

FCR 4

Office of the President
January 22, 2008

Members, Board of Trustees:

LEASE/PURCHASE OF EQUIPMENT AND INFORMATION TECHNOLOGY ITEMS

Recommendation: that the Board of Trustees approve the acquisition of the following major equipment and information technology items using a lease/purchase method of procurement:

1. UK HealthCare Enterprise Equipment Lease Pool
Agency Funds - \$10,000,000
2. Markey Cancer Center Facility Equipment
Agency Funds - \$8,000,000
3. Picture, Archiving, and Collection System (PACS)
Agency Funds - \$7,000,000
4. Cone Beam CT
Agency Funds - \$250,000
5. Dental Vacuum System
Agency Funds - \$880,000
6. Disk Storage
Agency Funds - \$350,000
7. IBM P-Series Server
Agency Funds - \$400,000

Background: At the September 11, 2007 meeting, the Board delegated to the executive vice president for finance and administration the responsibility for managing university debt related to the lease/purchase of equipment and information technology items costing less than \$200,000. However, acquisitions of major equipment and information technology items costing \$200,000 or more where the method of procurement involves debt in the form of capitalized lease obligations will be submitted to the Board for approval. The university's Debt Committee has

reviewed these acquisitions to assess the impact on the university's debt capacity. The Debt Committee has determined that acquisition of these items is consistent with the university's Debt Policy. A brief description of each item is attached.

Action taken: Approved Disapproved Other _____

University of Kentucky
Equipment and Information Technology Item Descriptions
January 22, 2008

1. UK HealthCare Enterprise Equipment Lease Pool

Agency Funds - \$10,000,000

This pool will allow funding flexibility with regard to various capital equipment purchases initiated by the HealthCare Enterprise through the remainder of this fiscal year. This pool is required for cash-flow management purposes as UK HealthCare proceeds with several cash-intensive projects such as the construction and eventual build-out of the Patient Care Facility, various ambulatory care initiatives, and other major projects/initiatives. Examples of equipment that may be purchased include, but are not limited to: surgical, radiologic, patient monitoring/bedding, laboratory analyzers/instruments, information technology, and other procedure specific equipment. This pool will be funded from the UK HealthCare Enterprise.

2. Markey Cancer Center Facility Equipment

Agency Funds - \$8,000,000

Through its affiliation network, the Markey Cancer Center is moving its advanced cancer care into communities throughout the state, while also assuring availability to more advanced treatment when required. These equipment purchases are part of the renovations currently underway and are necessary to create a state-of-the-art radiation medicine facility on campus and will include, but may not be limited to the following equipment, related software and peripheral devices: Electa Gamma Knife, Tomo-Therapy Hi Art Treatment Center, and CT Simulator. This will be funded by the UK HealthCare Enterprise.

3. Picture, Archiving, and Collection System (PACS)

Agency Funds - \$7,000,000

PACS enables radiologic images such as x-rays and scans to be stored electronically and viewed on screens, creating an efficient filmless process and improved diagnostic method. The current PACS has outlived its useful life and no longer meets current imaging needs. This equipment will be funded by the UK HealthCare Enterprise.

4. Cone Beam CT

Agency Funds - \$250,000

This equipment will provide state-of-the-art volumetric scanning for dental exam images and facilitate enhanced treatment plans for patients at lower radiation dosages than existing modalities. This equipment will be funded by the UK HealthCare Enterprise.

5. Dental Vacuum System

Agency Funds - \$880,000

This equipment is needed to replace the current out-dated system and will be funded by the UK HealthCare Enterprise. The current dental vacuum system is not functioning at the correct pressures and experiences frequent localized failures.

6. Disk Storage

Agency Funds - \$350,000

This storage equipment is necessary to support the IRIS/SAP system.

7. IBM P-Series Server

Agency Funds - \$400,000

This server equipment is necessary to support the IRIS/SAP system.