

LARGE CONTRACT BID SOLICITATION

Section 209.0052 of the Texas Property Code was amended in 2021 to require each Property Owners Association to establish a bid process for any future contract (or replacement for a non-renewed or terminated contract) for services that will cost more the \$50,000.00. (Note: amendments, renewals, supplements, or extension actions don't initiate a "new" contract per the TPC.)

Heritage Grand's Board of Directors provides the following process to comply with this governing document requirement:

The following criteria shall determine whether a service contract will cost more than \$50,000.00:

The preliminary work or bid activity indicates a completed contract, upon execution, would likely obligate the Association to pay more than \$50,000.00 during the anticipated term of the contract. Costs which are unfixed, but certain, shall be estimated to the best of the Association's ability.

Contingent amounts under the service contract are not included in determining the amount the contract will cost.

Amounts which may be incurred in the future, such as upon renewal of the service contract, will not be included in determining the amount the contract will cost.

The ability of the Association to terminate a service contract without cause prior to incurring costs in excess of \$50,000.00 does not relieve the Association of the obligation to follow the process in this policy if the stated term and total cost of the contract during the initial term is in excess of \$50,000.00.

A new service contract anticipated to cost more than \$50,000.00 shall be Board-approved using the following process:

The Association shall make diligent efforts to obtain a minimum of three (3) bids or proposals from contractors or vendors for the service(s) desired. The Association may determine the specific process it will use to seek bids or proposals from contractors or vendors on a case-by-case basis.

If there are not three (3) qualified contractors or vendors in the market area for a particular service, the Association may limit the solicitation process to only contractors or vendors that are qualified and in the market area.

If diligent efforts are made to obtain the minimum number of bids or proposals and the Association is unable to obtain said bids or proposals from contractors or vendors, the Board may consider the bids or proposals obtained and approve the contract.

Contractors or vendors providing bids or proposals must be insured against liability, have experience providing the service(s), and have the proper licensing and qualifications as required by law.

The Board of Directors is not obligated to approve the contract with the lowest bid. The Board of Directors must consider all relevant factors, including, but not limited to, the contractor or vender, references, warranty, and terms of the bid or proposal.

In the event of an emergency, the Association may secure a contractor or vendor to resolve the emergency without abiding by this policy.

This Board-owned guideline was ratified by majority Board vote
at the Board's open meeting of 2/14/22.

Carol Hankins

Secretary

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