



REGULAR MEETING OF THE PURCHASING TASK FORCE

Monday, August 28, 2023 – 3:00 p.m.
Laguna Woods Community Center Willow 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 for July 24, 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 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
Steve Hormuth, Staff Officer
Telephone: 949-597-4201



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

Monday, July 24, 2023 – 9:30 a.m.
Laguna Woods Village Community Center Sycamore Room

DIRECTORS PRESENT: Bunny Carpenter – Chair, Jim Hopkins, Thomas Tuning, Lenny Ross, Donna Rane-Szostak, Advisor: Carl Randazzo

DIRECTORS ABSENT: Andy Ginnochio

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 9:33 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.

Approval of the Meetings Reports for May 25, 2023 and June 22, 2023

A motion was made and carried unanimously to approved the meeting reports as presented.

Chair Remarks

President Carpenter stated that the purpose of the meeting is to review and update the Purchasing Policy.

Member Comments (Items not on the Agenda)

None.

Purchasing Policy Update

The committee thoroughly reviewed and discussed the current Purchasing Policy and made multiple changes.

Staff was directed to implement suggested changes and provide a new draft at the next scheduled meeting. No further action.

Report of the Purchasing Task Force

Open Meeting

July 24, 2023

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Task Force Member Comments

None.

Date of Next Meeting

The date of the next meeting is To Be Determined

Adjournment

The meeting adjourned at 12:17 p.m.

DRAFT

Bunny Carpenter, Chair

PURCHASING POLICY

1. PURPOSE

To establish guidelines and rules to procure a service, project or product/equipment for capital and operating requirements. The Purchasing Policy will outline the approval process for purchases of certain expenditures that require Corporation approval. 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 interest of Laguna Woods Village.

2. CODE OF CONDUCT

Corporation or VMS shall not 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 Corporation or VMS, 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. VMS 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 as defined in the Appendix. VMS shall never intentionally be involved in bid splitting to break down proposals to evade or circumvent the requirements for signature authorization levels. Members of the Corporation 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. The Corporation shall be subject to disciplinary actions for violations of these standards as identified by the Corporation.

3. FUNDS

Funding for all procurement activities is approved by the Corporation 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 Laguna Woods Village, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFQ is sent to a minimum of three (3) qualified vendors/contractors or may be widely advertised to obtain bids.. Vendors shall be qualified by a process which will include researching the company for history, size, licensing, references, etc.

- c. When the proposal/bids are received, VMS will evaluate them to ensure that each bidder meets the SOW and will recommend to Corporation the best qualified bid and competitive proposal/bid. If a proposal is submitted late, the Purchasing & Supply Manager along with the requesting VMS Department will determine if the proposal should be accepted in the best interest of the Corporation in writing.

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. This form shall be signed by the VMS Department Direct, the CEO, and the Purchasing & Supply Manager.
- **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. This form shall be signed by the VMS Department Direct, the CEO, and the Purchasing & Supply Manager.
- The cost of an item, service or project does not exceed the Minor Project Limit amount listed in the Appendix, 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 trade agreement or annual service contract is expiring using a proven vendor/contractor and their pricing will not increase and their products will not substantially change. 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. The approval levels are per the Appendix.

- 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 VMS shall confer immediately with the applicable Corporation 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. The responsible VMS Department with the input from the Purchasing & Supply Manager shall negotiate a price with vendor and that price shall 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, shall be made per the Corporations-adopted Contract Change Order Policy.

5. AWARD PROCESS

- a. After proposal/bids are received, opened, and analyzed by VMS, a detailed Contract Award report will be prepared for the appropriate Committee and/or Corporation as outlined in the Corporations-adopted Delegation of Action and Commitments Matrix. The Contract Award report will be prepared by the VMS 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 VMS's recommendations.

6. CONTRACTS

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

a. Trade Agreements

- Supply item:

VMS 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 Trade 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 VMS.

b. 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 Corporation 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 Corporation 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 Corporations. 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 Corporation 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 an annual 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.

A Purchase Order (Work Order) will be generated by the Work Center that will direct the vendors to proceed with the work under Annual Contracts. The PO/Work Order shall reference the scope of work, the annual contract, the unit prices or the bidding for the intended work. The PO amount shall not exceed the total cumulative amount of the contract. If the cumulative amount of the contract is exceeded a change order is required to be approved by the Corporation.

- c. 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.

d. A One-Time Contract is based on a specific project that is as directed by the responsible Corporation. 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.

e. Projects

- Minor project:

The Purchasing Department obtains, from the requesting division, approval of the contractor and its value. The Purchasing & Supply Manager 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:

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 & Supply Manager.

- Large Project:

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 Corporation signed by the contractor then by two Officers of the Corporation.

- Very Large and Special Projects

The Purchasing Department obtains approval of the contractor and value from the appropriate Corporations 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 Corporation.

Any GRF purchases per the Trust Agreement for Very Large Projects 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 may be for more than one year, will be forwarded to the Corporation for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing Vendor 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 & Supply 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 & Supply 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;
- 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 are submitted to the Corporation for approval per the Appendix.

7. 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, these include the following:

- Casualty and Property Insurance (approved by Corporation)
- 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 Corporation)
- Legal Fees (approved by Corporation)
- 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

8. CHANGE ORDER TO CONTRACTS

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

9. VEHICLE PURCHASES

- a. The Mobility & Vehicles 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 may 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 or other more competitive resources. The Transportation Department Director will keep the Mobility & Vehicles Committee updated on fleet status.

10. PAYMENT PROCESSING

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

11. GLOSSARY

Definitions of words used in this Policy

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., an Agent of the Corporation

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

PURCHASING POLICY APPENDIX

Nominal Value.....	Up to \$500
Minor Project.....	Under \$10,000
Small Project.....	\$10,000-\$35,000
Large Project.....	\$35,000-\$500,000
Very Large and Special Projects	Over \$500,000
Standard or Capital Purchases GRF Board...	Over \$35,000
Blanket PO Authority	Up to \$10,000
Blanket PO Authority VMS Director	Over \$10,000

CONTRACT CHANGE ORDERS ON CAPITAL PROJECTS

BACKGROUND

When unforeseen circumstances occur on capital projects, Change Orders are required. These Change Orders can be the result of additions or deletions to the project, revisions to the project, and omissions or errors in the original project plans and/or specifications.

PURPOSE

The purpose of this Policy is to provide staff necessary latitude in the timely execution of Capital Project Change Orders while, at the same time maintaining accountability for expenditures associated with such Orders.

POLICY

The following Policy has been adopted by GRF, Golden Rain Foundation of Laguna Woods, United Laguna Woods Mutual, and Third Laguna Hills Mutual for the processing of Project Change Orders:

1. Approval of all Change Orders is contingent upon funds being budgeted and available for the specific project. Where funds are not available, a Supplemental Appropriation must first be approved by the Board of Directors.
2. No Change Order can be processed without the written approval of the Division Director responsible for the project or his/her designee.
3. Division Director approval is required for any Change Order up to 10% (or as specified) of the original contract price, or up to \$35,000, whichever is greater. However, the sum of all Change Orders must not exceed 10% of the original contract amount. (see No. 6 below).
4. Committee approval is required for any Change Order up to 10% (or as specified) of the original contract price, over \$35,000 and up to \$100,000 of the original contract price. However, the sum of all Change Orders must not exceed 10% of the original contract amount (see No. 6 below).
5. Board approval is required for any Change Order over 10% (or as specified) of the original contract price or over \$100,000, whichever is greater. A request for approval of this Change Order will appear under the New Business item on the agenda.
6. Board shall review for approval all Change Orders, regardless of amount, when the sum of all Change Orders on the project exceeds 10% of the original award bid. All requests submitted to the Board for approval above 10% of original bid shall include findings that the proposed additions to the scope of the work are needed in the best interest of the Community, or that rebidding is unlikely to result in a lower unit price. Requests for approval of such Change Orders must include the following information: amount budgeted for the capital project, amount expended thus far, status of project, and previously approved Change Orders. In addition, the staff member responsible for the day-to-day oversight of the project, or his/her designee, shall be present at the Board meeting at which the request for Change Order approval is considered. A request for approval of this Change Order will appear under the New Business item on the Board agenda.

7. In addition to the above approvals, Board approval of Contract Change Orders will be required when the scope of the project is materially changed. Requests for approval of such Change Orders must include the following information: amount budgeted for the project, amount expended thus far, status of project, and previously approved Changed Orders. In addition, the staff member responsible for the day-to-day oversight of the project, or his/her designee, shall present a comprehensive report at the Board meeting in which the request for Change Order approval is considered. A request for approval of this Change Order will appear under the New Business item on the agenda.
8. The Board shall be kept informed by the Division Director under whose oversight the project is being executed of all Change Orders, regardless of size, through periodic status reports. These reports shall be presented informally, and may be presented as "Receive and File" consent items at the Board meeting.
9. At the completion of all contracts exceeding \$100,000 in final cost, the Division Director shall submit a final report to the Board detailing the contract amount and all approved Change Orders.
10. In the event that during the course of a construction contract an emergency exists in which there is immediate danger to the health and/or safety of the Community, the Community Manager and CEO are authorized to take immediate and appropriate action which is necessary to eliminate that danger, regardless of cost. If, in the event this Change Order exceeds the normal approval limits as specified in this Policy, staff will provide all backup information to the Board at the next available meeting.

1	CONTRACTS - RESPONSIBILITY MATRIX				
2					
3		Organization			
4	Delegation of the Initiation, Authorization and Performance of Actions and Comments that are Within the Responsibility Scope of the Organization	Board of Directors	Committee Chair	VMS	All Corporate Members
5	1. Request for Analysis - Determination of Objectives-Project Request Form	I	I ⁽¹⁾		
6	2. Analysis Review			P	
7	3. Approval to fund Analysis	A			
8	4. GRF Capital Improvements Greater than \$500,000	A		P	A
9	5. Scope of Work /Specifications		O	P	
10	6. Request for Proposals (RFP)/Bid Solicitation-Preparation/Delivery			P	
11	7. Consultant/Bidders List- Preparation			P	
12	8. Consultant Interviews/Pre-Bid Meeting		O	P	
13	9. Bid Opening			P	
14	10. Bid Review & Price & Cost Analysis			P	
15	11. Contract Award- \$35,000 to \$100,000	A	R	P	
16	12. Contract Award- Approval Greater than \$100,000	A	O	P	
17	13. Change Orders-Per Adopted Contract Change Order Policy			P	
18	14. Administration of Contract and/or Work			P	
19	15. Project Acceptance (Projects over \$100,000)			P	
20	Key				
21	I= Initiate an Activity, directive may come from either, but the directive is required				
22	I ⁽¹⁾ = Initiate activity within Committee Charter and with objective parameters				
23	A= Authorize an activity that is within the Governing Documents				
24	O= The Committee or Board may choose to exercise participation at this level; if not, the Agent will perform the task				
25	R= Review reports and/or for Approval, where necessary and appropriate				
26	P= Performed by managing agent				

PURCHASING POLICY

1. PURPOSE

To establish guidelines and rules to procure a service, project or product/equipment for capital and operating requirements. The Purchasing Policy will outline the approval process for purchases of certain expenditures that require Corporation approval. [Ma1] 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 interest of Laguna Woods Villageto protect the corporation from litigation resulting from these services.

2. CODE OF CONDUCT

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3. FUNDS

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

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- b. The Purchasing Department will incorporate the final SOW into a request for proposal quote ((RFPRFQ)) for a product, professional services or bid solicitation for constructions services-, together with brief information about the community Laguna Woods Village, insurance requirements, a pre-bid meeting date and the deadline for submitting proposals/bids. The RFQP/bid solicitation is normally sent to a minimum of ~~at least~~ three (3) qualified vendors/contractors to obtain bids, or may be widely advertised to obtain bids. Vendors shall be qualified by a process which will include researching the company for history, size, licensing, references, etc.
- c. ~~When the proposal/bids are received, the Purchasing Department~~VMS will evaluate them to ensure that each bidder meets the SOW and will recommend to Corporation~~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 VMS Department will determine if the proposal should be accepted in the best interest of the Corporation in writing~~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 recommend s 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. This form shall be signed by the VMS Department Direct, the CEO, and the Purchasing & Supply Manager.

- Purchasing with the support of and in collaboration with the requesting department, negotiates a contract with the vendor in the best interest of the Corporations, including terms and conditions, and pricing. Upon completing negotiation, Purchasing will then issue the appropriate contract award, subject to the applicable authorization levels. [CR2]

- 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 on 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. This form shall be signed by the VMS Department Direct, the CEO, and the Purchasing & Supply Manager. The Board of Directors passes a resolution to single source the work [Ma3], [CR4]

- The cost of an item, service or project ~~is under~~ does not exceed the Minor Project Limit amount listed in the Appendix \$2,500, unless required by the Purchasing & Supply Manager.
- ~~A specialized item or project is required and vendors/contractors are limited or the vendor/contractor has previously proven their expertise in this field. (Sole Source)~~
- 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 trade~~ agreement or annual service contract is expiring using a proven vendor/contractor and their pricing ~~does will~~ not increase and their products will not substantially change.- In this case a new contract shall be drafted that addresses the new effective dates.
- ~~A contractor is currently working under a service contract and the same work is required for a one time project.~~
- ~~Having received no complaints from a contractor currently working if no price increase.~~
- ~~Blanket purchase orders are Long-term purchase orders to supply products or services regularly for a certain amount of time. Blanket orders shall 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~~ are used. Items are supplied without agreed prices on an emergency basis only. Unless there is a irreconcilable situation that cannot be addressed at the time of purchase, should in order to have an order of magnitude understanding of the cost associated with that purchase. Unless there is an irreconcilable situation that cannot be addressed at the time of purchase, 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.
- ~~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. The approval levels are per the Appendix.~~

- PhatEmergency 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 AgentVMS shall confer immediately with the applicable BoardCorporation 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. The responsible VMS Department with the input from the Purchasing & Supply Manager shall negotiate a price with vendor and that price~~Prices should~~ shall 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, shall be made as per the BoardCorporations-adopted Contract Change Order Policy.

5. AWARD PROCESS

- After proposal/bids are received, opened, and analyzed by staffVMS, a detailed Contract Award report will be prepared for the appropriate Committee and/or BoardCorporation as outlined in the BoardCorporations-adopted Delegation of Action and Commitments Matrix. The Contract Award report will be prepared by the VMS 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 VMSstaff's recommendations.
- ~~b. ——— 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.~~

CONTRACTS ~~S-AND FIXED PRICES~~ PURCHASE AGREEMENTS

6.

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

a. Trade Agreements

~~b.~~ 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.

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~~c.~~ Stock item:

A ~~material Trade Apurchase~~ 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 ~~Purchasing & Supply Manager~~ and the items ordered by ~~the VMS Buyers~~.

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d.b. 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 Corporation for signature by two officers.

~~Annual Contracts are not used for Capital improvements.~~

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.

~~Annual Contracts are not used for Capital improvements.~~

- An Annual Program Contract is a contract between the Corporation and/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 Corporations. Program contracts can exist for Architects, Engineers, Sidewalks, Roofing, Plumbing programs such as waste lines; water lines; water heaters, etc.

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- An Annual Maintenance Contract ^[CR5] is a contract between the Corporation and/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.

~~Annual Contracts are not used for Capital improvements.~~

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

A Purchase Order (Work Order) will be generated by the Work Center that will direct the vendors to proceed with the work under Annual Contracts. The PO/Work Order shall reference the scope of work, the annual contract, the unit prices or the bidding for the intended work-. The PO amount shall not exceed the total cumulative amount of the contract. If the cumulative amount of the contract is exceeded a change order is required to be approved by the Corporation.

Master Contract is a contract for a specific project or service between one board and the vendor. The document outlines the statement of work and terms and conditions of the contract. A master contract can be used to set out standard terms and conditions so that applicable work orders don't need to cover the same information again.

c. Equipment: Equipment for new, repair or replacement is processed in the ERP^[CR6] 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.

~~—A~~

~~d. A~~ One-Time Contract is based on a specific project that is as directed by the a-responsible Board Corporation. Processed from the Scope of Work to the Request for Quote Proposal, 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.

e. ~~————~~

~~Equipment: Equipment for new, repair or replace is processed in the AX system except when installation is required. Installation by a vendor who performs on VMS property must meet the Insurance requirement and therefore requires a contract for the work.~~

e. Projects

- Minor project ~~(Less than \$1,000):~~

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

- Small Project ~~(\$1,000 – \$25,000):~~

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 RFQP with any changes that occurred during the bidding process. The completed contract is signed by the contractor then by the VMS+ CEO, ~~or the~~ designated Division Director, or the Purchasing & Supply Manager.

- Medium-Large Project ~~(\$25,000 – \$100,000):~~

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 RFQP with any changes that occurred during the proposal/bidding process. The completed contract is presented to the appropriate committee board Corporation and signed by the contractor then by two Officers of the Board Corporation.

~~• Large Project (>\$100,000):~~

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

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

~~Additional process and specific procedures required for Very Large Projects with direct Board involvement not covered here.~~

The Purchasing Department obtains approval of the contractor and value from the appropriate ~~Board~~ Corporations via the requesting division and a contract is written for the work. The contract SOW is copied from the RFQP 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~~ Corporation.

Any GRF purchases per the Trust Agreement for ~~Very Large Projects \$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. ~~Examples are Copier Equipment, Golf Carts and other equipment.~~

Other Leasing Agreements may be for more than one year, will be forwarded to the appropriate Board Corporation [CR7] for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing agent Vendor require on their forms.

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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 & Supply Manager to GRF VMS legal counsel for their with expertise in contract law for legal review and advice. Legal review is required for speciality specialty contracts related to the streaming industry to ensure compliance with industry practices and applicable law. Results to be forwarded by the Purchasing & Supply 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: ~~Confrim~~ 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

~~g. Agent is not authorized to enter in any agreement for the Corporation per the Management Agreement and therefor is not authorized to sign any terms and~~

~~conditions with any vendor or contractor.~~

~~d.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.~~ ~~i.~~ ~~Standard or Capital purchases 25,000~~ are submitted to the responsible ~~appropriate Board/Corporations~~ for approval per the responsibility Appendix matrix.

7. Certain purchases made by VMS are considered ~~employee related and are appropriate for direct payment~~ DIRECT PAYMENT and ~~are~~ may excluded from competitive sourcing, requisition and purchase order requirements, these include the following: ~~However, as noted above Board Approval is required for certain purchases~~

Casualty and Property ~~Insurance~~ Insurance [CR8] (approved by ~~Board~~ Corporation(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~~ Corporation(s)) [CR9]
Legal Fees (approved by ~~Board~~ Corporation(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

8. CHANGE ORDER TO CONTRACTS

a. Per the ~~Board~~ Corporations-adopted Change Order Policy. ~~Attached hereto and made a part hereof~~ 6. _____

9. VEHICLE PURCHASES

a. The Mobility & Vehicles 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 may 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 or other more competitive resources. The Transportation Department Director will keep the Mobility & Vehicles Committee updated on fleet status.

7.10. ~~AX~~ 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.

Purchasing Policy
GRF [date]
United [date]
Third [date]

11. GLOSSARY^[CR10]

Definitions of words used in this Policy

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

—Non-standard Terms and Conditions: means a contract contains terms and conditions which are not included under the Corporations standard form contracts

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., an Agent of the Corporation

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

PURCHASING POLICY APPENDIX

Nominal Value	Up to \$500
Minor Project.....	Under \$10,000
Small Project.....	\$10,000-\$35,000
Large Project	\$35,000-\$500,000
Very Large and Special Projects	Over \$500,000
Standard or Capital Purchases GRF Board....	Over \$35,000
<u>Blanket PO Authority</u>	<u>Up to \$10,000</u>
<u>Blanket PO Authority VMS Director</u>	<u>Over \$10,000</u>