

03.900 Delegation of Authority for Contracts and Agreements

03.901 Purpose and Scope. This Regents Rule establishes the authority for the System, the System Administration, and the Institutions to approve and execute contracts. The term “contract” shall mean any written agreement that creates a binding obligation, financial or otherwise, for the System, the System Administration, or an Institution. Contracts include but are not limited to affiliation agreements, cooperative agreements, easements, grants, intellectual property agreements, interagency contracts, internship agreements, leases, letter agreements, letters of intent, licenses, loans, memoranda of understanding, nondisclosure agreements, professional services agreements, and purchase orders.

03.902 Authority of the Board. Pursuant to Texas Education Code § 105.108, the Board has authority to contract on behalf of the System, the System Administration, and the Institutions, and may delegate to an employee of the System Administration or an Institution the authority to negotiate, execute, and approve contracts. No person has the authority to bind the System, the System Administration, or an Institution contractually except in accordance with this Regents Rule. A contract that is not approved in accordance with this Regents Rule is void.

03.903 Board Approval.

1. Board approval is required for contracts that have a cost or monetary value to the System, the System Administration, or an Institution of \$1,000,000 or more in cash or other consideration, except the following shall not require approval by the Board, regardless of the contract amount:
 - a. 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;

- b. contracts for the purchase of replacement equipment or licensing of replacement software;
 - c. contracts for the purchase of routinely purchased supplies;
 - d. purchases made under a group purchasing program;
 - e. purchases of new equipment or licensing of new software identified specifically in the Institutional budget approved by the Board;
 - f. contracts for the purchase or license of library books and library materials;
 - g. contracts for athletic competitions;
 - h. contracts for or related to legal services; and
 - i. contracts related to bequests or gifts to the System, the System Administration, or an Institution.
 - j. contracts with financial institutions to effectuate letters of credit authorized by these Regents Rules and applicable policies of an institution.
2. Board approval is required for contracts that involve the sale, acquisition, or encumbrance of real property, including mineral interests, except as expressly provided for in Regents Rule 03.904(1)(c).
3. Board approval is required for contracts that involve the lease of real property for more than five years. Leases that may be terminated after the fifth year upon no more than 120 days notice without cause and without cost or penalty to the System, the System Administration, or an Institution are exempt from this provision. Leases of mineral rights with a cost or monetary value of \$250,000 or less are exempt from this provision as expressly provided for in Regents Rule 03.904(1)(c).

4. Board approval is required for employment agreements with a chancellor, president, athletic director, or head coach whose base salary during the term of the agreement totals \$500,000 or more.
5. Board approval is required for contracts that involve athletic conference membership.
6. Unless otherwise prohibited by law, in the event of an urgent situation that cannot or should not for good business reason be delayed until the next regularly scheduled Board meeting as determined by the Board Chairman in consultation with the Chancellor, the Chancellor may approve and execute a contract that would otherwise require Board approval in accordance with this Regents Rule. As soon thereafter as is reasonably practicable, the Chancellor shall provide to the members of the Board written notice of the approval and execution of the contract.

03.904

Delegation of Authority.

1. Delegations to the Chancellor.
 - a. The Board delegates to the Chancellor the authority to execute all contracts for the System, the System Administration, and Institutions that are approved by the Board in accordance with Regents Rule 03.903, unless otherwise specified by the Board. Prior to executing an employment contract with a person who will have significant administrative duties and who is to be paid in whole or part with appropriated funds, the Chancellor shall comply with the requirements of Texas Education Code § 51.948.
 - b. Subject to the requirements and limitations of this Rule, the Board delegates to the Chancellor the authority to approve and execute contracts for the System and the System Administration without regard to the cost or monetary value of the contract and to approve and execute contracts for the Institutions that have a cost or monetary

value to the Institution of more than \$500,000.

- c. The Board delegates to the Chancellor the authority to approve and execute contracts related to the sale, acquisition, or encumbrance of, or lease of a mineral interest in, real property that has a cost or monetary value to the System, System Administration, or an Institution of \$250,000 or less.
- d. The Board delegates to the Chancellor the authority to approve and execute on behalf of the System or the System Administration contracts or agreements with the Institutions for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

2. Delegations to the Presidents.

- a. Subject to the requirements and limitations of this Rule, the Board delegates to the Presidents the authority to approve and execute contracts for their respective Institutions that have a cost or monetary value to the Institutions of \$500,000 or less. Prior to executing an employment contract with a person who will have significant administrative duties and who is to be paid in whole or part with appropriated funds, a President shall comply with the requirements of Texas Education Code § 51.948.
- b. The Board delegates to the Presidents the authority to approve and execute on behalf of their respective Institutions contracts or agreements with the System, the System Administration, or other Institutions for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

3. Delegations to the Vice Chancellor and General Counsel. The Board delegates to the Vice Chancellor and General Counsel authority to approve and execute contracts with the concurrence of the Chancellor or the Chairman for or related to providing legal services for the Board, the System, the System Administration, and/or the Institutions, after obtaining approvals required by state law.
4. Further Delegation. The authority delegated to the Chancellor and the Presidents under Regents Rules 03.904(1) and (2) may be further delegated. Delegations must be in writing, clearly state the extent of the authority delegated, and state if and to what extent the authority may be further delegated. A delegation must be retained by the delegee, and a copy must be provided to the Office of General Counsel.
5. Revocation of Delegation. Delegations of authority may be revoked at any time. Revocations must be in writing, and a copy must be provided to the Office of General Counsel. Notice of revocation must be provided to the delegee.

03.905 Legal and Administrative Review. All contracts must be approved as to form by the Office of General Counsel before execution, unless exempt under this Regents Rule.

03.906 Exemption from Legal Review. In his or her sole discretion, the Vice Chancellor and General Counsel may exempt from individualized legal review:

1. contracts prepared on forms developed by the Office of General Counsel and approved in writing by the Office of General Counsel for use without individualized legal review that have a total value of less than \$100,000;
2. contracts prepared on forms not developed by the Office of General Counsel, but that are approved in writing by the Office of General Counsel for use without individualized legal review that have a total value of less than \$100,000; and

3. other contracts as stated in the Criteria for Exemption issued in writing by the Office of General Counsel.

03.907 Contract Policies. The System Administration and the Institutions shall adopt policies and procedures for administrative processing of contracts. Such policies and procedures shall provide that:

1. all contracts are in writing;
2. contracts comply with applicable federal and state law and regulations, these Regents Rules, and applicable System, System Administration, or Institution policies and procedures;
3. contracts are properly executed by a person with appropriate authority;
4. resources are adequately protected;
5. on behalf of the System and the System Administration, the Vice Chancellor for Finance, and on behalf of the Institutions, the respective chief financial officer, approves policies and procedures to comply with state purchasing requirements; and
6. contracts are in accordance with and support the mission of the System, the System Administration, or Institution.

03.908 Prior Contracts. Contracts approved and signed in accordance with policies in effect prior to the effective date of Regents Rule 03.900 shall remain in full force and effect, but modifications or extensions to such contracts must be approved and signed in accordance with Regents Rule 03.900.

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