Approved by the Board of Trustees

March 28, 2024

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Board Meeting March 28, 2024

ROLL CALL

REVISE DOLLAR LIMITS ON PURCHASES, LEASES, BUDGET APPROVAL, CONTRACT APPROVAL, AND OTHER ACTIONS REQUIRING SPECIFIC BOARD OF TRUSTEES AUTHORIZATION

**Action:** Revise Dollar Limits on Purchases, Leases, Budget Approval, Contract Approval, and Other Actions Requiring Specific Board of Trustees Authorization

**Funding:** No New Funding Required

*The General Rules Concerning University Organization and Procedure*, Article II (Business Organization and Policies), Section 4 (Award and Execution of System Contracts), subsection (e), provides that:

The Board of Trustees shall specifically authorize procurement contracts (excluding change orders) and leases involving payments by the system in one fiscal year in excess of such dollar amounts as the Board of Trustees may specify from time to time (the Board limit)…

At its meeting on January 21, 2010, the Board approved actions revising delegated authority and dollar limits for purchases, leases, contracts, and other transactions. This approval encompassed dollar limits pertaining to Board transaction approval levels associated with capital project actions. On September 23, 2010, the Board clarified the dollar limit aspects related to leases. In light of inflation since the initial approval of these limits and recent legislative changes, a comprehensive review of all current dollar limits has become advisable.

Recognizing the benefits of an update, leaders within the capital construction units at each university acknowledge and endorse this proposed change. Consequently, the University Office of Capital Programs, in collaboration with the vice president/chief financial officer and comptroller, has conducted a thorough examination of the dollar limits concerning capital project budget approval, contract approval, and other actions requiring specific authorization from the Board of Trustees. Based on this assessment, the following recommendations have been formulated.

Prior authorization of the Board is required for:

1. Individual capital projects for which the preliminary or current budget is **$7,500,000** or more. (The current Board approval level is $5,000,000.)
2. A group of multiple capital projects for which the preliminary or current budget is $25,000,000 or more in aggregate within a single board meeting cycle, where the preliminary or current budget of any single capital project in the group is greater than or equal to $5,000,000 but less than $7,500,000. (This is a new dollar limit requiring board approval.)
3. Contracts for professional services, including those related to capital projects, requiring payment by the University of $1,000,000 or more. (This dollar limit will remain unchanged.)
4. Purchases of supplies, equipment, and non-professional services requiring payment by the University in one fiscal year of $1,000,000 or more. (This dollar limit will remain unchanged.)
5. Construction contracts requiring payment by the University of **$5,000,000** or more. (The current Board approval level is $2,500,000.)
6. Contracts for services related to capital projects being delivered via the design-build methodology of **$7,500,000**. (This was a previously unavailable delivery option for the University, with no prior Board approval level.)
7. Lease of space contracts requiring payment by the University in one fiscal year of $200,000 or more. The Board delegates authority to the Comptroller to approve leases below the specified dollar amount. (This dollar limit will remain unchanged.)

The authority to approve purchases, contracts, and capital project budgets below the aforementioned dollar thresholds is delegated to the vice president/chief financial officer and comptroller by the Board. The vice president/chief financial officer shall provide a report of the planned utilization of diverse vendors on construction contracts valued between $2,500,000 and $5,000,000 at each board meeting.

The Board reaffirms its delegation of authority to the Comptroller to approve change orders to University contracts and purchase agreements. Change orders related to medical center operations that exceed 25 percent of the original Board approved contract or purchase agreement and change orders that are not related to the medical center operations that exceed 5 percent of the original Board approved contract for construction or professional services contracts, or original Board approved purchase agreements for supplies or equipment, or construction contracts of $1,000,000 or more will be reported to the Board at its next scheduled meeting.

The Board reaffirms its delegation of authority for emergency transactions that, in the opinion of the President of the University, require immediate action. In the case of such emergency transactions that are less than $1,000,000, the President shall act to approve the transaction on behalf of the Board of Trustees. If the amount involved in such an emergency transaction is equal to or greater than $1,000,000 and less than $2,000,000, the President will not approve the transaction without first consulting individually those members of the Executive Committee of the Board who can reasonably be contacted before the emergency action must be taken. Similar consultation will occur with all Board members who can reasonably be contacted before presidential action on an emergency transaction of $2,000,000 or greater.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The vice president/chief financial officer and comptroller concurs with these revisions.

The president of the University of Illinois System recommends approval.