

Contracts/Competitive Bids – MTHOA

Contracts – General

All contracts (initial and renewal/one time, single and separate, multi-month, annual or multi-year) entered into on behalf of the Myrtle Trace Homeowners Association must be accepted and approved by the Board of Directors.

All contracts will follow the guidelines outlined in this policy. Exceptions to the guidelines will require justification to the Board before the Board will consider the contract for approval. When granted, exceptions will be documented in a note to the file.

Process

When the Board of Directors authorizes the solicitation of bids for a project, it will appoint a person or persons to be its agent. The agent will (1) develop written contract work specifications that will be provided to each prospective vendor; (2) conduct reference checks for any vendors being considered; (3) review all bids and recommend a vendor to the Board of Directors; (4) draft a vendor contract for Board review and action; (5) verify insurance coverage (workers compensation, work incomplete or damage done during work) before contract is signed; (6) provide oversight throughout contract work and verify completion for final payment.

Contract Contents

All contracts will include the following:

- Specific work to be done, how, when, timeline including starting and ending date and materials to be used. Designation of start and completion dates which shall afford vendor with a reasonable time period to complete the project. Should the vendor fail to satisfactorily complete its operations by the designated completion date without reasonable cause (impediment to its operations due to actions of HOA or other forces beyond its control) it will be penalized by reduction of the final payment due it by \$100 for each day of tardy performance.
- Payment schedule requiring that stated portions of total contract price be paid to the vendor upon its completion of the stipulated operations within its rendition of services to the HOA's satisfaction. A final payment equivalent to 50% of the total contract price shall be reserved for payment to the vendor on the HOA's acceptance of the completed project which shall be forthcoming on or before the 30th day following completion of work, assuming that the said work is found to be satisfactory.
- Contractor assumes responsibility for all code (county or HOA) compliance.
- Cancellation provision (eg; thirty days prior written notice) for the protection of all involved.
- When the contract includes a vendor's rendition of services, a clause by which the vendor warrants the workmanship of his services and commits to remedying any problems that arise with respect thereto, without further cost to the HOA, for a period of at least one year following rendition of services that are the subject of the contract.
- Clause identifying how change orders will be made.

- Payment schedule of 10% on signing, 40% when half way through based on contract dates, final payment 30 days after completion based on calendar date in contract. If not completed within the 30 day grace period, the \$100 per day starts. Final payment contingent upon approval of work done by inspection by HOA or assigned to county or state inspectors if it involves codes set by them

Initial Contracts

Every reasonable effort should be made to obtain three competitive bids from qualified vendors, regardless of the dollar amount of the contract. Normally, the lowest bidder should be awarded the contract. Following review and evaluation, all bidders should be notified by the sponsoring committee/person that the bid process has been completed, and a vendor selected.

Any annual cost escalators contained in multi-year contracts should normally be limited to the then current inflation or CPI indices.

Contract Renewals

Any contract up for renewal, with an annual cost of five thousand dollars (\$5000.00) or larger, should be competitively bid for renewal. The Board, however, reserves the right to retain current legal counsel, audit services and insurance agency on a year to year basis without engaging in the bid process.

Any contract up for renewal with an annual cost of less than the five thousand dollars (\$5000.00) limit may be placed in the approval cycle, without competitive bid, provided the sponsoring committee is satisfied with vendor performance and price.

Any contract renewal which contains a price increase of ten (10%) percent or more over its previous price will be considered an “exception” In addition, multi-year contract renewals containing annual cost escalators, are governed by statement for initial contracts above.

If a decision is made to replace a vendor, the competitive bid process outlined above should apply to selecting a new vendor, regardless of the annual contract amount.

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