**Section 4.2060 Duration of Contracts − General**

a) General

1) A multi-term contract for a term of up to 10 years is authorized when determined by the SPO to be in the best interest of the University.

2) A software license may have a term longer than 10 years, including for a perpetual term, provided the payment term is limited to no more than 10 years.

3) The length of a lease for real property or capital improvements shall be in accordance with Section 4.4025.

b) Subject to Appropriation

The contractual obligation of both parties in each fiscal period succeeding the first is subject to appropriation and availability of funds. The contract shall provide that, in the event that funds are not available for any succeeding fiscal period, the remainder of such contracts shall be canceled without penalty to, or further payment being required by, the University. This provision applies to only those contracts that are funded in whole or in part by funds appropriated by the Illinois General Assembly.

c) Multi-Term Contract Procedure

The solicitation shall state:

1) the proposed term;

2) the amount of supplies or services required for the proposed contract period;

3) the type of pricing requested (e.g., firm for term);

4) how award will be determined.

d) Renewals

1) When the original procurement specifically called for an initial term plus options to renew, the renewal options may be exercised without further procurement activity, provided that the initial term and the exercised renewal options do not exceed 10 years, the terms and conditions do not change except as provided in the contract (such as price escalations tied to an index) and the options are reserved solely to the University. Any renewal that requires amendment or modification of a material term or condition of the contract shall be treated as a new contract.

2) When the original procurement was silent as to renewals, the renewal must be treated as a new contract. Such renewal will start a new term not to exceed 10 years.

3) When a renewal will result in the total term, counting the initial term and any previous renewals, to exceed 10 years, the renewal must be treated as a new contract. Such renewal will start a new term not to exceed 10 years.