

Board Meeting
September 12, 2013

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, 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	Facilities and Services
Item	Purchase of one dual-fuel steam-generating boiler for the Abbott Power Plant
Cost	\$3,050,000
Vendor	Babcock & Wilcox Power Generating Group, Inc., Charlotte, NC

This purchase was first presented to the Board of Trustees for approval at the November 8, 2012 meeting. Upon further review, it was determined that the approved vendor did not meet the required specifications and the purchase was rebid. Five vendors submitted responses. Two vendors did not meet all of the specifications and were considered non-responsive.

Three of the boilers at the Abbott Power Plant were installed in 1972 and are well beyond their expected useful life. One of the boilers is not in service and is being used for parts. One of the other two boilers has had significant outages and failures over the past year, and the other boiler has had increasing outages as well. The boiler to be replaced is not expected to provide reliable service during the coming winter.

The new boiler will heat campus buildings by producing steam and can be fueled by either coal or natural gas, depending on which is the more cost-effective option.

Chicago Campus

2	Unit	University of Illinois Hospital & Health Sciences System (UIHHSS) Department of Information Services
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Item	Remote hosting of the Hospital's electronic billing system for the period September 13, 2013 through June 27, 2016.
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Cost	\$3,000,000 (estimated)
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Vendor	McKesson Technologies, Inc., San Francisco, CA
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This purchase is considered an economically feasible sole source because the vendor currently provides the mainframe remote hosting for the Hospital's electronic billing software suite that interfaces with the Hospital's other billing and accounting technology. Switching vendors at this time would incur the additional costs of system setup and migration, which would not be economically feasible.

The University has outsourced the hosting of its electronic patient billing system since 2003. There is a need to continue the agreement with the vendor for an additional three-year period while the University of Illinois Hospital and Health Sciences System (UIHHSS) completes its migration off the current

Healthquest system. The vendor's technology is compatible with the Hospital's other systems and is able to extract financial information from these systems to support financial health monitoring.

The vendor will provide all mainframe hardware and operating system software, disk and tape data storage, software development that allows UIHHSS to enhance the billing system, programming and security access administration, technical support, and secure offsite data storage, including disaster recovery services.

Pricing includes a 10% increase from the previous annual cost. The amount is considered reasonable and acceptable based on a 60% increase in mainframe computational capability valued at \$100,000, as well as a 100% increase in data storage capability.

3	Unit	University of Illinois Hospital & Health Sciences System (UIHHSS) Department of Surgical Services
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Item	Purchase of patented medical products for cardiac, spinal, and orthopedic surgeries for the period September 13, 2013 through September 12, 2016, 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.
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Cost	\$24,000,000 (estimated)
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Renewal Options:

September 13, 2016 through September 12, 2017	\$8,000,000 (estimated)
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September 13, 2017 through September 12, 2018	\$8,000,000 (estimated)
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Vendor	Medtronic, Inc., Minneapolis, MN
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This purchase is a sole source because the products are patented, fit the specifications of the surgeons, and the vendor is the only manufacturer.

The University has entered into a custom contract with the vendor through the Group Purchase Organization (GPO), University HealthSystems Consortium (UHC) to meet surgeons' needs for the various patented products offered in Novation.

The vendor offers a wide breadth of technologically advanced and complex

products that can fit a patient's unique needs. The various products will be used in procedures that include heart surgery (angioplasty), coronary diagnoses, cardiac rhythm management, spinal surgery, and bone replacement. The use of the vendor's products will improve the effectiveness, safety, and recovery time for patients undergoing cardiac, spinal, and orthopedic surgeries.

University Administration

4 Unit All University Libraries

Item Purchase of periodical and subscription services for library periodicals and serials in print and electronic format for the period September 13, 2013 through June 30, 2014

Cost \$5,880,000 (estimated)

Vendor EBSCO Information Services, Birmingham, AL

This purchase is exempt from the requirements of the Procurement Code since it involves expenditures for periodicals procured for use by a university library. The subscription services include a wide range of scholarly and trade journals which will be provided in print, microfilm or electronic format.

RENEWAL OPTIONS RECOMMENDED

Urbana-Champaign Campus

1 Unit Campus Information Technologies and Educational Services (CITES)

Item Renewal option for temporary information technology (IT) resources for the period September 13, 2013 through June 30, 2014

Cost \$1,495,000 (estimated)

Vendor ProTech Search, Inc., Petersberg, IL.

This will exercise the fourth of five renewal options to the purchase approved by the Board of Trustees on November 13, 2008, for an estimated \$2,250,000 for the period November 15, 2008, through June 30, 2010. Competitive bidding procedures were followed in accordance with the Illinois Procurement Code.

The vendor will provide temporary personnel to support University IT project and assist in the search for permanent IT staff. The previous three renewals to this contract were below the Board approved threshold.

Chicago Campus

2 Unit Campus Care and the Office of Managed Care

Item Renewal Option for administrative and management services for the Student Health Benefits Plan and Physicians Group Managed Care Contracts for the period beginning September 13, 2013 through July 31, 2014.

Cost \$1,763,000 (estimated)

Vendor Apex Healthcare, Inc. Naperville, IL.

This will exercise the single renewal option to the purchase approved by the Board of Trustees on May 21, 2009, for an estimated \$6,716,384. Competitive procurement requirements were followed in accordance with the Illinois Procurement Code.

The vendor will continue to provide administrative and management services for the Student Health Benefits Plan as well as the Physicians Group Managed Care Contracts for the Chicago, Peoria, and Rockford campuses. The services include access management and referral coordination, claims administration, coordination of benefits, utilization management, and customer service.

Pricing for the Student Health Benefits Plan is set at \$5.52 per student per month, while the Physicians Group Managed Care Contracts are set at \$5.82 per covered individual life. These costs include a 2% pre-negotiated increase over the previous year.

The vendor is a certified MAFBE firm.

SUMMARY OF PURCHASES	
Urbana-Champaign Campus	\$ 3,050,000
Chicago Campus	\$ 27,000,000
University Administration	\$ 5,880,000
Recommended from Institutional Funds	
Grand Total	\$ 35,930,000
SUMMARY OF RENEWALS	
Urbana-Champaign Campus	\$ 1,495,000
Chicago Campus	\$ 1,763,000
Recommended from Institutional Funds	
Grand Total	\$ 3,258,000