., Eden Prairie, MN

This purchase is a sole source because the item is necessary for trial use and testing and there are no other manufacturers of this growth system.

Research made possible by such a system includes the synthesis and study of oxide thin films and nanostructures in pursuit of wide-ranging, socially important questions in energy research. University researchers are investigating new broad classes of materials, such as the oxide materials, as

candidate materials for energy applications.

The LMBE-100 is a one-of-a-kind, thin film growth vacuum system based on the idea of laser-molecular beam epitaxy (LMBE) for the production of complex oxide thin films. Unique features not available from any other supplier include the ability to load-lock both substrates and targets and the allowance for hybrid growth procedures using laser-ablation and effusion cells simultaneously that allows for unprecedented control of materials chemistry and access to new thermodynamic regimes in the growth of these materials.

A discount of 12.25% has been negotiated and factored into the quoted price.

3 Unit Civil and Environmental Engineering

Item Nine Leases of Foreign Object Detection Radar Systems for the period November 1, 2009, through October 31, 2010.

Cost \$384,000

Vendor Accipiter Radar Technologies Incorporated, Fonthill, Ontario, Canada

This purchase is a sole source because Accipiter Radar Technologies Incorporated (formerly Sicom Systems, Ltd.) is the sole vendor that can provide a fully remote controlled radar, the required horizontal and vertical detection capability, and the related data management and control system. Accipiter technology is compatible with Federal Aviation Administration (FAA) supported activities and research data for a project through the Center of Excellence in Airport Technology (CEAT). This equipment is used to conduct research funded by the FAA on performance standards and equipment capabilities of different configurations of bird radar and is a funded expansion of research initiated in 2002.

Among the airports served by this procurement are O'Hare International Airport, John F. Kennedy Airport, Seattle Airport, and Whidbey Airpark (Island County, WA).

In the past, each lease was handled as a separate transaction with different beginning and ending dates, some of which required Board approval while others did not. With all nine lease viewed as a single purchase, the University was able to negotiate significant discounts in pricing.

The total of the leases renewed in November 2008 (\$216,000) and the

additional leases awarded during FY09 (\$529,000) was \$745,000. All of these leases will now be awarded as sole source leases for the year beginning November 1, 2009, at a total of \$384,000. This is a negotiated 48% discount from the cumulative cost of the leases from the previous year. The price is considered reasonable and acceptable.

4 Unit University Housing

Item Purchase and installation of furniture at Stanley O. Ikenberry Commons, Residence Hall #1, Phase A and C, located at 207 East Gregory Drive.

Cost \$230,239

Vendor KLN Steel Products Co., San Antonio, TX

<u>Bids Received</u>	<u>Total Cost</u>
<u>Base Bid III</u>	
KLN Steel Products Co., San Antonio, TX	\$230,239
<u>Base Bid II</u>	
KLN Steel Products Co., San Antonio, TX	\$207,069
New England Woodcraft, Inc., Forest Dale, VT	\$245,596
<u>Base Bid I</u>	
KLN Steel Products Co., San Antonio, TX	\$212,773
Southwest Contract, Red Lion, PA	\$213,966
Mastercraft, Red Lion, PA	\$243,468

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

In January 2008, the Board of Trustees approved the award of contracts for the consolidation of dining and residential support spaces into a new student/dining/residential programs building and the construction of a new wing for student residents. This new residence hall, Residence Hall #1, Phase A and C, will be occupied, in part, by severely disabled students who currently live at Beckwith Hall.

The furnishings in this award included loft beds, desks, chests, bookcases, wardrobes, and shelves. The vendor will furnish, deliver and install furniture at this new four-story residence hall located at 207 East Gregory Drive.

The solicitation allowed for three different construction types. Base Bid I consisted of all metal construction with metal hardware. Base Bid II consisted of hardwood frames connected with wood screws (inter-frame connections) that are not exposed on the unit. Base Bid III consisted of a combination of metal and laminate construction with wood components and steel frames with mechanical fasteners.

The recommendation to award Base Bid III was made by Housing. It was found to be the best value and the more user-friendly furniture of the three base bids. The vendor's Base Bid III offers a 25-year warranty, where other bidders/manufacturers only offered 10-year warranties. The furniture in Base Bid III also requires less maintenance and repairs compared to other residence halls on campus that use furniture constructed of solid wood or metal.

The competitive bidding process for all items realized a cost savings of 14.73%.

Chicago Campus

5 Unit Department of Pediatrics

Item Purchase of gastroenterology services for the period of October 1, 2009 through September 30, 2012.

Cost \$861,000 (estimated)

FY10 \$215,250 (9 months)

FY11 \$287,000

FY12 \$287,000

FY13 \$ 71,750 (3 months)

Vendor Center for Children's Digestive Health S.C., Park Ridge, IL

This purchase is exempt from competitive selection procedures in accordance with the Illinois Procurement Code Section 30 ILCS 500/1-10 regarding Purchase of Care. Gastroenterology services will be provided to pediatric patients at the University of Illinois Medical Center at Chicago.

The services of the physicians will provide twenty-four hour, seven days per week coverage for the University of Illinois at Chicago (UIC) Pediatrics and at approved clinical sites. Physicians will provide administrative duties to operate the Division of Pediatric Gastroenterology department and will also serve as adjunct faculty for the UIC College of Medicine for teaching and education of

medical students and residents. Eighty percent (80%) of the total compensation will be paid in monthly installments. The remaining 20% will be based on meeting the relative value units targeted for a quarter.

The rates are based on the American Academy of Pediatrics guidelines for the Midwest for assistant/associate professor and are equivalent to two full time positions.

6 Unit College of Medicine, Rockford

Item Pharmaceutical services for juvenile and adult inmates of the Winnebago County Jail for the period October 1, 2009 through September 30, 2012 with the option to renew for two additional one year periods. All renewals are subject to continuing need, availability of funds, satisfactory performance, and Board of Trustees' approval.

Cost \$750,000 (estimated)

FY10	\$187,497 est.
FY11	\$250,000 est.
FY12	\$250,000 est.
FY13	\$ 62,503 est.

Renewal Options:

10/1/2012 – 9/30/2013	\$250,000 est. per year
10/1/2013 – 9/30/2014	\$250,000 est. per year

Vendor Diamond Pharmacy Services, Indiana, PA

<u>Proposals Received</u>	<u>Point Summary of Proposal</u> (Maximum Score of 1500)
Diamond Pharmacy Services, Indiana, PA	1154
Correct Pharmacy Services, Linthicum, MD	1141
Maxor Pharmacy Services, Franklin, TN	823
Contract Pharmacy Services, Inc., Warrington, PA	676

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

Contractor will furnish and dispense all prescription and non-prescription medications to inmates of the Winnebago County Jail. The University of Illinois, College of Medicine, Rockford assumes responsibility for the day-to-day management and operation of the Winnebago County Jail Inmate Health Care Program.

A Best and Final Offer was negotiated, saving the University \$36,000 for the initial term of the contract, plus \$24,000 for the combined renewals.

7 Unit Hospital Radiology

Item Purchase of SIR-Spheres microspheres containing radioactive Yttrium-90 for the period of September 25, 2009 through September 30, 2011 with the option to renew for three additional one year periods. All renewals are subject to continuing need, availability of funds, satisfactory performance, and Board of Trustees' approval.

Cost \$1,920,000 (estimated)

FY10 \$720,000 (9 months)

FY11 \$960,000

FY12 \$240,000 (3 months)

Renewal Options:

10/1/2011 – 9/30/2012 \$960,000

10/1/2012 – 9/30/2013 \$960,000

10/1/2013 – 9/30/2014 \$960,000

Vendor Sirtex Medical Inc., Lake Forest, IL

This purchase is a sole source because the items are patented and Sirtex Medical is the only manufacturer and distributor.

These supplies will be used in Nuclear Medicine for patients at the University of Illinois Medical Center as an effective treatment for liver cancer using novel small particle technology. This new program was successfully implemented in 2008 and patient count continues to increase. Unit prices have remained the same as in 2008.

8 Unit Hospital Materials Management

Item Purchase of left ventricular assist devices for the period of September 25, 2009 through September 30, 2011 with the option to renew for three additional one year periods.

Cost \$800,000 (estimated)

FY10 \$300,000 (9 months)

FY11 \$400,000

FY12 \$100,000 (3 months)

Renewal Options:

10/1/2011 – 9/30/2012	\$400,000
10/1/2012 – 9/30/2013	\$400,000
10/1/2013 – 9/30/2014	\$400,000

Vendor Abiomed Inc., Danvers, MA

This purchase is a sole source because the item is patented and Abiomed Inc. is the only manufacturer and distributor.

The items will be used at the University of Illinois Medical Center, Department of Cardiology, for patients requiring coronary intervention. Abiomed Inc. is the manufacturer of a left ventricular assist device (LVAD) for cardiac patients to receive percutaneously inserted circulatory support that will unload the left ventricle without having to puncture the atrium of the heart. This unique system only requires one vessel access and has the ability to pump blood directly from the left ventricle to the ascending aorta without having any part of the circulation circuit outside of the body.

The University will receive a discount of 2% off list for these devices, which is the best pricing in the Midwest.

University Administration

9 Unit Utilities Administration

Item Steam Turbine Inspection, Testing and Repair Support Services for the period October 1, 2009, through June 30, 2010, with the option to renew for four additional one year periods at the same terms and conditions. All renewals are subject to continuing need, availability of funds, satisfactory performance, and Board of Trustees' approval.

Cost \$1,200,000 (estimated)

Renewal Options:

FY11	\$1,236,000 est.
FY12	\$1,273,080 est.
FY13	\$1,311,272 est.
FY14	\$1,350,610 est.

Vendor Elliott Company, Jeannette, PA

<u>Proposals Received</u>	<u>Point Summary of Proposals</u> (Maximum Score of 1000)
Elliott Company, Jeannette, PA	885
Wood Group Field Services, Fridley, MN	489
General Electric International Inc., Carmel, IN	413
Turbine Generator Maintenance, Inc., Cape Coral, FL	365
Century Turbine Repair, Pevely, MO	190
S.T. Cotter Turbine Services, Inc., Clearwater, MN	165

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

Steam turbines allow for the conversion of heat energy, in the form of steam, into electrical energy. Abbott Power Plant currently has five 3Megawatt (MW) turbines, two 7.5MW turbines, two 12.5MW turbines, and one 7MW turbine. As Abbott Power Plant produces steam to use for various campus applications, the steam can also be directed through these steam turbines to produce electricity for the campus to offset the cost of electricity that the university purchases from Ameren IP.

Each turbine has a backlog of repairs that need to be completed in the upcoming fiscal years. It is anticipated that at least one turbine will be overhauled each fiscal year. Depending on the severity of required repairs, it is estimated that a complete overhaul will cost from \$400,000 to \$600,000 each. The economic life of a turbine is 40 to 60 years and replacement cost is approximately \$2 million per mega watt.

A Best and Final Offer was used to negotiate a 3% decrease in the mark-up of materials. The vendor agreed to sell the materials at cost.

SUMMARY OF PURCHASES	
(Rounded to nearest dollar)	
Urbana-Champaign Campus	\$ 1,330,739
Chicago Campus	\$ 4,331,000
University Administration	\$ 1,200,000
Recommended from Institutional Funds	
Grand Total	\$ 6,861,739

