Contracts, Contract Amendments and Extensions / Change Orders
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Please…

• Turn off cell phones.
• Avoid side conversations.
• Ask questions at any time.
• Sign the attendance roster.
• Complete the evaluation at the end of the workshop.
Workshop Objectives

• Identify procedures for contract processes, signature authority, POs as contracts, processing, renewals, maximum term, and business associate agreements

• Describe the associated University Legal review and approval process

• Receive a high-level overview of iCS
Topics

- UIC Purchasing Contracts Team
- What is a Contract?
- Contract Initiation
- Contract Templates
- Vendor Contracts
- Legal Review
- Signature Authority
- PO v. Mutually Executed Contract
- Frequently Problematic Clauses (FPC’s)
Topics (continued)

• Amendments
• Illinois Contract System (iCS) Overview
• Resources
• Questions?
But first…

From the band Van Halen’s tour rider:

Munchies

Potato chips with assorted dips

Nuts

Pretzels

M&M’s (WARNING: ABSOLUTELY NO RED ONES)

TWELVE (12) Reese’s peanut butter cups

TWELVE (12) assorted Dannon yogurt (on ice)

[Source: http://www.businessinsider.com/van-halen-brown-m-ms-contract-2016-9]
UIC Purchasing Contracts Team

Debra Matlock
Director of UIC Purchasing

Aaron Rosenthal
Assistant Director
- Contracts & Systems

Richard Osborne
Contract Coordinator

Nestor Komolafe
Contract Coordinator

Tracy Rogers
Contract Coordinator

VACANT
Senior Contract Coordinator

VACANT
Contract Coordinator
UIC Purchasing Contracts Team

• **786** Contracts Processed in FY17
• 63% increase v. 482 in FY14
What is a Contract?

• A contract is an agreement between parties that creates mutual obligations enforceable by law.
  [Source: https://www.law.cornell.edu/wex/contract]

• But what about MOU’s, Letter’s of Intent, “Simple Agreements”, etc.?
Contract Initiation

- Contract Approval/Routing Form (CARF)
  - [https://www.obfs.uillinois.edu/forms/contracts](https://www.obfs.uillinois.edu/forms/contracts)
- Required Preliminary Approvals
  - Unit Head
  - Dean/Director ($50,000 or More)
  - VP/Chancellor/Vice Chancellor ($150,000 or More)
- Include as Internal Attachment to iBuy Req on Route to Purchasing Form w/ copy of proposed contract
- Both iCS and non-iCS Users eff. 9/1/17
Contract Templates

- [https://www.obfs.uillinois.edu/forms/contracts](https://www.obfs.uillinois.edu/forms/contracts)
- Contract for Services Under $10K Template
  - Payment submitted in TEM when single-payment
  - If no changes, can be executed by Unit Head and on behalf of Comptroller (signs twice!)
- Contract for Procurement of Services Template
- Business Associate Agreement (BAA)
Vendor Contracts

- Purchasing works with University Counsel to review/negotiate terms protective of University
- Longer timeframes to Process
  - Only 3 Attorneys with primary responsibility for all purchasing contracts

USE THE TEMPLATES, LUKE!
Not every contract goes to Legal!
Contract Coordinator makes initial effort to negotiate unacceptable contract provisions away
Only lingering issues routed to University Counsel

*Not an actual University Counsel attorney*
Legal Review (continued)

- Contracts that **Require** Legal Approval:
  - $250K+ in a fiscal year
  - Contract Types in Section 1.3.2 Including But Not Limited To:
    - Settlements of Claims or Disputes
    - Contracts for Legal Services
    - Contracts related to the sharing of student data with outside entities

[See State Finance Act and Section 1.3.2 Initiation, Review, and Approval of University Contracts and Leases]
Signature Authority

• Only the Comptroller, or his delegates, may sign contracts on behalf of the University
  [See BOT Article II, General Rules; Section 1.3.2 Initiation, Review, and Approval of University Contracts and Leases]

• Contract for Services Under $10K
  • Unit Head signs twice

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By:

Avijit Ghosh, Interim Comptroller

Signature of Comptroller Delegate

Name and Title of Comptroller Delegate
PO v. Mutually Executed Contract

- 2 Functions of a Purchase Order (PO)
  - Payment Mechanism
  - *Sometimes* serves as the contract
- Updated Risk Management Insurance Matrix
  - [Section 6.1.1 Determine Minimum Insurance Requirements for Vendors]
- Tier – 2 Medium Risk and Tier 3 – High Risk require a mutually executed contract
- Additional Policy Update Forthcoming
Frequently Problematic Clauses (FPC’s)

- Automatic Renewals
- Governing Law/Choice of Law
- Indemnification
- Limitation of Liability
- State Certifications
Amendments

• What is an amendment?
• Extension
• Renewal
• Change Order

You cannot amend, extend, or renew an expired contract!
Illinois Contract Systems (ICS) Overview

- 2 primary functions:
  - Contract Management
  - Electronic Repository for Fully Executed Contracts for BOT/UCRO

- History of Deployment at UIC
- Challenges
Resources

- OBFS Contract Forms
- Section 1.3.2 Initiation, Review, and Approval of University Contracts and Leases
- Section 6.1.1 Determine Minimum Insurance Requirements for Vendors
Questions / Concerns?