

The Grand

Purchasing Policy

Amended and Approved - JULY 9, 2015
Amended and Approved - AUGUST 11, 2016
Amended and Approved - DECEMBER 14, 2023
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1. Scope and Purpose

The Sun City Grand (“The Grand”) purchasing policy establishes guidelines to ensure all procurement activities are conducted with transparency, fiscal responsibility, and efficiency, while allowing flexibility to meet the community’s needs promptly. Applicable to all purchases of goods, services, and contracts, the policy promotes open decision-making, careful evaluation of cost and value, and streamlined processes to support the effective management and operations of The Grand. This policy includes the Preferred Vendor Process which is considered operational and owned by the GM.

2. Authority and Responsibility

- A. The Board of Directors (“Board”) is responsible for setting the overall policy and approving purchases and contracts greater than \$75,000. Board approval is needed when retained earnings are used, regardless of the amount.
- B. The General Manager (“GM”) is authorized to approve and make purchases without requiring Board approval (Including Operating, Reserve and CARE fund items) if the purchases and contracts are less than \$75,000 or the purchase is defined in scope and cost in Grand’s approved budget. Unbudgeted purchases must be included in the Board agenda’s Consent Calendar.
- C. The role of the Financial Advisory Committee (“FAC”) is to preview unbudgeted purchases over \$75,000 prior to Board review. The FAC Audit subcommittee will conduct periodic compliance audits of all purchase orders and contracts regardless of the amount.

3. Bidding Requirements

- A. Standard Bidding Process:
 - 1. If not using the Preferred Vendor Process, then for purchases over \$75,000, the GM should seek at least three (3) formal bids or quotes via Requests For Proposal (“RFP’s”) going through the finance department to ensure competitive pricing, quality, and value.

2. However, obtaining three bids may not always be practical or necessary under certain circumstances, such as urgency, specialized services, or unique products. If three quotes are unavailable, staff shall provide a valid explanation, and the Board may make a purchase determination utilizing the remaining RFP responses.

4. Purchasing Documentation and Approval Process

- A. All purchases must be documented and include:
 1. A description of the item or service.
 2. The total cost or price, including any applicable taxes, fees, and shipping.
 3. Vendor qualifications (i.e., license(s), insurance limits, etc.) and justification for selection (if applicable).

If not using the Preferred Vendor Process for purchases exceeding \$75,000, a summary of bid comparison and evaluation should be available for review.

5. Purchase Orders and Documentation

- A. Purchase Orders (“PO”) are required for goods and services of \$10,000 or more when a product order is placed, or a service is scheduled. Exceptions: POs are **NOT** needed for recurring expenditures where orders are not placed or where services are not scheduled in advance, including but not limited to:
 1. Legal expenses
 2. Standard utilities, including trash
 3. Recurring ongoing payments supported by a contract, such as equipment leases, pest control, etc.
 4. Club event revenue share
 5. Sales tax, income tax, property tax
- B. POs must be completed, approved, and stored following CAM’s internal processes and authorization matrix to easily produce documentation for invoice matching, transaction support, and audit purposes.
- C. Payment Process:
 1. Vendor invoices should reference the PO number.
 2. Departments should approve invoices verifying receipt of product/service, quantity, and cost.
 3. If an invoice has been approved by the department and **matches** a properly approved PO following CAM’s authorization matrix, the GM/Community Manager/Finance Director does not need to approve the invoice.

6. Contracting and Vendor Management

- A. The GM/Community Manager/Finance Director is authorized to negotiate and sign contracts with vendors up to \$75,000.00 without Board approval, provided the contract terms align with the Association's budget and at least two signatures are used.
- B. For contracts exceeding \$75,000.00, two signatures of the Board for approval are required before a binding agreement is executed.
- C. The GM is responsible for ensuring contracts are reviewed for compliance, and for maintaining effective vendor relationships including the Preferred Vendor Management procedure.
- D. Contract and leases shall not contain an automatic renewal provision and shall have an escape clause that allows for termination. The escape clause should allow a sufficient period to acquire a new source without jeopardizing operations.
- E. The Association will use contracts drafted by the Association's attorney to protect the Association. If any vendor does not accept any of the terms of the contract, the attorney will work with the General Manager to negotiate a resolution.

7. Policy Review and Adjustments

- A. This policy will be reviewed annually by the Finance Advisory Committee to ensure its continued relevance and effectiveness in meeting the needs of The Grand.