

406. Contracts on Behalf of the Board

I. Authority to Contract and Revisions of Authority

- A. The Board must designate by Resolution those persons who are authorized to enter into a contract on behalf of the Board. These Resolutions should specify that only those persons named in the most current resolution for each division of the University of Alabama System can execute a contract on behalf of the Board.
- B. The applicable Resolution for each division of The University of Alabama System should be revised in its entirety when any change is made so that the most current resolution listing those persons who have been authorized to enter into contracts on behalf of the Board can be readily verified by the Secretary to the Board.

For purposes of this Rule, the term “contract” includes any agreement involving the receipt of funds or the expenditure of System, campus, or Hospital funds, whether termed an agreement, purchase order, or otherwise.

II. Contracts Benefiting Senior Administrators

Contracts originated by senior administrators,⁴ and that may be perceived to benefit that senior administrator, shall be subject to an internal counter-signature process. The second signature should be from someone of sufficient authority, typically of equal or greater authority. For contracts originated by the President, the counter-signature shall come from the Chancellor. For contracts originated by the Chancellor, the counter-signature shall come from the President Pro Tem of the Board.

III. Conflicts of Interest

- A. All authorized signatories of the Board shall participate in the electronic disclosure process required by Board Rule 106.
- B. Regardless of whether an individual is specifically required to participate in the Board’s electronic disclosure process, all persons authorized to sign contracts on behalf of the Board, campuses, Health System, Hospital, or any other related organization must disclose any conflicts of interest in any contract subject to their approval or signature in accordance with Board Rule 106 and 106.2, and have said contract approved by a senior administrator of equal or greater authority before the same is binding.

IV. Vendor Disclosure Form

Contracts with the Board shall include a “Vendor Disclosure Form” approved by the Office of Counsel. Such forms shall require disclosure by the proposed vendor of any known conflicts of interest on the part of any University officials involved in the

⁴ Senior administrators are defined by Board Rule 106 as follows: “Senior administrators, for purposes of this Rule, are defined to be the Chancellor, other Board officers and Vice Chancellors of The University of Alabama System, the Presidents and Vice Presidents of each campus and any others so designated in writing by the Chancellor.”

contract or benefitting from the contract. Exceptions to this requirement shall be approved by the Office of Counsel.

V. Contracts Requiring Board Approval

A. Except as otherwise exempted below, the following contracts must be approved by the Board before the same are binding and effective:

- i. All contracts for goods or services, or both, involving an expenditure of \$1,000,000 or more for the term of the contract (including all option, renewal or extension periods) that were not procured through a competitive process;
- ii. All consulting or professional services contracts involving an expenditure of \$250,000 or more for the term of the contract (including all option, renewal or extension periods), regardless of whether the contracts were procured through a competitive process;
- iii. All contracts involving the receipt of \$1,000,000 or more for the term of the contract (including all option, renewal, or extension periods);
- iv. All information technology contracts or projects⁵ involving an expenditure of \$750,000 or more for the term of the contract or project (including any extensions, renewals, upgrades or expansions to existing technology contracts or projects), regardless of the source of funds; and
- v. All loans, whether the UA System entity is the lender or borrower. This provision does not supersede any affiliation agreements that specify a dollar threshold for Board approval of loans.

B. The following contracts are exempt from this requirement:

- i. Contracts that are otherwise required to be approved by the Board, such as construction contracts;
- ii. Contracts that are otherwise approved by the UAB Health System Authority Board;
- iii. Contracts subject to and approved pursuant to the Heightened Review Process described below;
- iv. Contracts with publicly regulated utilities;
- v. Sponsored research grants and contracts, including associated subcontracts;

⁵ A technology project includes multiple related contracts for hardware, software, training, contractual services, etc. For example, a single technology project could include a \$200,000 contract for a hardware, a \$300,000 contract for software, and a \$300,000 contract for training. Even though each individual contract does not exceed \$750,000, the cost of the entire project *does* exceed \$750,000. Therefore, the entire technology project should be approved.

- vi. Contracts with related organizations that have an existing affiliation or joint operating agreement with the Board, or are otherwise incorporated as a university healthcare authority authorized by the Board;
- vii. Contracts with federal, state, or local governments or their agencies;
- viii. Gift agreements or memorandums of understanding with donors to a UA System entity;
- ix. Contracts related to the provision of legal services executed by the General Counsel;
- x. Managed care contracts for the provision of healthcare services; and
- xi. Employment contracts for employees of a UA System entity or affiliate.⁶

VI. Heightened Review of Certain Contracts

The Heightened Review Process provides for the System-level review and approval of certain contracts in lieu of Board approval. Contracts subject to and approved by this process must be approved by the Chancellor, or his or her designee, before the same are binding and effective. Contracts described in paragraph V.A. above, and not otherwise exempted pursuant to paragraph V.B., are eligible for review and approval through the Heightened Review Process if they also involve:

- A. Circumstances of unusual and compelling urgency (as determined by the Chancellor and Sr. Vice Chancellor for Finance and Administration, after consultation with the President pro tempore, Chair of the Finance Committee, Chair of the Legal Affairs Committee, as well as the Chair(s) of any Committee(s) to which the subject contract relates);
- B. Goods or services, or both, in support of or relating to the UAB Health System Authority;
- C. Direct provision of liability or property insurance, or compensation and welfare benefits to employees of the System office or employees or students of the campuses of the UA System, including contracts for the provision of life, disability, health (including student health plans), dental or vision insurance, or retirement, deferred compensation or other arrangement for supplemental benefits or pay not otherwise covered by Board Rule 302; or
- D. Intercollegiate athletic competitions.
- E. Goods or services, or both, in support of or relating to affiliate entities of the Board or its operating divisions that have agreed to comply with this Rule in the applicable affiliation agreement.

The System Office shall maintain a form for such submissions and approvals and will provide the Board quarterly reports of contracts approved through the Heightened Review Process.

⁶ Employment contracts subject to Board approval are addressed in Board Rule 302.

VII. Competitively Awarded Goods or Services Contracts

- A. All campus or University Hospital contracts for goods or services, or both, procured through a competitive process and involving an expenditure of funds of \$1,000,000 or more for the term of the contract (including all option, renewal or extension periods) shall be reported quarterly to the Finance Committee in a format with sufficient detail for effective review. Contracts that are subject to approval or have been previously approved by the Board may be excluded from the report.
- B. In connection with any procurement subject to Article 5 of Chapter 4 of Title 41, Code of Alabama, an expenditure of \$75,000 or more must be awarded by competitive sealed bid unless otherwise authorized by law.

VIII. Annual Information Technology Plans

- A. Annual information technology plans shall be reviewed and approved by the Board. Annual plans shall contain all known information technology contracts or projects requiring Board approval under Sections V(A)(ii) or V(A)(iv) of this Rule. Contracts or projects included in the approved plans will not require separate Board approval unless the terms of the contract change after the annual plan is approved by the Board. Any renewals or extensions of existing contracts or upgrades or expansion of existing projects must be included in these annual plans.
- B. The Chancellor and the Sr. Vice Chancellor for Finance and Administration shall review information technology plans and associated contracts and projects and may make recommendations to the Finance Committee regarding such plans and associated contracts and projects.

(Adopted April 21, 1995 as Rule 422; amended September 15, 1995; amended and renumbered December 5, 1997; amended April 6, 2018; June 7, 2019; April 9, 2020; June 10, 2022; September 16, 2022; April 12, 2024, November 8, 2024, February 7, 2025).