

# First Hyland Greens Association

## Expenditure Approval, Bidding, and Contract Procedures

### EXPENDITURES

The authority to approve expenditures of Hyland Greens funds is inherently vested in the Hyland Greens Board of Directors acting as a group during Board meetings. Because it is impractical to have the Board review and approve all individual expenditures and because of the need to sometimes act quickly to have repairs made, the Board has approved the following delegations and approval procedures.

**Expenditures over \$500 must be pre-approved by the Board** except for utility bills which may be paid by the Treasurer. Expenditures less than \$500 may be made by any Board Member for their area of responsibility without approval of the Board, provided the funds for those expenditures are available in the adopted Budget. The Chairperson for Pools, the Chairperson for Greenbelts, and the Director for Projects may approve expenditures up to \$2,500 provided the funds for those expenditures are available in the adopted Budget or otherwise approved by the Board. Invoices for expenditures will be submitted to the Treasurer along with appropriate documentation for the expenditures. Expenditures which a Board Member may have made from their own funds shall be submitted, with appropriate documentation, to the Treasurer for reimbursement.

#### Urgent Situation Approvals

When a situation arises where a repair or other expenditure must be made before the next Board meeting and the projected costs exceed the delegations of authority granted above, then the following process shall be used. The Board member initiating the necessary expenditure must attempt to contact the Officers of the Board, explain the situation, provide an estimate of the costs, and describe why this cost must be incurred prior to the next Board meeting. If at least two Officers approve proceeding with the expenditure, the Board Member may proceed with the expenditure. Any such expenditure under these emergency provisions must be reviewed and confirmed at the next Board meeting.

If a true emergency exists where there is risk to people, property, or the environment, the Board Member addressing the problem may proceed without prior approvals to get the situation under control. Once the situation is under control, that Board Member is obligated to follow the Urgent Situation approval process above to provide information to the Officers and the Board. It is understood that the actions and expenditures initiated by a Board Member acting under this emergency provision are legitimate expenses of the Association.

#### Payment

When a contract or agreement has been approved by the Board, then the Treasurer may make payment(s) provided the Committee Chairperson for that function (Pools, Greenbelts, Sports/Security, or Special Project) has approved the invoice as being correct. Where an agreement has provisions for hourly work or specific Work Orders which are beyond the basic scope of the agreement, those expenses shall be handled as independent expenditures as specified in the second paragraph under EXPENDITURES above.

### BIDDING

In order to assure that the Association pays reasonable prices for services and materials, the Board supports competitive bidding. Because it is impractical to bid everything, the Board has approved the following procedures.

All expenditures below \$1,500 are excluded from the requirement for formal bids; Board Members are expected to use reasonable judgment to get reasonable prices. Expenditures between \$1,500 and \$2,500 require a minimum of two separate bids, but these bids may be telephone bids or informal bids which are documented by the Board Member. Above \$2,500 the Board Member must get a minimum of 3 formal, written bids. Under emergency circumstances, these bidding requirements do not apply. All bids shall be awarded to the lowest responsible, responsive bidder unless the full Board makes a separate determination.

For contractors with which the Association already has a written agreement for services (examples: Pool Contract, Greenbelt Contract, or General Maintenance Contract) and that agreement specifies rates for additional services, separate bidding is not required up to \$2,500. However, the standard expenditure approval procedures do apply. Where expenditures above \$2,500 through one of these pre-approved agreements make sense to the Board from a financial perspective, the Board may exempt that expenditure from these bidding requirements.

For contracts which occur each year in essentially the same form (such as for the pools or greenbelts), the Board may enter into an agreement with the same contractor for up to three additional one year periods without annual bidding. Such renewed agreements may have adjustments in services and costs which are deemed appropriate by the Board.

## **CONTRACTS**

Where the Association is purchasing services or buying products, it is in the interests of the Association to have a written agreement which protects the Association's interests. However, it is impractical to have written agreements for many of the Association's expenditures and therefore the Board has adopted the following procedures.

For purchases of goods where installation of that product is not a part of the purchase, written agreements with specific wording protecting the Association shall generally not be required. Purchases of goods costing above \$1,000 should have a written agreement and a determination that the Board Member believes the agreement reasonably protects the Association.

Where the Association is entering into an agreement where the contractor's personnel will be performing functions on Association property, the agreement with the contractor shall include requirements that the contractor furnish the Board with proof of liability insurance suitable for the job and proof of Workers Compensation Insurance (may be a separate addendum to the written contractor's agreement). Where the agreement is up to \$2,500, the Board Member/Board may waive this requirement provided that the Board Member makes a determination that the risk to the Association is minimal. An agreement over \$2,500 and less than \$10,000 shall require these provisions unless the full Board agrees to a waiver of these conditions. Any agreement over \$10,000 shall require an agreement containing these provisions (or an addendum to the agreement) and should contain additional provisions reflective of the work to be done and the need to protect the Association.

All agreements and contracts exceeding \$2,500 shall be approved and signed by two Officers of the Board of Directors. Agreements and contracts up to \$2,500 may be approved and signed by the appropriate Board Member.

## **Definitions:**

Expenditure is defined as the determination to spend Association funds by an oral or written commitment to some person/company.

Bidding is defined as getting competitive price quotations from responsible sources for the purchase of any service or goods and awarding the contract to the lowest responsive, responsible bidder.

Contract or agreement is defined as any written or verbal agreement to purchase a service or supply and that is enforceable under Colorado law.

*The original administrative policy is signed by the Secretary and is held as part of the First Hyland Greens Association's records. For security reasons the signature is not shown on this electronic copy.*

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John Van Royen  
Secretary – First Hyland Greens Association

**July 19, 2011**

Date Approved by Board