

### **Procedure SP-3.1: “Cutting the Red Tape Policies”- Exempted Purchases- Purchases under Collaboration Contracts**

**A. Background.** Section 2(b)(1)(C) and Section 3 of Public Act 17-130 authorizes UConn to develop policies to allow UConn to make Collaboration Contract Purchases (as defined hereinafter) outside the typical Request for Qualifications (RFQ), Request for Proposals (RFP), and Invitation to Bid (ITB) processes. The Board of Trustees (BOT) approved SP-3, providing guidelines for executing Collaboration Contract Purchases and directing the development of procedures consistent with those guidelines.

**B. Overview.** Collaboration Contract Purchases may be made under the typical RFQ, ITB, and RFP processes described elsewhere in these Sourcing Procedures and, if they qualify, may be made through other Exempted Purchases processes (such as the Emergency Purchase Procedure or Sole Source Procedure). This Procedure provides two additional options for making Collaboration Contract Purchases.

- First, Collaboration Contract Purchases at or below the Simplified Acquisition Threshold may be made on the basis of three quotations as described in Section E.
- Second, Collaboration Contract Purchases may be made consistent with a Collaboration Contract Review as described in Section F.

#### **C. Definitions.**

- “Associated Purchase” is a secondary Purchase that is typically made from the same vendor as a primary Purchase. For example, when purchasing specialized equipment, maintenance services would typically be an Associated Purchase.
- “Collaborator” is UConn’s counterparty in a Collaboration Contract.
- “Collaboration Contract” is a contract under which a Collaborator agrees to provide at least two of the following types of Collaborator Contributions: (i) philanthropic support, (ii) sponsored research, (iii) research collaborations, (iv) employment opportunities for students, or (v) some other substantial value to UConn or the state.
- “Collaboration Contract Purchase” is a Purchase from a counterparty in a Collaboration Contract.
- “Collaboration Contracting Team” is defined in Section F(4) of this Procedure.
- “Collaborator Contribution” is a Hard Collaborator Contribution or a Soft Collaborator Contribution.
- “Hard Collaborator Contribution” is anything with a verifiable market value that a Collaborator agrees to provide to UConn or the State under a Collaboration Contract.
  - Hard Collaborator Contributions exclude:
    - Items for which a market value cannot be verified.
    - Discounts equal to the Collaborator’s standard educational discount.
    - Free or discounted warranties and maintenance for the first year following installation.
    - On-site services (such as maintenance, training, and consulting) during the first year following installation.
    - Benefits that are conditioned on the occurrence of events outside UConn’s control.

- The following are some examples of Hard Collaborator Contributions, provided that the “discounts” referred to below are only portions of discounts that exceed the proposed Collaborator’s standard educational discount:
  - o Financial support of research endeavors paid directly to UConn.
  - o Free or discounted equipment/services.
  - o Free or discounted equipment warranties or maintenance beyond the first year following installation.
  - o Savings as a result of delivery terms more advantageous to UConn than the Incoterms Rules for “FCA Seller’s Premises.” These savings may result from UConn not being responsible for delivery costs, insurance during delivery, and those duties and customs costs that would apply to the Purchase.
  - o Free or discounted initial installation.
  - o Free or discounted re-installation in a new location following initial installation.
  - o Software upgrades.
  - o Software updates beyond the first year following installation.
  - o Free or discounted training beyond the first year following installation.
- “Simplified Acquisition Threshold” is a federal procurement threshold set in Subpart 2.1 of the Federal Acquisition Regulations. The Simplified Acquisition Threshold is currently \$250,000.
- “Soft Collaborator Contribution” is anything of value, other than a Hard Collaborator Contribution, that a Collaborator agrees to provide to UConn or the State under a Collaboration Contract.

**D. Requisitions for Collaboration Contract Purchases.**

- (1) The Requesting Department shall submit a Collaboration Contract Form (for the purposes of this Procedure only, the “Form”) with any Requisition for a Collaboration Contract Purchase.
- (2) The Form shall contain the following information:
  - (i) The cost to UConn of the Collaboration Contract Purchase, including any extensions and Associated Purchases.
  - (ii) A statement that, to the best of the knowledge of the Submitter, there will be no need for extensions or Associated Purchases beyond those included in (i) above.
  - (iii) A description of each Hard Collaborator Contribution and Soft Collaborator Contribution and the value of each.
- (3) If the cost in (2)(i) above is at or below the Simplified Acquisition Threshold, the Purchase may be made under Section E of this Procedure.
- (4) If the Requesting Department wishes to make the Purchase pursuant to a Collaboration Review under Section F of this Procedure, the Requesting Department shall submit the executed Review together with the Requisition.
- (5) The Submitter of the Form must be an individual at least at the level of Director or Department Head.

**E. Collaboration Contract Purchases at or below the Simplified Acquisition Threshold.**

- (1) The procedures under this Section E may be utilized if:

- The Purchase meets the definition of a Collaboration Contract Purchase (including the provision of at least two of the categories of Collaborator Contribution described in the definition of the term “Collaboration Contract” above);
  - The cost to UConn of the Collaboration Contract Purchase, including any extensions and Associated Purchases, is at or below the Simplified Acquisition Threshold;
  - No further extensions or Associated Purchases will be needed (per the statement required under D(2)(ii) above);
  - The Hard Collaborator Contributions have a value of at least a quarter of the Collaboration Contract Purchase; and
  - All Collaborator Contributions have a value of at least half of the Collaboration Contract Purchase.
- (2) The Purchasing Agent shall review the Form and determine whether it is complete and reasonable. The Purchasing Agent shall also (i) confirm that the Purchase meets the definition of a Collaboration Contract Purchase, (ii) use commercially reasonable efforts to substantiate the values assigned to the Collaborator Contributions, and (iii) otherwise confirm that the Purchase meets the requirements of Section E(1) above.
- (3) The Purchasing Agent shall acknowledge approval of the Form if the anticipated value of the Purchase is within the Agent’s Approval Threshold or forward the Form to a University official with a sufficient Approval Threshold for review.
- (4) Upon Procurement Services’ approval of the Form, the Collaboration Contract Purchase may be effectuated (subject to Section E(5) below) in a manner consistent with RFQ sourcing procedures (although such process is otherwise only used for Purchases up to \$50,000). The RFQ process generally requires that three quotations be obtained prior to making the Purchase.
- (5) Following negotiation of the Collaboration Contract, the Purchasing Agent shall request the Requesting Department affirm that the final negotiated benefits, as memorialized in the Collaboration Contract, do not change the values assigned in the Collaboration Contract Form. If the values are changed, the Form shall be resubmitted and reviewed to ensure the Collaboration Contract Purchase continues to meet the requirements of Section E(1) of this Procedure.
- (6) If, subsequent to a Collaboration Contract Purchase under this Section E, the Requesting Department requests additional extensions or Associated Purchases that cause the total cost to exceed the Simplified Acquisition Threshold, such extensions or Purchases may be made without a new RFQ, RFP, or ITB if: (i) such extensions or Purchases are Exempted Purchases (such as an additional Collaboration Contract Purchase, a Sole Source Purchase, or an Emergency Purchase) and (ii) the Requesting Department submits a statement, signed by an individual at least at the level of Dean, Vice Provost, or Associate Vice President, stating that the signatory has made appropriate inquiries and has confirmed, to the extent feasible, that the additional extensions or Purchases were not anticipated at the time of the original Collaboration Contract Purchase.

**F. Collaboration Contract Purchases Pursuant to a Collaboration Contract Review.**

- (1) The procedures under this Section F may be utilized if:

- The Purchase meets the definition of a Collaboration Contract Purchase (including the provision of at least two of the categories of Collaborator Contribution described in the definition of the term “Collaboration Contract” above);
  - No further extensions or Associated Purchases will be needed (per the statement required under D(2)(ii) above);
  - The Hard Collaborator Contributions have a value of at least a quarter of the Collaboration Contract Purchase;
  - All Collaborator Contributions have a value of at least half of the Collaboration Contract Purchase; and
  - The Collaborator Contributions, plus any other benefits the Collaboration Contract will provide UConn, is expected to exceed UConn’s expenditures.
- (2)** Collaboration Contract Purchases may be made from a Collaborator without an RFQ, RFP, or ITB if made pursuant to a Collaboration Contract Review conducted and approved as provided in this Section F.
- (3)** The Requesting Department may accept proposals for Collaborator Contributions and Collaboration Contract Purchases from potential Collaborators.
- (4)** The Requesting Department shall submit any proposal the Requesting Department feels meets the elements of Section F(1) of this Procedure (other than the requirement that the total benefits will exceed UConn’s expenditures, as this will be determined as part of the Collaboration Contract Review) to the Office of Strategic Initiatives in the Office of the Provost, the Office of Industry Relations in the Office of the Vice President for Research, and Procurement Services (such Offices, together with the Requesting Department, comprise the “Collaboration Contracting Team”). The Collaboration Contracting Team shall confirm that the proposal meets the requirements of Section F(1) of this Procedure (other than the requirement that the total benefits will exceed UConn’s expenditures).
- (5)** Following such confirmation, the Collaboration Contracting Team shall negotiate a Collaboration Contract with the proposed Collaborator.
- (6)** When negotiations conclude and the Collaboration Contract is ready for execution, the Collaboration Contracting Team shall develop a Collaboration Contract Review. The Review shall:
- (i)** Include the analysis of Collaborator Contributions developed under Section F(4) of this Procedure, adjusted to incorporate any changes resulting from the negotiations.
  - (ii)** Describe any benefits (including Collaborator Contributions) that are likely to accrue to UConn over the term of the Collaboration Contract or such longer period as may be appropriate, together with the estimated value thereof.
  - (iii)** Describe all expenditures (including the Collaboration Contract Purchase) UConn is likely to make as a result of the Collaboration Contract or to reach the collaboration’s goals over the same period of time.
  - (iv)** Demonstrate that such benefits are likely to exceed such expenditures.
  - (v)** Demonstrate that the Collaboration Contract and Collaboration Contract Purchase would be consistent with Sourcing Policy-3 approved by the Board of Trustees and with this Procedure.

- (7) The Collaboration Contracting Team shall provide the Review to the Provost, the Vice President for Research, and the Chief Financial Officer for consideration.
- (8) If the Review is approved by the Provost, the Vice President for Research, and the Chief Financial Officer, the Collaboration Contract may be executed by an authorized official (provided that Board of Trustee advance approval is required for any Collaboration Contract Purchase of \$1,000,000 or greater as provided in Board of Trustee's resolution of February 18, 2010).

**G. Reporting.**

- (1) Any Department that issues a purchase order for Collaboration Contract Purchases that are made under Simplified Acquisition Process described in Section E or through a Collaboration Contract Review under Section F, shall report such Purchase to Procurement Services as provided in this Section G.
- (2) The Department shall report the initial contract and any amendments thereto, provided that the issuance of annual purchase orders need not be reported as amendments if such annual purchase orders simply effectuate the term and costs previously reported.
- (3) All reports shall state the following:
  - The name of the Collaborator/vendor.
  - The goods or services to be purchased or leased.
  - A general description of the elements of the collaboration and the Collaborator Contributions.
  - Whether it is an initial contract or an amendment.
  - The term of the Collaboration Contract, including any available options to extend.
  - The cost of the Collaborator Contract Purchase, including any costs that would be incurred during the extension options.
  - In the case of an amendment, the reason for amendment.
- (4) Reports shall be made to Procurement Services by September 1<sup>st</sup> of each year and cover the initial contracts and amendments for Collaboration Contract Purchases executed during the preceding fiscal year.