

OUTDOOR RESORT PALM SPRINGS

ADMINISTRATIVE POLICIES AND PROCEDURES

(RESTATEMENT ADOPTED 10-23-17; 12-04-17; 3-5-18; 7-20-18; 9-20-21; AMENDED 4-18-22; 8.15.22; 12.19.22; 4.17.23; 7.15.24)

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SECTION 1 – INTRODUCTION

Purpose:

The purpose of this document is to assist the Board of Directors, General Manager, Staff, and Committees on how to conduct the business of running ORPS. In order of precedence, this document follows the CC&R, Bylaws, and Rules.

Introduction:

The President of the Board of Directors and the General Manager are responsible for the operation of the Corporation (ORPS). The Board of Directors set the policies, vision, mission, and objectives of the Association. The General Manager is responsible for the execution and operations of the Resort. Formal communication from the Board of Directors to the General Manager is only through the President.

Adopted 9-20-21

SECTION 2 – BOARD & MANAGEMENT

2.A BOARD OF DIRECTORS

1. Board Meetings - Board members are expected to attend all Board meetings whenever possible.
2. Hiring of Department Heads - All full-time department heads will be approved by the Board of Directors before being hired.
3. Owner Correspondence – The Board of Directors will address comments, suggestions, and questions that are presented in the form of a letter or through electronic transmission (email), which identifies the lot owner and the lot number, and is a topic that should be addressed by the Board. The Board's response will address the specific inquiry or concern as informatively as possible. In some cases, if appropriate, the correspondence will be referred to the General Manager for a response.
4. Reports of Executive Sessions - All Executive Sessions, will be kept, recording only the decisions made, and are to be maintained in a confidential file. As per legal requirements, these decisions will be limited to legal matters, personnel-related matters, and other matters which are deemed to be confidential in nature.
5. Employee Performance Reviews - The Board will conduct the annual performance review for the General Manager. Other employee performance reviews will be completed annually by management personnel or more often during probation periods of employment. These reviews will be kept in a confidential file.
6. No individual Board member, member of a Committee, or individual owner may contact the association attorneys, accountants, or insurance agent. Contact between the association and its attorneys, accountants, or insurance agents must be by the Board President or his/her assignee. No exceptions.

2.B GENERAL MANAGER POSITION

1. Direction to General Manager - Directives to the General Manager from members of the Board must be transmitted through the Board President.
2. General Manager Residence - The General Manager will not be allowed to reside in the resort. The General Manager will be allowed to bring guests and family members into the Resort, to utilize amenities, with him/her at no charge.

2.C FILLING THE GENERAL MANAGER POSITION ON A TEMPORARY BASIS

1. When the current General Manager is temporarily not available due to vacation or illness (not to exceed 30 days), the General Manager will designate a qualified Acting General Manager for that period.
2. When the current General Manager is temporarily not available due to illness (over 30 days) the General Manager will make a recommendation to the Board for approval of an Interim General Manager.
3. If the General Manager is absent for more than 90 days, the Board may look for a permanent replacement.

2.D FILLING THE GENERAL MANAGER POSITION ON A PERMANENT BASIS

1. When the current General Manager's employment ends, the Board will look at several sources for replacement. The first option would be to determine if the current General Manager is interested in a new contract. If he/she is, and the Board is satisfied with his/her performance, a new contract can

be negotiated. The negotiation will be conducted by the Board President with approval from the entire Board.

2. If the current General Manager is not interested in a new contract, or if contract negotiations are not successful with the current General Manager, the Board will implement the following procedure:
 - a. Solicit candidates from the current staff and/or advertise on the internet and/or with headhunters.
 - b. The Board will review all applications (both internal and external) to determine those that are qualified.
 - c. The Board will schedule interviews with the qualified applicants. The initial interviews will be conducted by two Board members appointed by the Board President. The Board President can be one of the two Board members conducting the interviews if so desired.
 - d. Once the qualified applicants have completed their initial interview, the two Board members will recommend, to the entire Board, those applicants (not to exceed five (5)) that should be given further consideration. Those remaining applicants will then be interviewed by the full Board. The Board will then vote to determine the successful applicant.
 - e. A new contract must then be negotiated with the successful applicant. The length of the contract shall be determined by the Board. The negotiation will be conducted by the Board President with approval from the entire Board.

SECTION 3 – COMMITTEE & BOARD LIAISONS

Introduction and Purpose:

The purpose of this policy is to provide guidelines for the operation and enhancement of important committee service to Outdoor Resort Palms Springs Owner's Association (ORPS).

The committee structure at ORPS provides the Board of Directors with advisory assistance in making decisions. It also provides a means for utilizing the specialized knowledge and expertise of members and affords them the opportunity to contribute to the operation of the association.

3.A GENERAL

1. Activation, appointment or approval of members, and structure of committees is the responsibility of the Board.
2. While most committees are advisory, there may be some committees such as the A&A committee which make decisions that can be appealed to the Board by individual Owners.
3. There shall be two kinds of committees:
 - a. Standing Committees: Standing committees are expected to continue indefinitely. Members will normally serve a 2-year term or a term length outlined in the committee charter beginning March 1 or until replaced. Committee members appointed to replace a member who has resigned will serve the remainder of the term of the individual they are replacing.
 - b. Ad Hoc Committees: Ad Hoc Committees serve a specific purpose or study. Members will serve until the project is completed and the committee is dissolved.
4. Committee tasks are outlined in the committee charter or may be assigned by the Board and shall include required action and due dates, if any.
5. It is sometimes necessary for several committees to review and make advisory recommendations on the same project. In such instances, the Manager or designee will gather and structure the information before sending it to the Board for a policy decision or action.
6. Unless otherwise authorized by the Board, committees will conduct open meetings and receive inputs from residents on agenda items prior to conducting a vote on the item. Furthermore, Committees must allow comments from residents at the end of a meeting on items which may not be on the agenda.
7. Committee members shall adhere to the Code of Conduct adopted by the Board of Directors.

3.B APPOINTMENTS & MEMBERSHIP

1. Solicitation for Committee Applications must be publicized in usual and ordinary methods of communication used by ORPS. Such deadlines for application must be at least thirty (30) days before the next Board meeting.
2. Membership on Standing Committees is limited to ORPS Members in-good-standing.
3. Membership on an Ad Hoc Committee is not limited so that the experience of any resident in ORPS can be tapped for a special project typically assigned to an Ad Hoc Committee.

Board members may serve on, or chair, Ad Hoc committees.

4. Applicants for any committee must receive a copy of the respective committee charter and a copy of the Code of Conduct of the Board of Directors.
5. Prior to any appointments, all applications shall be distributed to each Board member. Appointments to committees require a majority vote of the Board.
6. Selection of committee members shall be oriented toward those applicants whose interests are in the sphere of interest and responsibilities of the committee and who, by virtue of their background and experience, would be likely to best contribute to its effectiveness.
7. To avoid any possible or perceived conflict of interest, family members including spouses/partners/significant others, grandparents, parents, children, brothers, and sisters shall not serve on the same committee. For related definitions, see ORPS Rules & Regs, Section 2.A & 14.A.
8. To avoid any possible or perceived conflict of interest, family members including spouses/partners/significant others, grandparents, parents, and children of Board members shall not be appointed to any committee. For related definitions, see ORPS Rules & Regs, Section 2.A & 14.A.
9. Excessive absences shall be cause for removal and replacement. If a Committee member misses two consecutive meetings without a reasonable excuse as determined by the Committee Chair, the Committee will recommend a replacement to the Board for appointment.
10. Any member of a committee who violates the code of conduct or fails to perform assigned tasks is subject to dismissal and replacement by majority vote of the Board.
11. Unless stipulated differently in the Committee Charter, a Standing Committee member's consecutive tenure (including the chairman) is two terms of 2 years each, with one year off, before serving on the same committee. With specific reasons, the Board may vote to revise tenure rules or extend tenure on a year-to-year basis.
12. Alternative member appointments are prohibited.

3.C CHARTERS

1. Charters are typically prepared and must be approved by the Board. However, the Board may ask a newly formed committee to recommend a draft charter for Board review.
2. The charter shall define the mission, goal and duties of the committee and reference any applicable association by-laws and constraints.
3. The General Manager is responsible for distribution of the charter to each committee member prior to the first meeting of the committee.

3.D COMPOSITION & QUORUM

1. Unless otherwise determined by the Board, all Standing committees shall consist of not more than seven (7) members.
2. Officers of all standing committees will be elected by the Committee as stated in its Charter. The Board, from time-to-time may establish an Ad Hoc Committee and may determine the Chair of a Committee.
3. Generally, a quorum will be a majority of the committee membership. A majority of the quorum is required to affirm any issue and the chair may vote.

3.E CHAIR RESPONSIBILITIES

1. The Chair shall establish any meeting schedule and is responsible for notifying members as to the time and place. Meeting schedules must be submitted by March 1 for approval by the Board.
2. As appropriate, the Chair shall prepare or cause to be prepared agendas for each meeting and distribute to the members prior to the meetings.
3. Minutes/notes of each meeting shall be prepared and submitted to the Board Secretary for timely posting in Association media.
4. Recommendations from the committee to the Board, requiring Board action, shall be made from the Chairman to the Board, with copies to the General Manager.
5. Official communication from committees to owners will be through the Resort's mass emails and postings on the bulletin boards and website.

3.F SPECIFIC COMMITTEES

1. The Golf, Tennis, and Pickleball Committees shall approve all special events and tournaments for their respective sports. In the spirit of goodwill, community, and fairness, all Owners, Guests, and Renters shall be allowed to enter all tournaments and sporting events in which they wish to participate. If a maximum number of participants for any event/tournament must be imposed, with Owners getting preference, a predetermined, fair, and random selection process will be developed respectively by each Committee.
2. Board approval is also required for all tournaments where the majority of tournament participants are non-owners and consequently Owners are unable to have full use of the golf course or sports courts during the tournament play.
3. The Lifestyle Committee in collaboration with the Lifestyle Manager shall develop the calendar for the significant events of the year.

3.G BOARD LIAISON RESPONSIBILITIES

1. The following are the main points which may be of interest. Refer to the ORPS Administrative Policies and Procedures for more details.
2. A Board liaison as per section 3A.6, should not be acting as a voice at the committee meetings, but only contribute when called upon or when a committee is functioning improperly. It is useful, however, for the Board liaison to review the agenda ahead of the meeting and contribute to the subject matter to be presented. These agenda items are presented to the Committee chairperson for discussion and action when appropriate and he/she presents this to the committee.
3. It is not necessary for liaisons to attend all committee meetings, but they must remain cognizant of its activities.
4. The liaison shall:
 - a. Avoid exerting undue influence on the committee but may advise the committee on effects of the issue on the Association, staff responsibilities or other committee functions.
 - b. Keep the committee apprised of current Board action, budgetary constraints and activities of other committees as they affect the committee functions and research

files as appropriate.

5. The Board Liaisons for Golf, Tennis, Pickleball and Lifestyle will inform the Board of Directors of schedules when established. In the event of a scheduling dispute between parties, or a disagreement with a Committee scheduling decision, the Board Liaison will present the matter to the Board of Directors for final determination.

3.H COMMITTEE ACTION ITEMS FOR BOARD APPROVAL

When a Committee has an action item for consideration by the Board, an ORPS BOARD & MANAGEMENT COMMITTEE ACTION FORM (attached as Exhibit A) shall be prepared by the Committee and shall be approved by the Board Liaison. Once approved, the form will be submitted to the Board Executive Assistant to schedule for action by the Board of Directors. The Liaison's approval in no way represents or commits the Board of Directors to the item's approval.

3.I ANNUAL ORIENTATION FOR COMMITTEE OFFICERS & LIAISONS

Orientation sessions will be arranged by Management for all Committee Officers and Board Liaisons responsible for Committee activities, minutes, reporting, publicity, etc. The annual orientation will be scheduled in the fall of each season with multiple sessions held to allow all Officers and Liaisons may attend. All committee members should make every effort to attend the orientation.

The orientation will consist of, but not limited to, the following topics:

- a. Applicable laws/Governing Documents
- b. Meeting process
- c. Standardized committee charter formats

Owners may attend an orientation session.

SECTION 4 – SANCTIONED CLUBS

Sanctioned Club (Clubs) are organized groups of Owners numbering at least 50 that use ORPS Common Areas and Facilities. They are not intended to be administrative in nature but represent the interests of the Club members. Furthermore, Sanctioned Clubs are exempt from the limitations of the Davis-Stirling Act found in the California Civil Code.

A. Objectives of this Policy

1. ORPS has adopted general objectives for the establishment of policies and rules regarding Common Area use by Clubs. They are:
 - a. Maximizing the beneficial use of Common Areas and the richness of the menu of available activities.
 - b. Allow organized groups of owners to share common interests in Clubs with relaxed rules compared to committees

B. Club Status

1. All Clubs must obtain Board approval to attain Club status.
2. Club status affords:
 - a. the use of Common Areas for Club meetings and events
 - b. appearance on the ORPS calendar
 - c. use of all communication tools of the Resort through the Communications Coordinator
 - d. display of approved flyers
 - e. Use of the accounting department to place funds in its care and custody
3. Renewal
 - a. All Clubs must renew their status annually in November
 - b. All Clubs must be represented at the Membership Annual meeting in March

C. Club Responsibilities

1. A Club's primary focus must be of a social and/or educational nature, not for the purpose of selling or promoting products or services. Clubs should conduct themselves as a not-for-profit organization.
2. Each Club shall have a Club charter defining its scope and approved by the Board of Directors
3. Membership is limited to residents of Outdoor Resort Palm Springs.
4. Annually Clubs must register with the Lifestyle Manager and ensure their registration information is current by updating Club Status. (i.e. leadership changes, etc.)
5. Club matters requiring action by the Lifestyle Manager or the ORPS Board, must be submitted in writing to the Lifestyle Manager
6. Clubs are responsible for compliance with all ORPS Rules
7. All Club events will be open to all Owner's participation when feasible

D. Events and Activities

1. All Clubs will submit a tentative schedule of their events for the following year to the Lifestyle and Events Committee before their February meeting. This committee, along with the Lifestyles and Events Manager, work will use each Club's submitted schedule to prepare a Resort Events Calendar.
2. ORPS Lifestyle Committee and Management will review the calendar prior to scheduling in order to be cognizant of the pre-scheduled events. Every attempt will be made to prevent overlapping and conflict with other Club and Resort events.

3. Clubs holding a special event or production need to assign a primary and secondary person to communicate with Lifestyle staff regarding all parts of the event from submission to production - must include all event days, rehearsals, setup, teardown, and production.
4. All resort announcements must be approved by the Communications Coordinator

E. Authorities

1. The Board has designated the Lifestyle Manager as its agent to oversee and manage all activities involved in Club formation and operation and to ensure activities are in conformance with the Board's published policies
2. The Lifestyle Manager will:
 - a. assist Clubs with startup
 - b. be responsible to coordinate programming and events
 - c. coordinate obtaining Board approval of all Clubs
 - d. commences annually a Club Status Renewal and Planning meeting
3. The Lifestyle Manager will, as necessary and with advance notification, change or relocate Club meetings when the meeting space is needed for ORPS business.

Adopted 8.15.22 & Amended 8.28.23

SECTION 5 – FINANCE & ACCOUNTING

5.A ANNUAL BUDGET & FUNDS

1. Each year the General Manager and Controller will submit to the Board of Directors, a proposed Annual Budget. The Board, with input from the Finance Committee, will review, request amendments/adjustments if necessary, and adopt the Budget. The Budget will establish monthly member assessments and designate portions of the assessment to be allocated among the various association funds, including an Operating Fund, Reserve Fund, and Capital Fund. The Annual Budget will also approve expenditures from the various association funds. The Annual Budget will be distributed to the members not less than 30, nor more than 90 days prior to the end of the fiscal year.
2. The Association will maintain its monies in separate funds, each fund having a separate bank account, as follows, and to the degree possible, payments for obligations associated with those funds will be paid directly from that fund.
3. **Operating Fund** – receives a designated portion of monthly owner assessments, resort fees, and other income, and disburses money to pay the obligations of the association under the annual Operating Budget such as utilities, landscape & mowing, administration, etc. The Controller shall maintain 2 – 4% of the Operating Fund’s current annual budget as working capital for unforeseen circumstances. Monies in excess of the 4% at the end of any fiscal year will be reallocated, as determined by the Board of Directors in accordance with our Governing Documents and California Civil Code.
4. **Reserve Fund** – receives a designated portion of monthly owner assessments and disburses money the association has set aside to defray the future repair or replacement of, or additions to, those major components which the association is obligated to maintain. **(Civ. Code §4177.)** Except for temporary borrowing, the Board may not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. **(Civ. Code §5510(b).)**
5. **Capital Fund** – receives a designated portion of monthly owner assessments and disburses monies to acquire new assets which are not replacement items and do not qualify as Reserve Fund expenditures. The Capital Fund accrues funds for capital improvements that are reasonably anticipated to occur during a fiscal year as established in the Annual Budget. Additionally, funds may be accrued to cover expenses associated with the Master Plan. The maximum annual spending for capital improvements, as outlined in Article 4, Section 4.6(B) of the CC&Rs is 5% of budgeted gross expenses for that fiscal year. All single-item expenditures in excess of this limit must have the approval of the ownership by a vote of a majority of the quorum established in our governing documents. The Board of Directors may also make disbursements or borrowings from the Capital Fund for unexpected or emergency items. Any borrowing must be paid back in the same year or through a payment plan not to exceed three years.
6. **Interest Earned** – any interest received on each of the separate bank accounts will be credited to the Fund account for which the interest was earned.

5.B INVESTMENT POLICY

1. Monies in excess of the amounts reasonably projected for disbursement under the Annual Budgets will be managed by the Controller and Board Treasurer, according to the following investment policy.
2. All additional funds will be invested with a primary objective of capital preservation and a

secondary objective of income generation. Such funds will accordingly be invested in Certificates of Deposit issued by FDIC-insured financial institutions or US Treasury Bills.

3. Any recommendations to modify this policy must be reviewed by the General Manager, Treasurer, and the Controller prior to submission to the Board of Directors for final approval.

Amended 4-18-22, 12-19-22, & 4.17.23

5.C FUNDRAISING POLICY

1. The purpose of fundraising activity is to accumulate monies to support the Association's sporting facilities and/or activities; acquire an asset or make significant improvements to our common property; or for the purpose of a charity.
2. Fundraising events may be held as outlined below:
 - a. Committees of the Board of Directors that guide the management of the Association's sporting activities (Golf, Tennis, Pickleball, Health & Fitness) are authorized to conduct fundraising activities that directly benefit their sport (i.e., minor equipment purchases, special events, prizes, or incentives to participants, etc.) All monies accumulated are to be deposited with the Accounting Department, separately accounted for, with revenues and expenses tracked for each activity in accordance with standard accounting practices. If any such account balance should grow to \$5,000 or more, the excess funds will be transferred for general Operating Fund expenditures.
 - b. Fundraising activities to benefit an outside charity or accumulate funds to acquire an asset or make significant improvements to our common property require advance approval of the Board of Directors. Requests for approval must be submitted well in advance of the event. The approval will be considered by the Board of Directors at their next regularly scheduled Board meeting following receipt of the Request for Approval of Fundraising Activity form attached as Exhibit B and made part of this policy.
 - c. The event sponsor (Committee or individual Owner) must acknowledge that all Owners will have an opportunity to participate in the fundraising event.
 - d. Board approval will be based on the availability of and demand for the Association's facilities, and considerations of any potential impact on the ownership at large. Additionally, if the fundraising activity is to accumulate funds to acquire an asset or make significant improvements to our common property, the purpose must be approved by the Board of Directors.
 - e. All proceeds from the fundraising activity will be deposited with the Accounting Department. The costs incurred by the Association for the fundraising activity (such as the cost of room set-up, supplies, additional staffing costs, room clean-up, etc.) will be deducted from the event proceeds and the net proceeds will be distributed to the named charity or appropriate Association Account.
 - f. ORPS-sponsored events offered at no charge that "pass the hat" for donations to the performers, or a specific activity or organization (i.e., Cathedral City High School Choir or Jazz Band, the Norwegian Dancers, etc.) may be approved by the Activities Director and are exempt from these requirements. The costs incurred by the Association for the event (room set-up and cleaning/damage) will be deducted from donations received and the balance distributed to the designated recipient.

Adopted 9-20-21

SECTION 6 – PURCHASING POLICIES & PROCEDURES

6.A PURCHASE ORDER SYSTEM

1. **Purpose:** To define the use of a Purchase Order (PO) System.
2. **Policy:**
 - a. To ensure there are proper controls over expenditures incurred, a purchase order system is used at the Resort. A purchase order system is used to document bids on products and services, to obtain approvals on those expenditures before the goods or services have been committed to, and to document instructions that Accounting will use once the invoice for the goods/services are received.
 - b. Purchase orders should be used on all purchases over \$100. All managers are encouraged to use a purchase order on purchases under \$100 to improve the documentation provided to accounting. All Capital and Reserve purchases must be on a purchase order.
3. **Procedure:** Obtain competitive bids, as necessary. All managers should get competitive bids on a regular basis, to ensure that the price to be paid for goods/services from multiple vendors is known and can be optimized.
4. Complete the purchase order with vendor name, address, date of purchase or current date, description of goods/services, and price including tax, shipping, and installation as applicable. The purchase order should also include the account number that the goods/services will be coded to and in what month(s) they should be incurred. In the event that an invoice is not received by month-end, the purchase order can serve as a backup so the cost can be accrued. **Purchases from the Capital and Reserve Funds require Board approval before a PO is issued.**
5. Send the completed purchase order to the Controller and/or the General Manager, per the following:
 - a. For purchases up to \$500 – Department Manager approval.
 - b. For all purchases over \$500 up to \$1,000 – Department Manager and Controller OR General Manager to approve.
 - c. For all purchases over \$1000 - Both Controller and General Manager to approve.
 - d. For all purchases above \$5,000, see the Purchasing Authority memorandum regarding the General Manager's authority.
 - e. All Capital and Reserve items require Board approval prior to purchase.
6. Once the appropriate approvals have been obtained, the approved purchase order will be routed to the Accounts Payable Clerk. The Accounts Payable clerk will detach and file one copy (white) and return the remaining purchase order copies (yellow and pink copies) to the Department Manager. At month-end, the Accounts Payable Clerk will verify the receipt of invoices with the applicable purchase order. If an invoice is not received, the purchase order can be used to accrue the applicable expense if the goods have been received (or charged on revolving accounts).
 - a. When the invoice is received by the Department Manager the manager will verify the receipt of goods, code the invoice (as specified on the purchase order) and approve the invoice. The Department Manager will attach the yellow copy of the purchase order to the invoice and send it to Accounts Payable for payment.
 - b. Emergency Purchases – if there is an emergency purchase, the General Manager or Controller has the authority to make the purchase of the goods or services up to the amount of \$5,000 (see Purchase Authority, II.D.2.4 for Emergency Purchases over \$5,000.00). A purchase order should still be completed with "Emergency Purchase" indicated on the purchase order. The purchase order should be provided to the Accounts Payable for filing with the invoice.
7. **Purchase Order Variance** – A variance of 5% of the approved purchase order amount will be considered acceptable without additional approval. If the variance will be greater than 5%, the Department Manager must approve the variance and notify the General Manager.

8. **Exceptions to the Purchase Order Process** – The following items will be treated as an exception to the purchase order procedure:
 - a. Food and beverage purchases do not require purchase orders.
 - b. Maintenance contracts (recurring weekly or monthly) will not be included on individual purchase orders. There will be a separate annual listing developed by the applicable Department Manager and provided to Accounts Payable.
 - c. There will be some purchases that are routine and repetitive. (examples: cleaning supplies, paper supplies) These types of expenses can be set up on a “blanket purchase order”. These blanket purchase orders will be set up by the Department Manager and/or Purchasing Agent based on the current year’s budget for the expense category. These purchase orders will include all purchase information and estimate the dates for interval purchases.
9. **Non-Compliance** - The Controller is responsible to ensure this policy is followed and reports to the Board President, Board CFO, and General Manager when not in compliance.
10. **Ordering PO Books** - When ordering PO Books, rotate the PO #'s every 10,000. Once PO#10,000 is used, re-order new books starting at PO #00001.

6.B PURCHASE AUTHORITY

1. **Purpose:** To define the authority granted to the General Manager to make purchases.
2. **Policy:** To ensure there are proper controls over expenditures incurred, purchase guidelines have been developed. This authority is to assist the General Manager when making purchases on behalf of the Association.

6.C COMPETITIVE BIDS

1. **Contractual Recurring Expenses** – The General Manager may pay expenses that the Association is legally obligated to pay by a contract that is identified in the annual budget and recur each month without obtaining the approval of the Board of Directors. However, there shall be no authority to pay any extras on any third-party vendor or independent contractor unless approved, in writing, by the Board.
2. **Non-contractual Budgeted Purchases** - The General Manager may make non-contractual purchases in amounts less than \$10,000 identified in the annual budget without seeking approval from the Board of Directors. The Manager may make non-contractual purchases identified in the annual budget in an amount in excess of \$10,000, but no more than \$15,000 after receiving the written approval of the President or Treasurer of the Board of Directors. The Manager may make non-contractual purchases identified in the annual budget in amounts in excess of \$15,000 only after receiving the written approval or email approval from the Board of Directors. The General Manager shall provide written documentation to the Board of Directors of purchases made without the Board of Directors’ approval at its next meeting.
3. **Non-contractual Unbudgeted Purchases** – The General Manager may make non-contractual purchases in amounts less than \$5,000 not identified in the annual budget without seeking written approval from the Board of Directors. The General Manager may make non-contractual purchases not identified in the annual budget in an amount in excess of \$5,000, but no more than \$10,000 after receiving the written approval of the President or Treasurer of the Board of Directors. The General Manager may make non-contractual purchases not identified in the annual budget in amounts in excess of \$10,000 only after receiving the written approval or email approval from the Board of Directors. The General Manager shall provide written documentation to the Board of Directors of purchases made without the Board of Directors’ approval at its next meeting. All Capital and Reserve items require Board approval prior to purchase.
4. **Emergency Purchases** – Notwithstanding the other provisions of this policy, the General Manager may make purchases in any amounts without seeking approval from the Board of Directors if the

purchases are necessary for any emergency up to \$5,000.00 but must still obtain the authority, written if possible, from the President, but if the President is not available, then either the Vice-President or CFO, for any amount over \$5,000.00. An emergency is defined as any repair involving imminent danger to life or property, or immediately necessary for the preservation and safety of the property, or the safety of Owners, or required to avoid the suspension of any necessary service to the Association and/or the Project. It is understood and agreed that the General Manager will, if possible, confer with the Board regarding emergency expenditures. The General Manager must attempt to notify all members of the Board of Directors immediately after making such a purchase.

5. **Non-Compliance** – The Controller is responsible to ensure this policy is followed and reports to the Board President and/or Board CFO when not in compliance.

6.D CHECK SIGNING

1. **Purpose:** To define the hierarchy of check signing for all funds.
2. **Policy:** To ensure there are proper controls over the signing of checks for Operation, Capital, and Reserve Funds.
3. **Operations Fund** - This fund has three (3) main accounts: Operations (A / P), Payroll and Flex (if needed). Signature requirements are as follows:
 - A. **Operations(A / P):** (Two signatures required)
 - i. General Manager
 - ii. Board Treasurer (in season)
 - iii. Controller (summer or when 2nd signature is required due to availability)
 - iv. Board President
 - v. Board Vice President
 - vi. Board Secretary
 - B. **Payroll:** (One signature required); however, no employee can sign their paycheck.
 - i. General Manager
 - ii. Board President
 - iii. Controller
 - C. **Flex:** (One signature required)
 - i. General Manager
 - ii. Board President
 - iii. Controller
4. **Capital Fund:** (Two signatures required) - Signature requirements are as follows:
 - a. Board President
 - b. Board Treasurer (in season)
 - c. Board Secretary
5. **Reserve Fund:** (Two signatures required) - Signature requirements are as follows:
 - a. Board President
 - b. Board Treasurer (in season)
 - c. Board Secretary
6. **Approval of Transfer of Funds:**
 - a. Transfers of funds greater than \$10,000 or 5% of the association's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the account without prior written approval from the Board of Directors. (Civil Code Section 5502).
 - b. Transfers of greater than \$10,000, other than those approved by Resolution, will be individually submitted to the Board by emailing a copy of the invoice to the entire Board for written approval prior to making the transfer, The Board hereby appoints a Committee consisting of the elected Treasurer, Vice President and President for making such written approval, and a return email from any two of the three members of the Committee will constitute the written approval.

7. **Non-Compliance** – The Controller is responsible to ensure this policy is followed and reporting to the Board President and/or Board Treasurer when not in compliance.

Amended 9-20-21

6.E PROCUREMENT POLICY

1. **Purpose:** The purpose of this policy is to ensure that quality supplies, services, and equipment are procured for ORPS at the best value available and that the procurement process is transparent, consistent, and efficient.
2. **Policy:** All supplies, services, and equipment required to operate and maintain ORPS will be acquired as set out in this policy; and
3. Whenever possible and appropriate, prices for all goods and services will be established through a competitive bid/quote process. Competitive bidding is a means of protecting ORPS from misuse of Association funds and is used to eliminate favoritism, fraud, and corruption in awarding contracts and buying goods and services. Exceptions to the competitive bid/quote process are outlined below.

6.F COMPETITIVE BIDS (\$50,000 PLUS)

1. All purchases or services with an estimated cost/value of \$50,000 or more must be obtained with formal, competitive bids.
2. Written bid specifications and contract documents must be prepared in advance of bid solicitations.
3. Three written bids must be obtained except when not possible or appropriate as provided below.
4. Bids must be solicited from the open market sufficient to comply with the intent of this procurement policy.
5. **Approval process:**
 - a. The General Manager shall open said bids on the date provided for in the specifications, review them, and make a recommendation to the Board of Directors at its next Board meeting.
 - b. The Board shall either accept and award a contract or reject the bids. If a bid is awarded, it shall go to the lowest responsible bidder as determined by the Board.
 - c. “Lowest responsible bidder shall be determined considering the following factors as are appropriate”:
 - i. Price.
 - ii. Ability to meet specifications.
 - iii. Ability to meet timelines to include delivery, starting, ending, or other.
 - iv. Ability to provide service and warranty support.
 - v. Availability of replacement parts.
 - vi. Ability to meet bidder qualification requirements.
 - vii. Contractor/vendor who does business in the local area.
 - d. Vendor and contractor requirements:
 - i. Valid state and local licenses for the specified work.
 - ii. Liability insurance with ORPS named as an additional insured in the minimum amount of \$1,000,000 or such higher sum as may be specified in the bid documents.
 - iii. Proof of worker’s compensation insurance.
 - iv. References – At least three clients/customers whom the contractor/vendor has worked for in the past two years unless the contractor/vendor has provided materials/services to ORPS within the last two years in a satisfactory manner.

6.G COMPETITIVE QUOTES (\$5,000 UP TO \$50,000)

All purchases within an estimated cost/value of over \$5,000 up to \$50,000 must be obtained with

competitive quotes. Normally, three quotes should be obtained.

1. Formal specifications and contract documents are not required for purchases or services up to \$5,000.00 unless deemed necessary by the General Manager. However, a complete description of the item or service requested is necessary to ensure the quotes are based on the same factors. Purchases over \$5,000 and larger construction projects shall require legal review and/or execution of a construction services agreement, as approved by legal counsel.
2. The General Manager makes the purchase decision after obtaining a not to exceed (NTE) written approval or email approval from the Board. A summary of said purchases must be prepared by the General Manager for the files/record and made available to the Board. The purchase decision is made utilizing the applicable provisions outlined above for the “lowest responsible bidder”.

6.H PURCHASES UP TO \$5,000 IN VALUE

1. The General Manager or his designee is authorized to make purchase decisions up to \$5,000 in value without obtaining three competitive quotes or bids providing the purchase order system as established by the General Manager is utilized and providing the items are included in the approved budget for the year. The provisions specified above for the “lowest responsible bidder” shall be utilized as are appropriate; and
2. Said expenditures will be reported and summarized through the normal monthly financial report.

6.I EXCEPTIONS TO THE COMPETITIVE BID/QUOTE REQUIREMENTS

1. Where the goods/commodity can only be obtained from one vendor and the specific product is needed.
2. **Emergency Purchases** – Notwithstanding the other provisions of this policy, the General Manager may make purchases in any amounts without seeking approval from the Board of Directors if the purchases are necessary for any emergency up to \$5,000.00 but must still obtain the authority, written if possible, from the President, but if the President is not available, then either the Vice-President or CFO, for any amount over \$5,000.00. An emergency is defined as any repair involving imminent danger to life or property, or immediately necessary for the preservation and safety of the property, or the safety of Owners, or required to avoid the suspension of any necessary service to the Association and/or the Project. It is understood and agreed that the General Manager will, if possible, confer with the Board regarding emergency expenditures. The General Manager must attempt to notify all members of the Board of Directors immediately after making such a purchase.
3. **General:**
 - a. Purchases that should be in one transaction shall not be split into a series of transactions to evade the bid/quote requirements herein.
 - b. The Board of Directors shall annually, during the budget development process, establish the minimum dollar level above which competitive bids and quotes shall be required effective July 1 of that year. If the Board takes no action to review the dollar amounts, they shall remain as specified or as subsequently changed hereafter.

**EXHIBIT A
ORPS BOARD ACTION FORM**

DATE: _____

TO: **BOARD OF DIRECTORS**

FROM: _____
(Committee Name)

BY: _____
(Committee Member Name & Contact Number)

APPROVED: _____
(Board Liaison)

DESCRIPTION OF ISSUE OR NATURE OF REQUEST:

RECOMMENDATION/MOTION:

COMMITTEE ACTION: (Note that the action was considered at an official meeting of the Committee and was approved by a majority vote):

BOARD ACTION DATE:

(All forms must be returned to the Board Office one week prior to a scheduled Board meeting for it to be scheduled on the Board Agenda.)

EXHIBIT B

REQUEST FOR APPROVAL OF FUND-RAISING ACTIVITY

EVENT SPONSOR:

(Owner and/or Committee)

If individual Owner, provide Lot #_____ and contact information:

Phone #_____ Email_____

If Committee, provide concurrence of Board Liaison:

(Board Liaison)

Date and Time of Event: _____

Facilities Requested: _____

Describe Event: _____

The event will be open to all ORPS owners: Yes ☐ **No** ☐

The Event will accumulate monies in support of:

