AUTHORIZATION PROCEDURE FOR CONTRACTS AND AGREEMENTS

The following procedures must be followed whenever a department of the University desires to enter into any agreement or contract (collectively, "Contracts") with an external entity or individual. All contracts are covered by this Procedure. Letters of intent, with the exception of letters of intent for grants and grant proposals, and verbal contracts of any kind are **not permitted** and will not be honored by the University under any circumstances.

No one other than the President of the University, the General Counsel, CFO, and designated Department Chairs may enter into a Contract on behalf of the University unless specifically authorized by the University's Purchase Order Policy or this Procedure. **Unless otherwise approved by the President, General Counsel, CFO, or designated Department Chair *and* the Office of Compliance & Risk Management under the terms of this Procedure, any authorization or execution of a Contract not in compliance with this Procedure will be considered null and void. Except as otherwise authorized under this Procedure, all Contracts require review from the General Counsel's office.**

1. Contract Approval.

The University's preference is to use University approved Contract forms when negotiating agreements. When entering into a Contract, you should always first attempt to use the approved University form Contract prior to utilizing another party's form. Once terms of an agreement are finalized, the Contract must be approved as follows:

A. Contracts requiring Presidential Approval

The President of the University is required to approve and sign the following, regardless of the Contract amount:

i. Contracts involving acceptance of corporate or foundation grants or other donors
ii. Contracts involving tuition sharing
iii. Contracts with federal, state, and/or local governments
iv. Affiliation Contracts (* Note this type of contract must be co-signed by the Dean of Students)
v. Contracts totaling $5,000 or more with a single entity (* May also be signed by the CFO)

B. Contracts requiring CFO Approval

The CFO is required to approve and sign the following, regardless of the Contract amount:

i. Contracts involving tuition discounts
ii. Contracts involving multi-year commitments, financial or otherwise, on the part of the University
iii. Contracts totaling $5,000 or more with a single entity (* May also be signed by the President)

C. Risk Management

Notwithstanding the above authorizations, any Contract containing "Indemnification", "Limitation of Liability", "Hold Harmless", "Assumption of Risk", or other provisions attempting to potentially impose liability upon the University for such things as personal injury, property damage, or the misconduct of other parties as well as provisions limiting the liability of the counterparty must be reviewed in advance by the Vice President Compliance, Risk, and Legal Affairs/General Counsel ("General Counsel") and appropriate risk management specialists coordinated and secured only through the Office of Compliance & Risk Management. This review must occur regardless of the Contract dollar amount. Final authorization will be dependent upon type of Contract but must be signed by a corporate officer, i.e. President, Treasurer, or Secretary of the corporation.

D. Other Contracts

Unless otherwise requiring approval as set forth above, authorization of other Contracts including, but not limited to, the purchase of equipment, leases, professional consulting and services, entertainment, advertising, printing, and/or maintenance and repair services, can be authorized for a one year term as follows:

i. The approval of the Department Chair is required for Contracts totaling $0 to $499 with a single entity

ii. The approvals of the Department Chair and the administrative officer are required for Contracts totaling $500 to $4999 with a single entity

If a Contract is between the University and an individual, a Professional Services Contract, available from Fiscal Operations, must be completed and submitted with a purchase order. Ordinarily, Professional Services Contracts do not have to accompany Contracts that are issued in the name of a company or other entity. The appropriate documentation will be determined by the Controller.

2. Terms Review.

A. Contract Terms

While we understand every Contract negotiation is different, the University has preferred terms.

i. Mutual indemnification- Indemnification is when one party agrees to hold harmless and defend another party against certain claims. You should always attempt to negotiate indemnification for the University for third party claims against the University arising out of the other party's breach of the terms of the Contract, as well as negligent and willful misconduct of the other party or its agents. Mutual indemnification agreements are acceptable, but indemnification only to the benefit of the other party is not an acceptable term, and Contracts with this language will not be approved.

ii. Limitation of Liability- A limitation of liability term attempts to limit the recovery a party can get under a contract. The University requires you to negotiate to limit its liability under a Contract to the value of the Contract itself. Any limits outside of these parameters, must be agreed to by Risk Management and the General Counsel. The

University does not agree to limitation of liability terms restrictive of its recovery under a Contract.

iii. Insurance- All contracts must state that the other contracting party must maintain insurance at limits in accordance with the University's internal insurance policies.

iv. Affiliation Contracts- The University has several requirements for this type of Contract: (a) the facility must be fully responsible for patient care, and (b) the Dean must review and complete all necessary due diligence to ensure compliance with accreditation standards and curriculum requirements prior to approval.

3. Negotiated Contract.

Once a Contract is fully negotiated, you must send the Contract to the Office of the General Counsel for their review and sign off prior to execution. Make sure you received the required levels of approval from the President, CFO, and/or Risk Management prior to sending to the General Counsel for review. Note, that because of the volume of Contracts to be reviewed, the Office of the General Counsel requires **at least** 5 to 7 business days to review and approve for signature. These times are an estimate and may be longer during busier times of the year. Your Contract approval will be delayed if you fail to get the required pre-approvals and/or negotiated terms that do not comply with this Procedure.

When your Contract is ready for General Counsel review:

i. Complete the University's Contract Review Request Form

ii. Email the form to contracts@msj.edu. (* Note one form must be completed per Contract.)

Do not attempt to check on the status of the review prior to 5 business days after sending.

4. Contract Execution.

The University's policy is to have the other party execute a Contract prior to signature by an authorized University representative. We understand that this cannot happen in all cases, but you must first request signature from the other party. In the event the other party is unwilling to sign first, you may proceed to have an approved Contract signed by the appropriate University representative. **However, in instances where the CFO is required to sign a Contract, you must have the other party execute first without exception.** Please contact the office of the General Counsel if you have any questions regarding Contract execution.

Any questions regarding the proper authorization of Contracts should be directed to the Chief Financial Officer.