

HORSESHOE BEND HOMEOWNERS ASSOCIATION COMMITTEE PURCHASING GUIDELINES AND FORMS

The purpose of this document is to provide guidelines in the acquisition of goods and services for the benefit of the members of the Horseshoe Bend Homeowners Association (the “Association”). The objective of these guidelines is to obtain maximum values in the expenditure of Association funds for the benefit of all members. All Association committees and property owners are to adhere to the guidelines cited below:

PURCHASING RESPONSIBILITY

The Board of Directors of the Association (the “Board”) is responsible for the purchasing function of the Association. Prior Board approval is required for all distributions of funds of the Association, either through the budgeting process or through a direct approval process.

ANNUAL BUDGETING PROCESS

The Board carries out its purchasing responsibilities by adhering to an annual budget established by the Board with input from its Standing and/or Special Committees, its Officers and Directors and others who have been assigned by the Board to assist in the budgeting process. Current Standing Committees include the Compliance, Hospitality, Lake Management, Maintenance & Improvements, Safety & Security, and Welcome Committees. Each Standing Committee has a charter approved by the Board that states the committee’s purpose, duties and responsibilities (see **Committee Descriptions** at www.hsb-hoa.org).

The Board delegates purchasing authority to Standing Committee chairpersons through the annual budgeting process. Every year each Standing Committee is required to submit a proposed committee budget for Board approval that describes in detail the projects the committee plans to undertake during the coming year including the costs associated with each project. As soon as possible after the Annual Meeting of Homeowners of the Association, each committee chairperson calls a meeting (or meetings, if necessary) of his respective committee to include the current year committee members as well as the members who have signed up to serve on the committee during the coming year. During the meeting(s), those who are going to serve on the committee for the coming year elect a chairperson and work to establish their committee’s proposed operating budget for the coming year.

Proposed projects or expenditures with costs exceeding \$500.00 require written bids from three (3) vendors (**Use Attachment A – Bid Specification Form**). These bids must be submitted along with the committee’s proposed operating budget for Board review. If, in spite of repeated attempts, all efforts to obtain three (3) competitive bids are unsuccessful, the committee chairperson must document these attempts and submit this information along with the bids obtained with the committee’s proposed operating budget for Board review. Under normal circumstances, bids shall be awarded to the lowest responsible bidder. Goods or services normally supplied as a unit may not be artificially divided for the purpose of circumventing the bidding process. No bids for goods or services shall be considered from any vendor in which

members of the Board or voting members of any committee hold a full or partial interest. Exceptions to these rules require specific Board approval.

Copies of the proposed committee budgets are turned in to the Treasurer who then compiles and provides the Board with a “draft” operating budget for the Association for the coming year. The Board then holds an informal Budget Workshop to review and discuss the Association’s “draft” operating budget including each committee’s plans, projects and proposed operating budget for the upcoming year. All committee chairpersons are encouraged to attend the workshop so they will be available to answer any specific questions that may arise regarding their committee’s proposed projects and budget. During the Budget Workshop, the Board may find it necessary to add, reduce or eliminate items to or in the committee’s proposed operating budget in order to establish a “balanced” operating budget for the Association for the coming year. “Balanced” with regard to the Association’s annual operating budget shall mean that budgeted expenditures may equal but shall not exceed budgeted income. Formal approval of the Association’s annual operating budget shall occur at the next regularly scheduled meeting of the Board held after the Budget Workshop, or as soon thereafter as possible.

DIRECT APPROVAL PROCESS FOR NON-BUDGETED ITEMS

There may be instances where it becomes necessary for a committee to purchase goods or services that were not included in their annual operating budget (i.e., emergency repairs or purchases to meet an unanticipated but immediate need). In these instances, Board approval must be obtained by the committee chairperson prior to purchasing the unbudgeted goods or services. All reallocations of budgeted funds must be approved by the Board prior to the reallocation. In other words, committee chairpersons and/or members may not reallocate funds within their budget at their discretion without Board approval. A reallocation of a committee's budgeted items may be made without board approval where the total of reallocated funds does not exceed 20% of the committee's budget.

Therefore, if the need to purchase a non-budgeted item surfaces, the committee chairperson should immediately contact the Board in writing, provide all pertinent details of the need for funds and request a reallocation of budgeted funds or additional funds from the Association’s general fund. If the costs involved exceed \$500.00, the chairperson must secure and submit three (3) written bids for the Board’s review and approval. The Board will either address the request at its next regularly scheduled meeting or via an Informal Action by Directors (as detailed in Article Nine of the Amended and Restated Bylaws of the Horseshoe Bend Homeowners Association). During its review, the Board will determine with input from the committee chairperson what source the unbudgeted funds will be (i.e., through reallocation of budgeted funds, from the Association’s general fund, etc.) and will formally approve or defer the non-budgeted request for funds. The Board should immediately advise the Association Treasurer of their decision so that needed adjustments to the operating budget can be made.

MISCELLANEOUS

All approved expenditures for good and/or services costing \$500 or more require a written contract (**See Attachment B – Sample Contract**). After the winning bid is determined and approved through the budgeting process or directly by the Board, the committee chairperson (or his/her assign) is responsible for obtaining a written contract from the supplier. Only the President of the Board may sign contracts or agreements requiring payment from the Association. All other contracts or agreements shall not bind the Association and will be the personal responsibility of the individual signing the contracts/agreements.

Invoices and/or reimbursement requests for all budgeted or approved non-budgeted goods or services purchased must be signed by the appropriate committee chairperson or *[effective Feb 22, 2020] appointed committee member* and submitted to the Association Treasurer in a timely manner for payment. Invoices and/or receipts for all purchases must be attached to the Check Request (**Use Attachment C – Check Request**). The Treasurer will provide the Board with a recap of all Association expenditures at each regularly scheduled Board meeting.

[Effective April 3rd, 2021] The treasurer can accept electronic submission for check requests and electronic approvals of check requests.

A property owner, committee chairperson, or committee member who purchases or orders any goods or services in the name of the Association without following these purchasing guidelines shall be personally responsible for payments to the vendors or for the return of the items.

The acceptance of any gratuity in the form of cash, merchandise or any other item of material value by a property owner, committee chairperson or committee member from any vendor or contractor shall be deemed to be inappropriate and in violation of these guidelines.

The Association is a Texas non-profit corporation and is, therefore, subject to The Texas Non-Profit Corporation Act (the “Act”). Under Article 1396-1.02 of the “Act,” “no part of the income of the Association is distributable to its members, directors, or officers.” Further, under Article 1396-2.24 of the Act, “no dividend shall be paid and no part of the income of a [non-profit] corporation shall be distributed to its members, directors, or officers. A [non-profit] corporation may pay compensation in a reasonable amount to its members, directors, or officers for services rendered, may confer benefits upon its members in conformity with its purposes, and upon dissolution or final liquidation may make distributions to its members, but only as permitted by this Act.”

ATTACHMENT A

**HORSESHOE BEND HOMEOWNERS ASSOCIATION
BID SPECIFICATION FORM**

Legal name of company or individual placing bid:

Name of person representing the bidding company/individual:

Name of the Association representative asking for the bid:

Date of bid request:

Final date bid is to be received by Association representative:

Contact Information:

Detailed description of work, service, or item being asked to bid on:

ATTACHMENT B

**HORSESHOE BEND HOMEOWNERS ASSOCIATION
GOODS OR SERVICES CONTRACT**

The **Horseshoe Bend Homeowners Association** (hereinafter referred to as the Association) and _____ (hereinafter referred to as the Supplier) hereby reach the following agreement, wherein the supplier is to provide goods and/or services to the Association, pursuant to the terms of this agreement.

The Supplier shall make available the following described goods and/or services on or before _____:

The price of these goods and/or services shall be:

Payment will be made as follows:

The Association agrees to provide the following services and/or facilities which are necessary to the provision of the Supplier's obligations:

There are no verbal agreements which alter or expand this written agreement, and in consideration for the mutual benefits and obligations contained herein, the parties, by fixing the signatures of their authorized representatives, agree to its contents.

FOR THE SUPPLIER:

FOR THE ASSOCIATION:

Representative

President

Date: _____

Date: _____

ATTACHMENT C

**HORSESHOE BEND HOMEOWNERS ASSOCIATION
CHECK REQUEST**

Date: _____

Pay To: _____

Description*	Budgeted Item? (Yes or No)	Account/Committee to be Charged	Budget Category	Amount
			TOTAL	

***Invoices and/or receipts for all expenditures described above must be attached to Check Request or payment/reimbursement cannot be made.**

Approved by: _____
Committee Chairperson

Date Check Issued: _____

Check Number: _____