Policy Resolution P2009-1
Revised April 2026

Procurement Policy

WHEREAS, Article 4, Section 4.1 of the South Riding Proprietary Bylaws (hereinafter "SRP", "Association" and "Bylaws" respectively) provide that the Board of Directors ("Board") shall manage the business and affairs of the Association and furthermore that the Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not required to be done by the Owners; and

WHEREAS, Article 4, Section 4.1(4) of the Bylaws empowers the Board to adopt and amend reasonable Rules and Regulations not inconsistent with the Associations Documents; and

WHEREAS, it is the Board's intent to be efficient in its procurement and provide the best value for the residents of South Riding:

THEREFORE, IT IS HEREBY RESOLVED THAT the Board understands the need to operate the Association in an efficient manner and hereby authorizes the General Manager to purchase goods and services and enter into contracts or agreements on behalf of the South Riding Proprietary as outlined below.

PURPOSE

To establish best practices, general parameters, and requirements for all purchases, leases, and contracts for the Association in order to maximize competition to obtain required goods and/or services while considering the price and quality of service to serve the Proprietary.

DEFINITIONS

Capital Expenditures: Costs for new assets or major improvements that add something new to the Proprietary or significantly upgrade existing facilities, such as new systems, structures, or infrastructure not previously in place.

Operating Expenses: Routine, ongoing costs needed to run and maintain the Proprietary day-to-day, such as utilities, landscaping, management, community events/programming, minor repairs, and administrative expenses.

Reserve Expenditures: Costs for replacing or performing major repairs on existing common area components (like roofs, pavement, or equipment) that wear out overtime and are planned for in the Proprietary's reserve study.

PROCUREMENT AUTHORITY

In order to ensure the most effective use of SRP resources and to not hinder day-to-day management operations, the table below establishes the standard requirements and approval levels for purchasing and contracting. Exceptions, including capital expenditures, unforeseen costs, sole-source procurements and emergencies, are addressed in the following sections.

Value of Contract/Bid*	Minimum # of Bids Required	Approving Authority	Notification/Reporting
$0 - $1,000	Bids not required	Department Head or General Manager	General Manager
$1,001 - $10,000	1 written bid	General Manager	N/A
$10,001 - $30,000	2 written bids	General Manager	Budget & Finance Committee
$30,001+	3 written bids	Budget & Finance and Board of Directors	Board of Directors

*The value of a contract/bid means the total contract value, multi-year obligations, including multi-year and any annual renewals.

South Riding Proprietary will select the bid representing the best combination of service and value from the group of qualified candidates. SRP has no obligation to select the lowest bid.

Capital Expenditures

Capital expenditures as defined in this document must have Budget & Finance Committee AND Board of Directors approval.

Approval of Unforeseen Costs

Once a bid has been accepted and the project has begun, additional expenses are occasionally incurred due to unforeseen circumstances. The General Manager has the authority to exceed the authorized amount by up to 10% unless otherwise authorized by the Board and Budget & Finance Committee. Any additional cost exceeding 10% of the amount must be reviewed and authorized by the Board and Budget & Finance Committee.

Sole Source Procurement

The Board recognizes that certain circumstances may require procurement without the use of formal bidding. In such cases, a procurement may be made from a sole source only when the responsible Department Head submits a written sole source justification to the General Manager requesting the procurement. Concurrence from the appropriate oversight committee, where applicable, and the Budget and Finance Committee is required.

Sole source procurements greater than $10,001 must be approved by the Budget & Finance Committee prior to contracting with the vendor. The sole source justification shall be attached to and become part of the contract.

Emergency Procurements

If an emergency procurement of less than $30,000 is required and the General Manager is not available, the Assistant General Manager and/or Director of Administration may act as the authorizing official. All emergency authorizations must be produced in writing to the General Manager within five (5) business days after the procurement is made.

For emergency expenditures or liability over $30,001, the General Manager or other authorized employee as noted above, must notify the Board President immediately, of such expenditure or liability and the emergency circumstances they believe warranted such expenditure or liability. Written notification must be provided to the Budget & Finance Committee and Board of Directors at their next respective meetings.

CHECKS AND BALANCES FOR BUDGET OVERSIGHT

The General Manager may approve contracts up to $30,000 in accordance with the adopted annual budget and community reserve study. All expenditures must remain within the approved line-item allocations unless otherwise authorized by the Board.

To ensure fiscal accountability and transparency, the following controls are in place:

Budget and Reserve Study Compliance Requirement: Contracts and expenditures must align with the Board-approved annual budget and applicable line items. The General Manager is responsible for ensuring commitments do not exceed the approved funding levels.

Monthly Financial Review: Financial statements are reviewed monthly by the General Manager. Any irregularities, unexpected variances, or potential budget concerns identified during this review will be communicated during the monthly meeting of the Budget & Finance Committee.

Mid-Year Budget Forecast: A formal financial forecast and budget review is conducted annually in August as part of the mid-year financial assessment. This review evaluates actual expenditures against projections and identifies any anticipated overages so they may be discussed with the Board and addressed, as necessary.

Extraordinary Event Reporting: In circumstances that may materially affect expenditures (such as significant storms or emergency conditions), the General Manager will promptly notify the Board of anticipated cost impacts and any related procurement actions.

Performance Accountability: The General Manager's employment agreement includes a fiscal performance standard requiring adherence to the approved budget. Negligent budget overages exceeding 2% of the annual budget may constitute grounds for disciplinary action, including termination.

FIVE-YEAR REVIEW AND BID REQUIREMENTS

Any maintenance or management service contract with a value over $10,000 must go through a full bidding process every 5 years unless the Board specifically directs otherwise.

Professional services (Attorney, PEO, CPA/Auditor, Engineer, Insurance, etc.) should be evaluated at least every 5 years.

COVER CONTRACT/ADDENDUM

For contracts (one-time service or recurring) over $20,000, an addendum prepared by SRP must accompany the contract.

At least once every five (5) years the addendum should be reviewed and updated by the SRP attorney.

INVOICE PROCESSING

The General Manager is authorized to approve payment of invoices outside the scope of his/her purchasing and contracting authority, so long as Budget & Finance Committee and/or Board approval is on file.

New vendor forms must be completed for all purchases from a new vendor and the appropriate insurance and W-9 received PRIOR to work commencing and processing the first payment.

For all vendors, an invoice for completed work must be provided, approved, and coded by the appropriate Department Head and then submitted to the General Manager for final approval.

If an invoice is not provided, a check request form must be completed by the appropriate Department Head and a copy of the payment schedule from the signed contract will be attached.

PETTY CASH FUNDS

- The one authorized petty cash fund shall consist of $250 and is only for cash advances, or receipts for purchased goods/services.
- The limit on petty cash purchases is $100.
- SRP policy prohibits the use of petty cash funds as loans to any individual.
- Petty cash funds shall be audited at least twice annually at unannounced times. The audit shall be conducted by one or a combination of both the General Manager and/or authorized staff member as determined by the General Manager.

ETHICS AND CONFLICTS

The following applies to all members of the Board of Directors, Budget & Finance Committee and other relevant committees, and South Riding Proprietary Staff. Individuals involved in purchasing or contracting must act in the best interest of the Association and avoid any actual or perceived conflicts of interest or unfair advantage involving service providers or bidders. Any gifts offered by a service provider or bidder must not be accepted under any circumstances and should be reported to the General Manager.

Members of the Board of Directors, Budget & Finance Committee and South Riding Proprietary Staff must also disclose any personal, financial, or family relationship with a service provider or bidder prior to participating in the procurement process. If the General Manager has such a relationship, it must be disclosed to the Board of Directors. Appropriate steps will be taken to ensure a fair and impartial process.

This policy supersedes any previously approved policy regarding Procurement, Purchasing & Contracting.

SOUTH RIDING PROPRIETARY
POLICY RESOLUTION P2009-1
Amended April 2026

Procurement Policy

Duly adopted at a meeting of the Board of Directors held April 1, 2026

	VOTE: YES	VOTE: NO	ABSTAIN	ABSENT
Michael Hardin, President	X			X
Marilyn Gardner, Vice President	X			
Michael Beardslee, Secretary	X			
Kevin Ubelhart, Treasurer				X
Steve Pasquale, Director	X			
Mark Pontello, Director				X
DJ Nelli, Director	X			

ATTEST:

Secretary

6/3/26
Date

Resolution effective: April 2026