



**SPECIAL OPEN MEETING OF THE BOARD OF DIRECTORS
OF THE UNITED LAGUNA WOODS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION
REPORT OF THE OPEN SESSION**

Monday, October 23, 2023 – Following
Purchasing Task Force Presentation Scheduled at 9:30 a.m.
Laguna Woods Village Community Center Board Room

- DIRECTORS PRESENT:** Alison Bok – President, Mickie Choi Hoe, Maggie Blackwell, Anthony Liberatore, Thomas Tuning, Nancy Carlson, Georgiana Willis
- DIRECTORS ABSENT:** Sue Quam, Pearl Lee, Vidya Kale
- STAFF PRESENT:** Steve Hormuth, Erika Hernandez
- OTHERS PRESENT:** None.

Call to Order

President Alison Bok, President, chaired the meeting and called it to order at 10:55 a.m.

Approval of Agenda

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

Open Forum (Three Minutes Per Speaker)

None.

Entertain a Motion to Accept the Purchasing Policy (Revision 2023)

The Board of Directors were presented with a 2023 revision of the Purchasing Policy to review and discuss. A motion was made and moved by Director Maggie Blackwell to accept the Purchasing Policy as presented. Director Mickie Choi Hoe seconded. The motion passed unanimously.

Director Comments

None.

Adjournment

The meeting adjourned at 11:09 a.m.


Alison Bok (Jan 29, 2024 12:38 PST)

Alison Bok, President

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RESOLUTION 01-23-72*

Revised Purchasing Policy

WHEREAS, the Purchasing Task Force is aimed to establish robust purchasing controls to optimize the internal procurement and contracting procedures. The primary objective is to enhance transparency and to institute a professional, competitive approach to the acquisition of products and services; and

WHEREAS, the task force met numerous times during 2023 to: 1) incorporate revisions necessary for the upcoming ERP (Enterprise Resources Planning) implementation, 2) clarify items identified by members of the task force, and 3) review authority limits; and

NOW THEREFORE BE IT RESOLVED, October 23, 2023, that the Board of Directors of this Corporation hereby approves the Purchasing Policy, Purchasing Matrix, Change Order Policy, Sole Source Form, and Single Source Form as presented; and

RESOLVED FURTHER, that Resolution 01-16-109 adopted November 8, 2016, is hereby superseded and cancelled.

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution as written.

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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 VMS Purchasing Division'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. 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 VMS Division, prior to procurement of goods or services.

4. COMPETITIVE BIDDING PROCESS

The VMS Purchasing Division 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 VMS Division. The VMS Purchasing Division reviews the SOW and if it requires more detail, it is returned to the requesting VMS Division with questions and comments
- b. The VMS Purchasing Division 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, and references.

- c. When the proposal/bids are received, VMS will evaluate them to ensure that each bidder meets the SOW and will recommend to the Corporations Committee the best qualified and competitive proposal/bid. If a proposal is submitted late, the VMS Purchasing & Supply Manager along with the requesting VMS Division will determine if the proposal should be accepted in the best interest of the Corporation, and this shall be put 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 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 Director, the CEO, and the VMS Purchasing & Supply Manager.
- **Sole Source (Form)**
A Sole Source procurement is one in which only one vendor can supply the product, commodities, technology or perform the services required by an agency.

Upon receipt of a 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 Director, the CEO, and the VMS 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 VMS Purchasing & Supply Manager.
- 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 product, 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, 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 Division with the input from the VMS Purchasing & Supply Manager shall negotiate a price with vendor and that price shall be agreed to in advance of purchases, in writing signed by both parties, in order to have an order of magnitude understanding of the cost associated with that purchase. 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.
- Change Order to an existing contract, shall be made per the Corporations-adopted Contract Change Order Policy attached hereto and made a part hereof.

5. AWARD PROCESS

- a. After proposal/bids are received for One-Time Large and Annual Program Projects, they shall be opened, and analyzed by VMS, a detailed Contract Award report will be prepared for the appropriate Corporation and Committee as outlined in the Corporations Contracts Responsibility 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.
- b. After proposal/bids are received for Annual Maintenance and Small Projects, they shall be opened, and analyzed by VMS, a detailed Contract Award report will be prepared for the appropriate VMS Division review and recommendation for award.
- c. Third party agreements for goods and 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. CONTRACTS

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

- a. Trade Agreements

- Supply item:

VMS Purchasing Division 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 VMS Warehouse Division creates purchase requisitions when the stock items are required. The requisitions are approved by the VMS Warehouse Supervisor and the items ordered by the VMS Purchasing Division.

- 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. The Purchase Orders shall not exceed the total amount listed in the approved annual contract. Annual contracts are not-to-exceed contract amounts and do not require a requisition to establish a contract with the vendor.

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.. This type of contract requires Committee and Board review. The completed contract is sent to the contractor and then to the Corporation for signature by two officers.
- **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. This type of contract does not require Committee or Board review. The completed contract is sent to the contractor and then to the Corporation for signature by two officers.

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 amount listed in the approved annual contract. If the cumulative amount of the contract is needed, 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 work 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. The one-time contracts cover all items requiring installation where the vendor is required to come on Village property to perform the work. Standard Terms and Conditions apply and other applicable exhibits made a part thereof. Signature limits are applicable as defined in the Purchasing Policy Appendix.
- e. Projects
 - Minor project:

The VMS Purchasing Division obtains, from the requesting VMS Division, approval of the contractor and its value. The VMS Purchasing & Supply Manager then adds conditions to the purchase requisition, then approves the Purchase Requisition and the VMS Purchasing Division generates a Purchase Order after all requirements are met. The final PO is forwarded to the contractor. Amount is defined in the Purchasing Policy Appendix.
 - Small Project:

The VMS Purchasing Division obtains approval of the contractor and value from the requesting VMS 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 proposal/bidding process. The completed contract is signed by the contractor then by the VMS CEO, or the designated VMS Department Director, or the VMS Purchasing & Supply Manager. Amount is defined in the Purchasing Policy Appendix.
 - Large Project:

The VMS Purchasing Division obtains approval of the contractor and value from the applicable Corporation Committee via the requesting VMS 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. Amount is defined in the Purchasing Policy Appendix.

- Very Large and Special Projects

The VMS Purchasing Division obtains approval of the contractor and value from the applicable Corporations via the requesting VMS 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 and then by two Officers of the applicable Corporation. Amount is defined in the Purchasing Policy Appendix.

Any GRF purchases per the Trust Agreement for Very Large Projects require Corporate Member approval. The completed contract is signed by the contractor then by two GRF Officers.

f. 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 made for more than one year and will be forwarded to the Corporation for signature. Examples are Copier Equipment, Golf Carts and other agreements that the leasing Vendor requires to be executed on their forms. Leases shall be signed by the applicable Corporation President.

g. The VMS Purchasing Division will assist the requesting VMS Division to cancel a contract or produce written warnings to a contractor.

h. Legal Review. Non-standard contracts will be forwarded by the VMS Purchasing & Supply Manager to Corporation 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 VMS Purchasing & Supply Manager to the Corporation President for disposition.

Legal Review Checklist: Verify the following as a minimum;

- i. Parties: Legal names and addresses
- ii. Purpose of Scope: Covers all aspects of the work to be performed
- iii. Definitions: Ensure consistency and clarity
- iv. 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.
- v. Consideration: Confirm each party is providing something of value in exchange for the obligations outlined in the agreement.
- vi. Legal compliance: Complies with all relevant laws
- vii. Representations and Warranties
- viii. Indemnification and Liability
- ix. Confidentiality and Non-disclosure
- x. Intellectual Properties
- xi. Dispute Resolutions
- xii. Governing Law and Jurisdiction
- xiii. Force Majeure

- i. Standard Terms and Conditions included in the contracts have been approved by legal counsel and are identified as follows;
 - i. Standard Terms and Conditions
 - ii. Annual Contract Terms and Conditions
 - iii. Consultant Contract Terms and Conditions
 - j. Industry specific television programming contracts are exceptions to this Purchasing Policy, however, specialty contracts written to facilitate the operations and relationships within the streaming industry are not exempt from this policy.
 - k. Standard or Capital purchases are submitted to the Corporation for approval per the attached 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. Appropriations needed for these services have already been allocated through the annual budgeting process. 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 ORDERS TO CONTRACTS

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

9. VEHICLE PURCHASES

The Mobility & Vehicles Committee will approve the specifications annually for all vehicles intended for purchase throughout the year. Upon approval, the VMS Transportation Division 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 VMS easy access to an established network which offers competitive rates and faster procurement or other more competitive resources. The VMS Transportation Division Director will keep the Mobility & Vehicles Committee updated on fleet status.

10. 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

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