

Elk Springs Homeowners Association, Inc.

Purchasing and Contract Policy

Pursuant to the authority granted by Article 4.14(A) of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Elk Springs, Garfield County, Colorado (the "Declaration") and as further authorized and required by the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-209.5 (1)(b)(VII), et seq. (the "Act"), the Board of Directors of Elk Springs Homeowners Association, Inc. (the "Association") adopts the following policy and procedure governing purchases made and contracts entered into by the Association. Unless otherwise defined in this Policy and Procedure, initially capitalized or terms defined in the Declaration or Second Amended and Restated Bylaws of Elk Springs Homeowners Association, Inc. (the "Bylaws") shall have the same meaning herein. This Policy and Procedure may be amended at any time by the Board of Directors of the Association (the "Board").

Policy:

Subject to the provisions set forth below, all purchases made and contracts entered into by the Association will be subject to a competitive bidding process.

Procedure:

1. Any purchase that is within the approved budget and the purchase or contract amount does not exceed fifteen thousand dollars (\$15,000.00) does not require further approval by the Board and is not subject to a competitive bidding process.

2. Any purchase or cumulative contracts for like services in excess of twenty-five thousand dollars (\$25,000.00) requires a formal Request for Proposal ("RFP") as follows:

- At least two (2) vendors, deemed qualified by the Board must be selected to receive the RFP.
- If construction is involved, the RFP must include, at a minimum, specifications which define the scope of the project, establish the start and completion dates, establish procedures for approval of overruns and/or scope changes, define the terms of payment, establish insurance, bonding or other requirements that protect the Association from construction defects, set out final inspection and acceptance procedures and names the person who will be the Association contact for the contractor.
- The bids shall be sealed bids and will be opened at a duly called meeting of the Board.
- The Board must approve the winning (i.e. most competitive) bid. If the bids are within ten percent (10%) of one another on overall cost, other factors may be considered to determine the overall winning bid.
- A contract must be signed with the winning bidder unless the Board's general counsel agrees that the RFP response represents a contractual relationship and no additional signed agreement is necessary.

Competitive Bid Requirements:

Purchases and contracts that require competitive bids, must be based on at least two (2) bids by vendors deemed qualified and approved by the Board. The Board, at its sole discretion, may determine

that certain professional services (e.g., legal, accounting, etc.) and purchases are not subject to the competitive bid process.

Spending in Excess of Budget Limits:

Each line item of the budget is to be managed by the Board Treasurer within the yearly amount approved by the Board. The treasurer will review the expenditures and report significant over-expenditures to the board.

Emergency Procedures:

Notwithstanding any of the provisions above, the Property Manager may, on behalf of the Association and without prior consent of the Board, expend any amount or incur a contractual obligation in any amount required to deal with emergency conditions which may involve a manifest danger to life or property or which may threaten the safety of the Property or the individual Owners and Occupants or require to avoid suspension of any necessary service to the Property. Notwithstanding this authority as to emergency repairs, it is understood that the Property Manager will, if at all possible, confer immediately with the President of the Board regarding emergency expenditures, or if unavailable, any other Board Member.

Execution of Contracts:

Unless otherwise authorized by the Board, all contracts obligating the Association may be executed on behalf of the Association by the Board President. The HOA will include a standard independent contractor form for the contractors to sign for all expenditures or contracts over twenty-five thousand dollars (\$25,000).

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of the Elk Springs Homeowners Association, Inc. Board of Directors certifies that the foregoing Purchasing and Contract Policy was adopted by the Board of Directors at a duly called and noticed meeting of the Board of Directors held on November 14, 2022 and in witness thereof, the undersigned has subscribed his name.

/s/ Patrick Fitzgerald

November 14, 2022

Patrick Fitzgerald, President

Date Adopted

Elk Springs Homeowners Association, Inc.

Board of Directors