



## CASTLE PINES HOMES ASSOCIATION, INC.

### PURCHASING POLICY

Adopted November 17, 2017

1. **Application and Purpose.** This Policy applies to Purchases of goods and services by and for the Association, and is intended to assure that Purchases are made on terms favorable to Association. The Board reserves the right to waive or vary any requirements of this Policy with respect to a particular Purchase for good cause shown.
  
2. **Definitions.**
  - 2.1 ***“Bidding Instructions”*** should include (1) a description of the goods and services to be provided, or a description of the Association’s requirements for those goods and services, or both, and (2) the deadline, place and manner for providing a responsive bid.
  
  - 2.2 ***“Commitment”*** means the dollar amount required to complete a Purchase, including applicable shipping, handling and sales taxes. If the dollar amount of the Purchase is indefinite (such as where the quantity or cost or both are not or cannot be determined in advance) but is subject to a guaranteed maximum price, the Commitment is the guaranteed maximum price. If the dollar amount of the Purchase is indefinite and has no guaranteed maximum price, the Commitment is the estimated amount of Purchases during the coming year (but not less than any minimum commitment in the Contract). The Commitment may also include a contingency for unknown or unpredictable future events, which should be identified in the approval request.
  
  - 2.3 ***“Contract”*** means a written contract to purchase goods or services. The Contract may be bilateral (executed by both the vendor and the Association) or a written acceptance by the Association of a written bid, offer or quote submitted by the vendor.
  
  - 2.4 ***“Purchase”*** means the purchase by the Association of goods or services or both. The purchase of a group or series of related goods or services (such as a computer, monitor and service contract) should be aggregated and reported as a single transaction.
  
  - 2.5 ***“Standard Purchase Terms”*** means the Standard Purchase Terms attached to this Policy. Use of the Standard Purchase Terms is optional and is generally appropriate for most Purchases that do not involve real estate.
  
3. **General Principles.** A potential conflict of interest must be declared in writing to the General Manager and disclosed to the Board before a proposed Purchase is submitted for approval. All Purchase transactions should be conducted in a manner supporting open and free competition to

the extent practicable. Purchase recommendations will typically be made on the basis of price, ability to meet the Association's requirements, reputation, and past performance. A vendor with a record of excellent performance on past projects may be preferred over a vendor with an unknown or suspect record of performance, even if less competitive on price.

#### **4. Approvals.**

**4.1 Generally.** Each Purchase must be approved in advance by the General Manager and the person or committee proposing the Purchase. Additional approvals described in Section 4.2 are required if the Commitment exceeds \$5,000, except in response to an emergency or as otherwise permitted by the Board. The General Manager will report to the Board at each regular meeting any non-routine Purchases or changes authorized by the General Manager under this Section 4.1 since the previous regular meeting.

**4.2 Additional Approvals.** Except as stated in Section 4.1, a Purchase must also be approved in advance by the Long Range Planning & Finance Committee and by the Board. The approval request should include (1) a completed Capital Expenditure Request form (attached to this Policy) with the required authorizing signatures noted on the form or a description of the nature and amount of the Commitment if it does not involve a capital expenditure, (2) a copy of the Bidding Instructions and responses, if applicable, and (3) a copy of the proposed Contract, if applicable. If the proposed Contract is not available when approval is requested, the Board may approve the Purchase subject to subsequent approval of the Contract.

**4.3 Changes.** A change to a previously-approved Commitment must be resubmitted for approval if, as changed, it would require additional approvals under Section 4.2 and would (1) increase the amount of the Commitment by more than 10% or \$5,000, whichever is less, or (2) significantly alter the nature of the Purchase (such as a significant change to the design of a building or change in the type of vehicle previously approved).

#### **5. Competitive Bidding.**

**5.1 When Required.** The General Manger will solicit firm bids or quotes from three or more qualified vendors for each Purchase that requires additional approvals under Section 4.2 unless:

- The Purchase is for generic goods or services purchased competitively in the open market,
- Competitive bids were obtained for a similar Purchase within the prior three years and the successful bidder for the prior Purchase submits a bid with similar pricing and terms,
- The Purchase is through a contract between the vendor and Castle Pines Metropolitan District or Douglas County, so long as the Association has the right to direct performance by the vendor and enforce warranties against the vendor,
- The General Manager is unable to locate three qualified bidders (in which case the General Manager should obtain as many bids as possible), or

- Other extenuating circumstances exist.

**5.2 Bidding Procedures.** If a Purchase requires competitive bidding, the General Manager will prepare and provide identical Bidding Instructions to each bidder, and no bidder should be given any information about competing bidders that would provide a competitive advantage prior to final completion of the bidding process. Any additional information provided to one bidder should be made available to all bidders.

## **6. Contracts.**

**6.1 When Required.** Each Purchase that requires additional approvals under Section 4.2 must be covered by a Contract unless:

- The Purchase is for generic goods or services purchased competitively in the open market,
- The Purchase is for routine repair or maintenance services,
- The Purchase is through a contract between the vendor and Castle Pines Metropolitan District or Douglas County, so long as the Association has the right to direct performance by the vendor and enforce warranties against the vendor, or
- Other extenuating circumstances exist.

**6.2 Requirements.** Each Contract should include (1) a description of the goods and services being provided, (2) the time for performance or duration of the Contract (if it is intended to cover Purchases over time), (3) the price to be paid and how it is calculated, and (4) either the Standard Purchase Terms or similar provisions as appropriate. If the Standard Purchase Terms are used, the Contract should contain a statement that the Standard Purchase Terms are attached to and incorporated in the Contract and supersede any conflicting or inconsistent provisions elsewhere in the Contract.

**6.3 Signature Authority.** Unless otherwise specified by the Board, a Contract that has been approved pursuant to Section 7 (if applicable) for a Purchase approved under Section 4 may be executed on behalf of the Association by any Association officer or the General Manager.

- 7. Legal Review.** A Contract must be reviewed and approved by an attorney on behalf of the Association if it relates to a Commitment exceeding \$5,000, unless the Standard Purchase Terms are properly incorporated in the Contract. A Contract must also be reviewed and approved by an attorney on behalf of the Association, regardless of the amount of the Commitment or the incorporation of the Standard Purchase Terms, if it relates to (1) a transaction involving real property or the construction of improvements or other activity involving real property, (2) the settlement of a dispute, arbitration or litigation, (3) intellectual property rights, or (4) a potentially hazardous or dangerous activity. A form of Contract prepared or approved by an attorney on behalf of the Association in one transaction may be used without further legal review in a subsequent similar transaction.

8. **Document Retention.** The General Manager will maintain a copy of each approved Capital Expenditure Request form and other documents reflecting approval of a Purchase for at least 24 months after the approval date. The General Manager will maintain a copy of each executed Contract for at least 24 months after the Contract is completed and all warranty rights have expired.

**Attachments:**

Standard Purchase Terms

Capital Expenditure Request form