

Sudden Valley Community Association

Policy: SVCA CONTRACT POLICY
Policy #: 2024.03
Date: September 26, 2024

Definition: A contract represents an agreement between two or more parties that is written and enforceable by law.

Purpose: Contracts. This document provides the policy for contracts between SVCA and other parties. Contracts are for goods and services that SVCA is purchasing, or goods and services that SVCA is providing. A contract with Board review and approval will be required if the goods and service(s) to be provided by any party exceeds a total dollar amount of Ten Thousand Dollars (\$10,000). The contract term may be for multiple years. This could be an expense to SVCA as the purchaser of goods and services, or revenues to SVCA that commit the association to provide goods and services and may be signed by the GM with authorization of the Board.

For Capital Expenditures Two Thousand Five Hundred Dollars (\$ \$2,500.00) or More for the Contract Term:

Contracts covering the purchase of Capital Expenditures, the purchase of which has been previously reviewed by the Finance Committee and the Board of Directors, may be executed by any two signatory Board Officers. The Board will also decide if the contract needs legal review. Approval by the Board capital expenditures will be indicated by a documented motion in the Board minutes. Any contract must be signed by an authorized Board signatory or, by the General Manager with authorization of the Board.

Operational Contracts Less than Ten Thousand Dollars (\$10,000) for the Contract Term*:

For operational expenses for the procurement of goods and services, or revenues earned by providing goods and services, the General Manager (GM) shall be authorized to approve contracts for less than Ten Thousand Dollars (\$10,000). Examples of operational expenses include inspections, pest control, laundry services, etc. An example of operational revenues is facility rentals.

*Exceptions may be goods and services that the Board is responsible for, such as the yearly external audit, legal settlements, reserve studies, and sales of assets such as lots. Contracts for these goods and services will require Board review and approval.

Bylaw Article IV, Section 11, entitled "Agreements, Contracts, Deeds, Licenses, Checks, etc." "All agreements, contracts, deeds, leases and other instruments of the Association shall be executed by at least two (2) officers or by such other person(s) including managing agents, as may be designated by resolution of the Board."

A contract should include the following components as appropriate:

- A) A complete description of the goods and service(s) to be provided. The contract will clearly state the specifications that must be met for contract fulfillment. This may be accomplished by attaching the RFP (Request for Proposal) as part of the contract.
- B) The price shall include all financial costs required for completion including sales tax, installation charges, and shipping charges. Whenever possible, SVCA will seek a fixed price contract rather than a time and materials contract. If a time and materials contract must be done, a “not to exceed” total dollar amount must be specified.
- C) Payments shall only be made upon satisfactory completion of work as specified in the contract. An example would be the Road Maintenance contract where partial payments are made as the work is completed.
- D) When appropriate, the contract shall require a ten percent (10%) retention amount (holdback) that will not be paid until the terms of the contract are fully completed to the satisfaction of SVCA.
- E) The party/parties providing the goods and service(s) to SVCA must provide complete liability insurance coverage for their employees. SVCA shall be held harmless. Proof of insurance and a certificate of insurance naming Sudden Valley as loss payee must be provided. In addition, their employees should be bonded. These conditions also apply to any subcontractors.
- F) An arbitration clause.
- G) No contract shall involve a loan of SVCA monies without the approval of the Board and SVCA legal counsel. If any contract involves a loan of SVCA money, the debt must be enforceable through the process of attachment and perfection as specified under Article 9 of U.C.C. (Uniform Commercial Code).
- H) The process and authorization required for change orders.
- I) The contract should specify completion dates and a penalty clause if completion dates are not met.

For multi-year contracts: (This section to be added to the Board Secretary’s duties)

In October of every year, the outgoing Board Secretary will ensure the Finance Director prepare a contract list to be provided to the Board in their November Board packet. This list will identify all contracts that are in effect for the following year(s), a summary of the goods and service(s) being purchased or provided, the contract term, and the dollar amount(s) remaining on the contract. This list is to provide notification to the new Board of existing financial obligations that have been committed to by SVCA.