

## **02.800          Contracts and Agreements**

### **1. Title**

Contracts and Agreements

### **2. Purpose and Scope**

This policy establishes the authority for the system and its institutions to approve and execute contracts. A “contract” means any commercial agreement or other document that creates a binding obligation for the system or one of its institutions. Contracts include, but are not limited to: agreements, cooperative agreements, affiliation agreements, letters of agreement, purchase orders, memorandums of understanding, interagency contracts, grants, loans, easements, licenses, and leases. No person has the authority to bind the system or one of its institutions contractually except in accordance with this Policy.

### **3. Contractual Authority of the Board**

By law the Board of Regents is vested with the authority to contract on behalf of the system, including its institutions and entities. The Board by rule may delegate to a representative of the Board or an employee of the system or an institution the authority to negotiate, execute, and approve contracts. A contract that is not approved in accordance with this policy is void.

### **4. Board of Regents Approval**

4.1 Board of Regents approval is required for contracts that have a cost or monetary value to the system or an institution of \$1,000,000 or more in cash or other type of consideration, except that the following shall not require approval by the Board regardless of the contract amount:

4.1.1 Contracts or grant proposals for sponsored research, including institutional support grants, and licenses or other conveyances of intellectual property owned or controlled by an institution;

4.1.2 Contracts for the purchase of replacement equipment or licensing of replacement software;

4.1.3 Contracts for the purchase of routinely purchased supplies;

4.1.4 Purchases made under a group purchasing program;

4.1.5 Purchases of new equipment or licensing of new software identified specifically in the institutional budget approved by the Board;

4.1.6 Contracts for the purchase or license of library books and library materials;

4.1.7 Contracts related to postseason bowl games;

4.1.8 Contracts related to bequests or gifts to the system or an institution.

4.2. Board approval is required for contracts that involve the sale, acquisition, or encumbrance of real property, except that the sale, acquisition, or encumbrance of a mineral interest in real property that has a cost or monetary value to the system or an institution of \$250,000 or less shall be exempt from this provision .

4.3 Board approval is required for leases of real property for a term of five or more years. Leases that equal or exceed five years but may be terminated without cause and without cost or penalty to the system or institution after the fifth year upon notice of 120 days or less are exempt from this provision. Leases of mineral rights that have a cost or monetary value to the system or an institution of \$250,000 or less in cash or other type of consideration are also exempt from this provision.

4.4 Board approval is required for employment agreements with a chancellor, president, athletic director, head coach whose base salary during the term of the agreement totals \$500,000.00 or more, and any administrator who meets the requirement of Texas Education Code Section 51.948.

4.5 Board approval is required for contracts that involve athletic conference membership.

## **5. Delegation of Authority**

The Board delegates to the Chancellor or the Chancellor's designee the authority to execute on behalf of the Board all contracts for the system and institutions that are approved by the Board in accordance with Section 4 of this policy, unless otherwise specified by the Board. Subject to the requirements and limitations of this policy, the Board further delegates to the Chancellor or the Chancellor's designee the authority to execute on behalf of the Board contracts for the system without regard to the cost or monetary value of the contract. Subject to the requirements and limitations of this policy, the Board further delegates to the Chancellor or the Chancellor's designee the authority to execute on behalf of the Board contracts that have a cost or monetary value to an institution of more than \$500,000 in cash or other type of consideration. The Board also delegates to the Chancellor or the Chancellor's designee the sole authority to execute on behalf of the Board agreements related to the sale, acquisition, encumbrance, or lease of a mineral interest in real property that has a cost or monetary value to the system or an institution of \$250,000 or less. Subject to the requirements and limitations of this policy, the Board delegates to the Presidents of institutions or their designees the authority to execute on behalf of the Board contracts for their respective institutions that have a cost or monetary value to their institution of \$500,000 or less in cash or other type of consideration and do not require Board approval in accordance with Section 4 of this Policy . Delegations of authority must be in writing and must be retained by the party making the delegation and the party receiving the delegation, with a copy sent to the Office of General Counsel and the institution's Purchasing Department.

## **6. Legal and Administrative Review**

6.1 All contracts must be approved as to form by the Office of General Counsel before execution. The Office of General Counsel may approve standard contracts which, if unaltered, may be used without obtaining further approval from the Office of General Counsel.

6.2 The system and institutions shall develop policies and procedures for administrative processing of contracts. Such policies and procedures shall provide that:

6.2.1 All contracts are in writing;

6.2.2 Contracts comply with applicable federal and state law and regulations, Board of Regents Policies, and the applicable component institution's policies and procedures;

6.2.3 Contracts are properly executed by a person with delegated authority;

6.2.4 Resources are adequately protected;

6.2.5 On behalf of the system, the Vice Chancellor for Finance, and on behalf of the institutions, the respective Vice President for Finance and Business Affairs, approves policies and procedures to comply with state purchasing requirements; and

6.2.6 Contracts are in accordance with and support the mission of the system or applicable institution.

## **7. Prior Contracts**

Contracts approved and signed in accordance with policies in effect prior to the effective date of this policy shall remain in full force and effect, but modifications or extensions to such contracts must be approved and signed in accordance with the provisions of this policy.