Board of Trustees Interest in Campus Contracts

The University of Alabama is a public corporation and Constitutional instrumentality of the State of Alabama that contracts through its Board of Trustees. The Bylaws of the Board of Trustees provide that one of the primary functions of the Board is to approve or designate who shall approve all contractual relationships and other major legal obligations executed in the name of the Board. Article I, Section 6, Primary Functions of the Board, paragraph 13. To carry out this responsibility, the Board passes resolutions from time to time that authorize individuals at the various campuses to sign contracts in the name of their institution. These individuals are designated by name rather than generically by reference to the office held.

A number of contract oversight functions of the Board are also set out in the Bylaws and Rules. For example, the Bylaws provide that the Board is to approve architects, engineers, and project managers, preliminary and final budgets, and award of construction contracts for certain capital projects, as well as the acquisition of certain new equipment and computer software and all land. Bylaws, Article I, Section 6, Primary Functions of the Board, paragraph 17. Board Rule 302, Compensation Policy, requires that the Board be informed of all compensation paid by the University to its senior academic and administrative staff, regardless the source of those funds. Board Rule 415, Planning and Management of Facilities and Other Capital Assets, requires that capital projects with costs estimated to be $750,000 or more or that (regardless of cost) substantially impact the visual appearance of the campus(es) or involve historically significant or otherwise notable structures, as determined by the Chancellor or designee, be presented to the Board for review and approval. Additionally, this Rule generally requires that purchases of individual items of equipment equal to $500,000 or more shall be submitted to the Board for approval. It is anticipated that this rule will be amended shortly to encompass equipment leases valued at $500,000 or more, as well.

In addition to the Bylaws and Board Rules noted above, the Board of Trustees has a policy, recently reiterated, requiring campus officials to seek Board consultation and/or approval for matters that have significant financial or long term implications for the University or that may generate publicity. While this most recent reiteration was prompted by contracts in the Athletics area, that policy is by no means limited to Athletics contracts. Additionally, this policy applies to transactions entered into by any university affiliated foundations, and it applies even if the particular matter may not otherwise be required to come before the Board under its Rules. If there is a question at any level of consideration, University officials should err on the side of seeking consultation with the Board. It is recommended that any matter that may possibly come within this policy be reported through the normal chain of supervision to the appropriate UAHuntsville Vice President. The Vice President will then confer with the President regarding the subsequent referral of the matter to the Chancellor for further processing or guidance.