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TO: UT Alumni Chapter Leaders

FROM: Lofton Stuart, Executive Director

DATE: Monday, March 16, 2009

RE: Contract Processes for Chapters

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A number of the University of Tennessee Alumni Association's chapters sign contracts when planning an annual meeting, sponsoring a bus trip, or obtaining food or other vendors. Has your chapter signed a contract this year? Will you be signing a contract this coming year?

A contract is any agreement that you as a chapter leader or the chapter itself signs to engage the services provided by a vendor. It could be for a bus trip, a restaurant for a meeting, or a caterer for a picnic – all of these may require contracts. Under new University of Tennessee policy, ALL CONTRACTS must be signed by the University of Tennessee's treasurer and NOT by chapter leaders.

The University of Tennessee's policy regarding contracts is mandated by the State of Tennessee. One of the key reasons for this policy is to ensure that chapter leaders are covered by the University's self-insurance coverage through the Tennessee Claims Commission. This new policy is set to protect the University, the UT Alumni Association and all of the UTAA's chapters.

The new policy is for your protection as a chapter leader. It allows chapter leaders and chapters to have counsel when being sued in regards to an event or function the chapter is hosting. The signor on a contract is legally bound by its terms. Failing to honor a contract is called a "breach." In the event of a breach of contract, courts can award money damages or force you to abide by the contract's terms. You, personally, do not want the full responsibility by signing the contract. UT signing all contracts for our chapters will help ensure that, if a breach occurs, the chapter will be covered under the Tennessee State Claims Commission.

Attached are several facts that you will need to take with you when a contract is being developed for a chapter function. Please remember that UT is a state entity. As a state entity, UT is controlled by the state government. Therefore we have to abide by state policies.

If you have questions about this policy, please contact Angela Mills or Haylee Marshall at 865-974-3011.

## Contract Process Requirements

Any contract your chapter obtains **HAS** to be signed by the University of Tennessee treasurer and not a chapter leader.

The contract process is required for all contracts. If your vendor requires a contract or if your purchase is over \$5,000 and the university requires a contract, the contract has to go through the approval process.

STEP 1: Do you need a contract? Look at the contract scenarios.

STEP 2: Do you need to complete the bid process?

STEP 3: Once it is time to begin the contract process, provide the vendor with the sample UT contract that can be found at <http://treasurer.tennessee.edu/pdf/standard.pdf>.

STEP 4: If the vendor agrees to this contract then fill in the necessary blanks and submit to your chapter director.

STEP 5: If your vendor prefers to use their own contract then take them the standard terms and conditions so that the contract complies with University policy. Be sure to state in the vendor's contract that, "UT's standard terms and conditions are hereby incorporated into this agreement." <http://treasurer.tennessee.edu/pdf/standard.pdf>

STEP 6: Submit the contract to your chapter director. He/she will fill out the necessary paperwork to have the contract reviewed. If no changes are necessary, then the UT treasurer will sign the contract and it will be returned to the chapter and vendor.

If changes need to be made then the contract, with necessary changes, will be returned to the chapter/vendor for changes to be made. Once changes are approved the contract will need to be returned to your chapter director to be resubmitted to the contracts office.

## Scenarios for Chapter Contracts

Scenario One for Contracts:

The Vendor DOES NOT require a contract and the purchase amount is less than \$5,000.

**NO BIDDING REQUIREMENTS  
NO CONTRACT APPROVAL NECESSARY**

Scenario Two for Contracts:

The Vendor DOES require a contract and the purchase amount is less than \$5,000.

**NO BIDDING PROCESS REQUIREMENTS  
CONTRACT APPROVAL PROCESS MANDATORY**

Scenario Three for Contracts:

The purchase amount is more than \$5,000. Even if Vendor does not require a contract, UT **DOES** require a contract for purchases of \$5,000 or more.

**BIDDING PROCESS MANDATORY – *Should be approved before contract submitted*  
CONTRACT APPROVAL PROCESS MANDATORY**

**Bidding Process Requirements**  
**For all Purchases of \$5,000 or more**

For all purchases of \$5,000 or more there has to be a simple and easy bidding process initiated.

- STEP 1: Please let your chapter director know that you are getting ready to start the bidding process.
- STEP 2: Obtain three price quotes from three different vendors in your area and document on paper.
- STEP 3: Submit your price quotes to your chapter director and explain to them which vendor you want to work with and why.

Your chapter director will then fill out the necessary paperwork to have the bid approved by the University of Tennessee.

\*\*\*If you have any questions please contact your chapter director.