

## SIGNATURE AUTHORITY

**Corporations (also called “Corp., Inc, Co., Company”, etc):** Corporate officers perform the executive function for corporations. Presidents (sometimes called chief executive officers or CEOs) and vice-presidents are the most common authorized signatories. Other officers such as treasurer (sometimes chief financial officer or CFO), secretary, chief operating officer (COO), and chief information officer (CIO) may be authorized, especially if the contract involves matters related to their function. Officer signatures are the most common, especially for small corporations where a few people hold several roles. Documentation for contractual signature authority of a corporation would be contained in the articles of incorporation, bylaws, board resolution, and delegations from officers to employees or agents in a memo or letter.

**Nonprofit Corporations:** Nonprofit corporations whose chief executive officer is not called a "president" in the by-laws shall use such title as is provided in the by-laws (e.g., "Executive Director.")

**Limited Liability Companies (LLCs):** CRS §7-80-405(1)(b) provides that **managers** have presumptive authority to bind LLCs in the ordinary course of business unless the manager lacked such authority in a particular matter and the State had notice thereof. CRS §7-80-405(1)(a) says that **members**, solely by being members, do not have authority to bind an LLC in the ordinary course of business; however, CRS §7-80-405(2) states that members may have such authority if provided in the LLC's articles of organization, unless the member(s) lacked such authority in a particular matter and the State had notice thereof. CRS §7-80-403 states that **officers and agents** may have "...such rights, duties, and authority as the LLC may determine." Given this language documentary evidence that specifically sets forth such authority is recommended if there is any question on apparent authority. Articles of organization, member resolutions, and delegations from managers to employees or agents in memo, letter, or other form are acceptable evidence of authority.

**Governments and other "Public Entities":** Power to contract generally resides in the legislative body unless such power is legally placed elsewhere by: (1) the organizational document (constitution, charter, etc.); or (2) by legislative act (statute, ordinance, resolution, etc.). The following describes power to sign for different types of entities:

**Counties:** Colorado counties are single branch governments (*i.e.* legislative and executive powers reside in the county commissioners). The "Contractor" should be the board of County Commissioners by the chairperson or vice-chairperson. Purchase orders for counties must be signed for the Board of County Commissioners. Officials other than county commissioners may sign only when a current written resolution of the county commissioners appointing such person to sign contracts or purchase orders (e.g., county manager) is provided.

**Statutory Cities and Towns (Non-Home-Rule):** Purchase orders with cities and towns which do not have home-rule charter status must be signed for the city or town by the mayor. A city council or town board of trustees may, by current ordinance, authorize some other official to sign. For statutory cities and towns having mayoral form (§31-4-102 and 31-4-302, C.R.S.), if the mayor is not a voting member of the council, he/she has the final veto power over contracts as Chief Executive. It is advisable to have the mayor sign in every case. For statutory cities having "city manager" form, the power to contract always resides in the city council and only current resolution or ordinances of that body may authorize the mayor, the city manager, or someone else to execute contracts. In such municipalities, the city manager is the chief administrative officer and would be the official normally expected to be given such power (§31-4-207.5 and 208).

**Home-Rule Cities and Towns:** Only the governing body (city council) has the statutory power to contract. Purchase orders with home rule municipalities must be signed for such municipality by the officials given such powers under the home-rule charter. In most cases, this will be the mayor, but some home-rule municipalities require additional signatures (e.g., Denver City Auditor). If the charter expressly permits, this power may be delegated. Current, formal written action by such official(s) or body is necessary to authorize such a delegation (ordinance, resolution, etc.). Again, it is advisable to have the mayor sign in every case.

**Special Districts:** Special districts or other *quasi*-municipal corporations should be signed by the head of the legislative body (e.g., board of directors, commissioners, etc.). Current written delegation is required to empower a non-legislative official. Some special purpose authorities, however, may be corporate bodies with separate legislative and executive "branches." Each such case should be handled by examining the statutes creating the authority (powers and duties) and its governing "charter," or "by-laws," etc., to determine where the power to contract resides. Where clear authority exists, the chief executive officer may sign the contract (e.g., president, executive director, etc.).

**Individuals:** Individual property owners must sign using his/her full legal name and indicate "property owner." If property is jointly owned, both property owners must sign.

**Other Cases:** Any fact situation not addressed by these instructions should be handled by starting with the basic contract authority principle, that power to contract resides in the legislative body unless law, by-laws, or current delegation of such authority permits otherwise. Look for the ultimate source of power in any entity and find a clear trail of contract signature authority down to the particular official or person who proposes to sign your contract. Agencies are encouraged to seek legal advice whenever a question of signature authority arises.