



**REGULAR MEETING OF THE PURCHASING TASK FORCE**

**Monday, July 24, 2023 – 9:30 a.m.**  
**Laguna Woods Community Center Sycamore Room**  
24351 El Toro Road,  
Laguna Woods, CA 92637

**NOTICE and AGENDA**

1. Call to Order
2. Acknowledgement of Media
3. Approval of the Agenda
4. Approval of the Meeting Reports:
  - a) Meeting Report for May 25, 2023
  - b) Meeting Report for June 22, 2023
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings and submit comments or questions regarding virtual meetings using one of two options:

  - Via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name Purchasing Task Force in the subject line of the email. Name and unit number must be included.
  - By calling (949) 268-2020 beginning one half hour before the meeting begins and throughout the remainder of the meeting. You must provide your name and unit number.

**Items for Discussion and Consideration**

7. Purchasing Policy Update

**Concluding Business:**

8. Task Force Member Comments
9. Date of Next Meeting – To Be Determined
10. Adjournment

Bunny Carpenter, Chair  
Jose Campos, Staff Officer  
Telephone: 949-597-4201



**SPECIAL MEETING OF THE PURCHASING TASK FORCE  
REPORT OF THE OPEN SESSION**

Thursday, May 25, 2023 – 10:00 a.m.  
Laguna Woods Village Community Center Cypress Room

- DIRECTORS PRESENT:** Bunny Carpenter – Chair, Jim Hopkins, Andy Ginocchio,  
**DIRECTORS ABSENT:** Donna Rane-Szostak, Lenny Ross, Thomas Tuning  
**STAFF PRESENT:** Jose Campos, Dan Hoxie, Erika Hernandez  
**OTHERS PRESENT:** Third – S. K. Park

**Call to Order**

Director Bunny Carpenter, President, chaired the meeting and called it to order at 10:06 a.m.

**Acknowledgement of the Media**

The meeting is made available via Zoom for members of the community to participate virtually.

**Approval of Agenda**

A motion was made and carried unanimously to approve the agenda as presented.

**Chair Remarks**

President Carpenter stated that the purpose of the today's meeting was for informational purposes only.

**Member Comments (Items not on the Agenda)**

None.

**Purchasing Process Presentation**

Dan Hoxie, Purchasing and Supply Manager, provided a flow chart of the Contract Procedures for 2022. The committee thoroughly discussed the process in detail in effort to streamline the process and make changes (if needed). No action was taken.

**Legal Approval Process**

An informational page was provided to the committee outlining the legal process for non-standard contracts. The members briefly reviewed and discussed the process. The discussion will continue at a future meeting. No action was taken.

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**Future Agenda Items**

Revise Finance Committee Charters for all Mutuals

**Task Force Member Comments**

None.

**Date of Next Meeting**

The date of the next meeting is To Be Determined

**Adjournment**

The meeting adjourned at 12:24 p.m.

**DRAFT**

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Bunny Carpenter, Chair



## **SPECIAL MEETING OF THE PURCHASING TASK FORCE REPORT OF THE OPEN SESSION**

Thursday, June 22, 2023 – 9:00 a.m.  
Laguna Woods Village Community Center Willow Room

**DIRECTORS PRESENT:** Bunny Carpenter – Chair, Jim Hopkins, Alison Bok

**DIRECTORS ABSENT:** None.

**STAFF PRESENT:** Jose Campos, Dan Hoxie Erika Hernandez

**OTHERS PRESENT:** None.

### **Call to Order**

Director Bunny Carpenter, President, chaired the meeting and called it to order at 9:26 a.m.

Director Hopkins entered the meeting at 9:40am.

### **Acknowledgement of the Media**

The meeting is made available via Zoom for members of the community to participate virtually.

### **Approval of Agenda**

A motion was made and carried unanimously to approve the agenda as presented.

### **Chair Remarks**

None.

### **Member Comments (Items not on the Agenda)**

None.

### **Purchasing Process Continued**

The committee thoroughly reviewed and discussed the current Purchasing Policy and Matrix in efforts to make suggested changes (if needed).

### **Review of Finance Charters for All Boards to Include Approval Process for Purchases**

The committee reviewed the GRF Finance Committee charter that was adopted on February 1, 2022 via Resolution 90-22-06 and proceeded to briefly review Third Mutual and United Mutual finance charters for differences.

### **Legal Approval Process**

The agenda item was discussed in a previous meeting and will be revisited at a future

Report of the Purchasing Task Force

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scheduled Task Force meeting. No action was taken.

**Future Agenda Items**

Annual Contracts/Defined and Process

Master Contracts Defined and Process

Vehicle Purchase Process

Purchasing Policy Update

**Task Force Member Comments**

None.

**Date of Next Meeting**

The date of the next meeting is To Be Determined

**Adjournment**

The meeting adjourned at 10:40 a.m.

**DRAFT**

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Bunny Carpenter, Chair

# PURCHASING POLICY

## 1. PURPOSE

The Purchasing Department's goal is to obtain the product or service that best meets the needs of the corporation at the best possible value and to protect the corporation from litigation resulting from these services.

## 2. CODE OF CONDUCT

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Corporation shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. No officer, employee or agent shall intentionally be involved in bid splitting to break down proposals to evade or circumvent the requirements for signature authorization levels. No officer, employee or agent shall be involved in the creation of contracts or purchase orders to evade or circumvent the requirements for appropriate approvals. Members of the Corporation Boards of directors shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, directors, and agents of the Corporation shall be subject to disciplinary actions for violations of these standards as identified by each Board.

## 3. FUNDS

Funding for all procurement is approved by the Corporation Board(s) of Directors through the capital plan, a supplemental appropriation or the operating budgets of each department, prior to procurement of goods or services.

## 4. COMPETITIVE BIDDING PROCESS

The Purchasing Department carries out a bidding process whether the request is for a service, project or product/equipment. The following steps are taken:

- a. A Purchase Requisition (PR) and a detailed Scope of Work (SOW) are submitted by the requesting department. The Purchasing Department reviews the SOW and if it requires more detail, it is returned to the requesting department with questions and comments
- b. The Purchasing Department will incorporate the final SOW into a request for quote (RFQ) for a product, professional services or construction services, together with brief information about the community, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFQ is normally sent to at least three (3) vendors/contractors to obtain bids, or may be widely advertised.

- c. When the proposal/bids are received, the Purchasing Department will evaluate them to ensure that each bidder meets the SOW and will recommend to the appropriate Board committee the best qualified bid and competitive proposal/bid. If a proposal is submitted late, the Purchasing & Supply Manager along with the requesting party will determine if the proposal should be accepted or rejected.

Exceptions to carrying out the bidding process are when:

- **Single Source (Form)**  
A Single Source procurement is one in which two or more vendors can supply the commodity, technology or perform the services required, but staff recommends one vendor over the others for reasons such as expertise or previous experience with similar contracts.  
  
Upon receipt of a signed justification which includes price justification to use a single source, Purchasing shall confirm, through a review of the material and appropriate market research, if a single source contract is appropriate.
- **Sole Source (Form)**  
A Sole Source procurement is one in which only one vendor can supply the commodities, technology or perform the services required by an agency. Sole Source means a procurement in which only one vendor is capable of supplying the required product or service.  
  
Upon receipt of a signed justification to use a sole source, Purchasing shall confirm, through a review of the material and appropriate market research, if a sole source contract is appropriate.
- The item or project is under \$10,000, unless required by the Purchasing & Supply Manager.
- Work is required immediately to prevent damage to a property or system (e.g. a broken water main). After damage control is finalized, and further work needed to address the repair that is beyond damage control shall be worked via a bid process or a Single/Sole source justification with the appropriate approval signatures.
- A current material purchase agreement or annual service contract is expiring using a proven vendor/contractor and their pricing does not increase. In this case a new contract shall be drafted that addresses the new effective dates.
- Blanket purchase orders: (PO indicates a not-to-exceed amount that does not specify quantity or delivery date. Standard Terms and Conditions apply.)
- Purchase orders that supply products on an as needed or emergency schedule. Blanket orders shall be established with vendors that allow a 30 day payment schedule.
- Open purchase orders: Purchase orders that supply products or services regularly for a certain amount of time. Open purchase orders include: (1) purchase order conditions and pricing, (2) specifications and any other particulars relevant to the order such as minimum order quantity, percentage of discount, etc. Standard Terms and Conditions apply.

- Emergency repairs: (1) involving manifest danger to life or property, (2) immediately necessary for the preservation and safety of the physical assets of the Village (3) for the safety of the members and residents or (4) as may be required to avoid the suspension of any necessary services to the residents, may be made irrespective of whether included in the Budget. Notwithstanding the foregoing authority, if at all possible, the Agent shall confer immediately with the applicable Board and attempt to gain prior written approval regarding every such unbudgeted expenditure and suspension of service and in any event shall provide a written report regarding the same within forty-eight (48) hours of such emergency expenditures. Prices should be negotiated and agreed to in advance of purchases in order to have an order of magnitude understanding of the cost associated with that purchase.
- Change Order to an existing contract, as per the Boards-adopted Contract Change Order Policy.

## 5. AWARD PROCESS

- After proposal/bids are received, opened, and analyzed by staff, a detailed Contract Award report will be prepared for the appropriate Committee and/or Boards as outlined in the Boards-adopted Delegation of Action and Commitments Matrix. The Contract Award report will be prepared by the Division overseeing the services to be contracted for, and shall include a comparison spreadsheet listing all the proposals/bidders; a description of the services to be contracted for; and staff's recommendations.
- Third party agreements for goods a services shall be for a term for one year , unless the contract is terminable by any party at the end of any one year period or unless such a contact has been authorized by the board.

## 6. PURCHASE AGREEMENTS

Following the competitive bidding process, the parties enter into an agreement. The process and documents differ between product and services:

- Supply item:

The VMS Buyer uses the Purchase Requisition (PR) to create a Purchase Order (PO) and then forwards it to the vendor. A detailed description, quantity and unit price for each product being ordered is required.

- Stock item:

A material purchase agreement is written and after execution the Warehouse Department creates purchase requisitions when the stock items are required. The requisitions are approved by the Warehouse Supervisor and the items ordered by the VMS Buyers.



c. Annual service:

An annual contract is written for the service and when executed a Purchase Order from the requisition is generated to enable payment through the accounting system. Annual contracts are not-to-exceed contract amounts and do not require a requisition to establish a contract with the vendor. The completed contract is sent to the contractor and then to the Board(s) for signature by two officers.

Annual contracts may be for one or more years in duration, and unit prices must be competitively verified at least every three years. A detailed description, quantity and unit price for each product or service being ordered is required with the Annual Terms and Conditions and other applicable exhibits made a part of.

- An **Annual Program Contract** is a contract between the Mutuals and/or GRF and a vendor for one or more years to provide services on an on-going basis that is for a program that VMS has received direction to accomplish from the Boards. Program contracts can exist for Architects, Engineers, Sidewalks, Roofing, Plumbing programs such as waste lines; water lines; water heaters, etc.
- An **Annual Maintenance Contract** is a contract between the Mutuals and/or GRF and a vendor for one or more years to provide services on an on-going, on-call, urgent or emergency basis that is for the maintenance of the facilities within Laguna Woods Village. Maintenance contracts can exist for Architects, Engineers, Title Search, Concrete, Asphalt, Locksmith, Towing, Hotels, Catering, Portable Toilets, Trash Bins, Vehicle Repairs, Pest Contractor, Pool Maintenance, Landscaping, Information Technologies and building repairs, etc. Annual Maintenance Contracts are not used for Capital improvements.

Common parts of a maintenance contract span across all needs. A program or maintenance contract shall show the expectations, requirements and hourly/unit prices for the duration of that contract as defined by the dates shown in the contract.

Work Orders will be generated by the Work Center that will direct the vendors to proceed with the work under Annual Contracts. Work Orders should reference the scope of work, the annual contract, the unit prices or the bidding for the intended work and attached to the Purchase Order.

- d. Equipment: Equipment for new, repair or replacement is processed in the ERP system except when installation is required. Installation by a vendor who performs on Laguna Woods Village property must meet the Insurance requirement and therefore requires a contract for the work with the Standard Terms and Conditions and other applicable exhibits made a part of.

- e. A One-Time Contract is based on a specific project that is as directed by the responsible Board(s). Processed from the Scope of Work to the Request for Quote, to the award and finally to the contract. As examples there is the PAC HVAC, Landscape Modernization at Gates 1 & 5, Holiday Lighting at the Guardhouses, Fireworks, and others. The one-time contracts cover all items requiring installation where the vendor is required to come on Village property to perform the work such as equipment, software, broadband purchases and repairs, etc.. Standard Terms and Conditions apply and other applicable exhibits made a part of.

## 7. PROJECTS

- Minor project (Less than \$10,000):

The Purchasing Department obtains, from the requesting division, approval of the contractor and its value. The Contract Administrator adds conditions to the purchase requisition, approves the Purchase Requisition and the Purchasing Department generates a Purchase Order after all requirements are met, and forwards it to the contractor.

- Small Project (\$10,000 - \$35,000):

The Purchasing Department obtains approval of the contractor and value from the requesting division in writing and a contract is written for the work. The contract SOW is copied from the RFQ with any changes that occurred during the bidding process. The completed contract is signed by the contractor then by the VMS CEO, the designated Division Director, or the Purchasing Manager.

- Large Project (\$35,000 - \$500,000):

The Purchasing Department obtains approval of the contractor and value from the appropriate Committee via the requesting division and a contract is written for the work. The contract SOW is copied from the RFQ with any changes that occurred during the proposal/bidding process. The completed contract is presented to the appropriate Boards signed by the contractor then by two Officers of the Boards

- Very Large and Special Projects (>\$500,000)

The Purchasing Department obtains approval of the contractor and value from the appropriate Boards via the requesting division and a contract is written for the work. The contract SOW is copied from the RFQ with any changes that occurred during the proposal/ bidding process. The completed contract is signed by the contractor then by two Officers of the applicable Board.

Any GRF purchases per the Trust Agreement for \$500,000 and over require Corporate Member approval. The completed contract is signed by the contractor then by two Officers.

a. Leasing;

A GRF Leasing Agreement for property is for one year per the Trust Agreement and forwarded to GRF for signature by two officers.

Other Leasing Agreements will be forwarded to the appropriate Board(s) for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing agent require on their forms.

b. The Purchasing Department will assist the requesting department to cancel a contract or produce written warnings to a contractor.

c. Legal Review. Non-standard contracts will be forwarded by the Purchasing Manager to GRF legal counsel for their legal review and advice. Legal review is required for specialty contracts related to the streaming industry to ensure compliance with industry practices and applicable law. Results to be forwarded by the Purchasing Manager to the GRF President for disposition.

d. Legal Review Checklist: Verify the following:

- Parties: Legal names and addresses
- Purpose of Scope: Covers all aspects of the work to be performed
- Definitions: Ensure consistency and clarity
- Terms and Conditions: Evaluate the specific terms and conditions of the contract including payment terms, delivery schedules, performance obligations, and any specific provisions related to termination, renewal, or amendment.
- Consideration: Confirm each party is providing something of value in exchange for the obligations outlined in the agreement.
- Legal compliance: Complies with all relevant laws
- Representations and Warranties
- Indemnification and Liability
- Confidentiality and Non-disclosure
- Intellectual Properties
- Dispute Resolutions
- Governing Law and Jurisdiction
- Force Majeure

e. Standard Terms and Conditions included in the contracts have been approved by legal counsel and are listed below.

- i. Standard Terms and Conditions
- ii. Annual Contract Terms and Conditions
- iii. Consultant Contract Terms and Conditions

f. Industry specific television programming contracts are exceptions to this policy Specialty contracts in facilitating the operations and relationships within the streaming industry are not exempt from this policy.

g. Standard or Capital purchases over \$35,000 are submitted to the appropriate Board for approval per the responsibility matrix.

8. Certain purchases made by VMS are considered employee related and are appropriate for DIRECT PAYMENT and may be excluded from competitive sourcing, requisition and purchase order requirements, including:

- Casualty and Property Insurance (approved by Board(s))
- Community Sponsored Functions (entertainers, caterers)
- Debt Service Payments
- Employee Benefits/Contracts with Third Parties for Payroll Deductions i.e. Life, Health and Dental Insurance, 401K contributions, Pension payments, EAP
- Investments (approved by Board(s))
- Legal Fees (approved by Board(s))
- Memberships, Dues, Subscriptions, Publications
- Permits
- Postage
- Recording Fees
- Recreation Services (instructors, entertainers, caterers)
- Retirement Plan Contributions
- Section 457 (Deferred Compensation) Contributions
- Services Procured with non-Corporation Funds (Developer Deposits, etc.)
- Staff Support
- Tax Withholding Payments
- Training, Seminars and Travel Expenses
- Unemployment Compensation
- Utilities
- Vehicle Licensing

9. CHANGE ORDER TO CONTRACTS

- a. Per the Boards-adopted Change Order Policy. Attached hereto and made a part hereof.

10. VEHICLE PURCHASES

- a. The Transportation Committee will approve the specifications annually for all vehicles intended for purchase throughout the year. Upon approval, the Transportation Department will submit requisitions for the Vehicle purchases in the ERP system. Upon electronic approval, vehicles will be purchased by way of a cooperative purchasing program that manages the specification requirements and offers members easy access to an established network which offers competitive rates and faster procurement. The Transportation Department Director will keep the Transportation Committee updated on fleet status.

11. PAYMENT PROCESSING

- a. When an executed contract is completed, the VMS Contract Administrators will process the PR and a PO will be generated for work approval and payment.

## 12. GLOSSARY

Definitions of words used in this Policy

**Agent:** Village Management Services, Inc.

**Contractor:** This references entities with contracts that include labor and materials to be provided to the Corporation

**Corporation:** Includes one or more of the managing entities for Laguna Woods Village;

- The Golden Rain Foundation of Laguna Woods, Inc. as acting Trustee of the Golden Rain Foundation Trust, established March 2, 1964 as amended
- Third Laguna Hills Mutual
- United Laguna Woods Mutual

**ERP:** Enterprise Resource Planning

**GRF:** Golden Rain Foundation

**Non-standard Terms and Conditions:** Any contract that contains terms and conditions which are not included under the Corporations standard form contracts

**PR:** Purchasing Request

**PO:** Purchase Order

**RFQ:** Request for Quote

**SOW:** Scope of Work

**Vendor:** Any entity with a vendor number in the ERP. Includes, but not limited to, material suppliers, contractors, delivery companies, engineers and professional services, service companies.

**VMS:** Village Management Services, Inc.

**Work Order:** Authorization to proceed with work in the Village.