

# Sunrise Ridge/The Highlands HOA Contracting Policy

*Adopted 28 April 2015*

1. Except for emergency expenditures for health & safety responses, all contracts will be awarded only after majority approval of the Board of Directors.
2. Board members will focus on obtaining a 'best value' bid from qualified and proven vendors.
  - a. Exceptional diligence is required when one bidder is substantially less than other bids.
3. All contracts in excess of \$500 will be awarded by a competitive bidding process.
4. All contracts in excess of \$2000 require bids from three 'qualified' bidders.
  - a. Two bids and one no bid is an acceptable outcome.
  - b. Exceptions may be granted for specialized work with a limited pool of vendors.
5. A qualified bidder is one has the appropriate license and insurance to perform required work within the City of Tumwater and who can demonstrate past performance of the type & scope of work.
  - a. References will be obtained for new vendors whose work is not known to the Board or Property Manager (PM).
  - b. The Property Manager will validate vendor licenses and insurance and obtain references.
6. All bids will be solicited with a Request for Proposal (RFP) only after a Board approved Statement of Work (SOW) is generated.
  - a. The greater the cost to the Association, the more detailed and complex the required SOW.
  - b. For a contract greater than \$10,000, the Board may hire an outside expert(s) to assist with the SOW, monitor and inspect the work provided. Outside experts should not exceed 15% of the total contract cost.
  - c. The SOW should require the vendor to obtain any required permits and provide proof of approved inspections.
  - d. All SOWs must include a timeline for start of work and completion date.
    - i. Performance penalties may be included in time sensitive contracts.
7. The Board should submit for legal review any contract over \$10,000 or where the vendor proposal is confusing or gives the appearance of being contrary to the best interest of the Association.
8. Payment(s) are not made until after work has been performed and inspected.
  - a. Contracts for ongoing service may be made in monthly installments.
  - b. Large, complex projects may be paid in installments, but only after clearly defined performance objectives have been met and inspected by the Board, PM, or an Association expert.
  - c. A designated Board member(s), PM, or Association expert must inspect completed work.
9. In general, all contracts should be rebid after three years or anytime where the current vendor rebids with a 10% or greater price increase without any corresponding increase in the scope of work.
  - a. Frequent rebidding will result on losing vendors not participating. Provide feedback to losers.
10. Until an award is made, the competitive bidding process is confidential to the Board and its designated agents whether discussed by email or during a meeting. Get signed confidentiality agreements of agents.
  - a. Vendor proposal evaluations and discussions will be in confidential email or Executive session. The vote to accept a bid will be in Regular session. An email vote will be ratified in the next Regular session. All bidders and the accepted bid details will be reflected in the minutes.
  - b. Board members violating confidentiality may be censured and excluded from considering current or future contract proposals.
  - c. Board members have a fiduciary duty to disclose any conflict of interest either by having real or apparent monetary or personal bias for or against any bidder.
    - i. Members with a conflict of interest will recuse themselves of voting on the contract.