

KINGSTOWNE RESIDENTIAL OWNERS CORPORATION

**ADMINISTRATIVE RESOLUTION NO. 33
Purchasing & Contracting Guidelines**

WHEREAS, Article III, Section 3(b) of the Declaration of Covenants and Restrictions (“Declaration”) of the Kingstowne Residential Owners Corporation (KROC) states that “the Board of Trustees shall have all powers for the conduct of the affairs of the Residential Corporation which are provided by law or the Founding Documents and which are not specifically reserved to members or the Declarant in the Founding Documents”; and

WHEREAS, Article VI, Section 8(j) of the Bylaws of the KROC stipulate that it shall be the duty of the Board to:

“Exercise their powers and duties in good faith, with a view to the interests of the corporation and to this end adopt appropriate guidelines for action on matters where a potential conflict of interest may exist,” and

WHEREAS, it is the Board’s intent to be efficient in its procurements and provide the best value for the residents of KROC;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Trustees adopt the following purchasing & contracting policy guideline:

KROC Purchasing and Contracting Guidelines

The following outlines the requirements and authority for purchasing and contracting. Refer to policy narrative for definitions and clarifications.

Annual Value of Contract	\$0 > \$2,500		\$2,500 > \$5,000		\$5,000 > \$15,000	
	Budgeted	Not Budgeted	Budgeted	Not Budgeted	Budgeted	Not Budgeted
<u>Purchasing</u>						
# of bids required	not required	not required	not required	not required	not required	2 bids required
Authority level	Supr./Coord.	Dept Mgr	Dept Mgr	Gen Mgr	Gen Mgr	Gen Mgr
<u>Contracting</u>						
Contract form	not required	not required	not required	not required	not required	not required
Contract authority	N/A	N/A	N/A	N/A	Gen Mgr	Gen Mgr

Annual Value of Contract	\$15,000 > \$50,000		\$50,000 > \$200,000		\$200,000+	
	Budgeted	Not Budgeted	Budgeted	Not Budgeted	Budgeted	Not Budgeted
<u>Purchasing</u>						
# of bids required	3 bids	3 bids	3 bids	3 bids	3 bids	3 bids
Authority level	Gen Mgr	Board	Gen Mgr	Board	Gen Mgr	Board
<u>Contracting</u>						
Contract form	Contractor Form	Contractor Form	Small MSA*	Small MSA	Large MSA	Large MSA
Contract authority	Gen Mgr	Gen Mgr	GM-Board Notice	GM-Board Notice	Board	Board

*MSA – Master Service Agreement

BIDDING: Any maintenance or management service with an annual value over \$50,000 must go through a full bidding process at least every three (3) to five (5) years; unless the Board specifically approves otherwise.

Professional services (attorneys, Professional Employment Organizations or PEO's, CPA, etc.) should be evaluated at least every five (5) years.

Once a bid has been accepted and the project begun, additional expenses incurred due to unforeseen circumstances cannot exceed 10% of the original bid unless approved by the General Manager.

PURCHASES & CONTRACTING: *KROC will select the bid representing the best combination of service and value from the group of qualified bidders. KROC is under no obligation to select the lowest bid.*

PURCHASING FROM AN EXISTING CONTRACTOR: If the purchase is related to a service an existing contractor is providing, bids are only required if the purchase is over \$15,000.

SOLE SOURCE PURCHASING: It is recognized in some few and unusual purchases, obtaining competitive bids may not be practical. On this basis, a purchase up to \$15,000 may be obtained from a Sole Source only if a written Sole Source justification is submitted to the General Manager by the responsible Department Manager that requires the purchase.

All Sole Source vendors will be reviewed by the Board at least once every three (3) years.

EMERGENCY PURCHASES: If an emergency purchase is required and the General Manager is not available, the Operations Manager may act as the authorizing official. All emergency authorizations must be produced in writing within five (5) business days after the purchase is made.

If the emergency purchase is in excess of \$50,000 the General Manager has authority to proceed provided the Board is notified within five (5) days of the purchase.

CONTRACTING: Small MSA refers to the master service agreement for small projects (whether routine monthly work or one-time projects) and Large MSA refers to those for large projects. As indicated on the prior tables, a contractor's form may be used or KROC's small MSA; however, if the annual value is more than \$10,000 and contractor's form is desired, then the association's attorney should review. Any contracts for over \$200,000 for a new service or contractor must be reviewed by association's attorney.

At least once every three (3) to four (4) years the MSA forms should be reviewed and updated by the association's attorney.

The KROC Finance Advisory Committee (FAC) will review all new multi-year contracts in excess of \$200,000. At the Board of Trustees' discretion, the FAC may be asked to review contracts below \$200,000.

Where specified on the prior tables, "GM-Board Notice", the General Manager has the authority to contract but needs to formally notify the Board; however, if the low bid is not the desired contractor, then the Board must approve prior to contracting.

ETHICS AND CONFLICTS: Members of the staff who have a role in the purchase of goods or services or the contracting process have a duty to prevent and report collusion with service providers or bidders that create (or even appear to create) an unfair advantage for the service provider or bidder over the competition. If a service provider or bidder offers a gift to a staff member, the staff member shall disclose the offer to the General Manager. While some gifts of nominal value are customary courtesies of

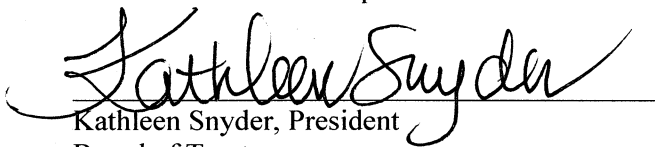
the marketplace and work-world, it is always best – and required – for the staff to avoid any situation that creates a perception that a gift is related to the procurement process. In addition, if a member of the staff is related to, close to, or has a personal interest in a service provider or bidder, the staff member must disclose this relationship to the General Manager, or to the Board of Trustees if it is the General Manager who has the relationship, prior to engaging the service provider or bidder. Appropriate steps to address the situation will be taken based on circumstances.

INVOICE PROCESSING: KROC new vendor forms *must* be completed for all purchases from a new vendor and the appropriate insurance and W-9 received PRIOR to the processing of the first payment. It is the appropriate Manager's/Supervisor's responsibility to provide the Finance Administrator with these documents.

For all vendors an invoice for completed work must be provided and approved by the appropriate Manager/Supervisor, and a copy of the payment schedule from the signed contract should be attached. For reimbursements to KROC Board, committee members, or staff a KROC check request must be completed and attached to the supporting documents.

EFFECTIVE DATE OF RESOLUTION

The resolution was approved on this 2nd day of May, 2018 by the Kingstowne Residential Owners Corporation Board of Trustees.



Kathleen Snyder, President
Board of Trustees
Kingstowne Residential Owners Corporation

Resolution Name	Number	Approved	Revised
Purchasing & Contracting Guidelines	33	May 2, 2018	