

FCR 14

Office of the President
June 19, 2012

Members, Board of Trustees:

LEASE OF HIGH PERFORMANCE RESEARCH COMPUTER

Recommendation: that the Board of Trustees approve the acquisition of a High Performance Research Computer (Supercomputer) using a lease method of procurement.

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. 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 shall be submitted to the Board for approval.

The University performs a wide variety of computationally intensive research, including various areas of engineering, physics, astronomy, chemistry, computational fluid dynamics, quantum chromodynamics, visualization, bioinformatics, and virtual environments. The University has been a national leader in the use of supercomputing for scientific research for three decades as it has provided its researchers with the high performance computing facilities needed to expand the boundaries of knowledge. The current supercomputer lease expires August 31, 2012. A request for proposals for a new supercomputer was issued and a committee of faculty assessed the technical and financial responses to ensure the chosen equipment will meet the needs of faculty researchers. The cost of the two-year lease/purchase is \$2.6 million (\$1.3 million annual payment).

The University's Debt Committee has reviewed this acquisition to assess the impact on the university's debt capacity. The Debt Committee supports the lease/purchase method as it is consistent with the University's Debt Policy. The lease payment is included in the University's annual operating budget. In addition, the lease/purchase of a supercomputer was authorized by the 2010 Kentucky General Assembly.

Action taken: Approved Disapproved Other _____