

PROCUREMENT POLICY

Disadvantaged Business Policies
Section 3 Policies
Capitalization and Disposition Policies

December 2019



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INTRODUCTION

1.1. General

Established for Columbia Housing (hereinafter, “CH”) by Action of CH Board of Commissioners (Board), this Procurement Policy (Policy) complies with the Annual Contributions Contract (ACC) between CH and the United States Department of Housing and Urban Development (HUD), Federal Regulations at 24 CFR Part 85.36, the procurement standards of the Procurement Handbook for Public Housing Authorities (PHAs), HUD Handbook 7460.8, REV 2, and applicable State and Local laws.

SECTION 2 GENERAL PROVISIONS

2.1. General

CH shall:

1. Provide for a procurement system of quality and integrity;
2. Provide for the fair and equitable treatment of all persons or firms involved in purchasing by CH;
3. Ensure that supplies and services (including construction) are procured efficiently, effectively, and at the most favorable and valuable prices available to CH;
4. Promote competition in contracting; and
5. Assure that CH purchasing actions are in full compliance with applicable Federal standards, HUD regulations, State of South Carolina, and local laws.

2.2. Application

This Policy applies to all procurement actions of CH, regardless of the source of funds, except as noted under “exclusions” below. However, nothing in this Policy shall prevent CH from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law. When both HUD and non-Federal grant funds are used for a project, the work to be accomplished with the funds should be separately identified prior to procurement so that appropriate requirements can be applied, if necessary. If it is not possible to separate the funds, HUD procurement regulations shall be applied to the total project. If funds and work can be separated and work can be completed by a new contract, then regulations applicable to the source of funding may be followed.

2.3. Definition

The term “procurement,” as used in this Policy, includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials, (2) construction and maintenance; consultant services, (3) Architectural and Engineering (A/E) services, (4) Social Services, and (5) other services.

2.4. Exclusions

This policy does not govern administrative fees earned under the Section 8 voucher program, the award of vouchers under the Section 8 program, the execution of landlord Housing Assistance Payments contracts under that program, or non-program income, e.g., fee-for-service revenue under 24 CFR Part 990. These excluded areas are subject to applicable State and local requirements.

Payments for certain items such as membership fees shall also be exempt from this policy. In the case of sole source services or products written documentation signed by the Executive Director shall be inserted into the procurement records to support why sole source procurement was the only option available to CH.

2.5. Changes in Laws and Regulations

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with these Policies, automatically supersede these Policies.

2.6. Public Access to Procurement Information

Most procurement information that is not proprietary is a matter of public record and shall be available to the public to the extent provided in the State of South Carolina Freedom of Information Act.

SECTION 3 ETHICS IN PUBLIC CONTRACTING

3.1. General

CH hereby establishes this code of conduct regarding procurement issues and actions and shall implement a system of sanctions for violations. This code of conduct is consistent with applicable Federal, State, or local law.

3.2. Conflicts of Interest

No employee, officer, Board member, or agent of CH shall participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest, either real or apparent, would be involved. This type of conflict would be when one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

1. An employee, officer, Board member, or agent involved in making the award;
2. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister);
3. His/her partner; or
4. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

3.3. Gratuities, Kickbacks, and Use of Confidential Information

No officer, employee, Board member, or agent of CH shall ask for or accept gratuities, favors, or items of more than nominal value (i.e. inexpensive hat with logo) from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

3.4. Prohibition against Contingent Fees

Contractors wanting to do business with CH must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

SECTION 4 PROCUREMENT PLANNING

4.1. General

Planning is essential to managing the procurement function properly. Hence, CH will periodically review its record of prior purchases, as well as future needs, to:

1. Find patterns of procurement actions that could be performed more efficiently or economically;
2. Maximize competition and competitive pricing among contracts and decrease CH's procurement costs;
3. Reduce CH administrative costs;
4. Ensure that supplies and services are obtained without any need for re-procurement (i.e., resolving bid protests); and
5. Minimize errors that occur when there is inadequate lead time.

Consideration shall be given to storage, security, and handling requirements when planning the most appropriate purchasing actions.

SECTION 5 PROCUREMENT METHODS

5.1. Petty Cash Purchases

Purchases under \$ 500 may be handled through the use of a petty cash account. Petty Cash Accounts may be established in an amount sufficient to cover small purchases made during a reasonable period, but no more than one month. For all Petty Cash Accounts, CH shall ensure that security is maintained and only authorized individuals have access to the account. These accounts shall be reconciled and replenished periodically.

5.2. Small Purchase Procedures

For any amounts above the Micro Purchase ceiling of \$10,000, but not exceeding \$250,000, CH may use small purchase procedures. Under small purchase procedures, CH shall obtain a reasonable number of quotes (preferably three); however, for purchases of more than \$500 but less than \$10,000, also known as Micro Purchases, only one quote is required provided the quote is considered reasonable. The Chief Operating Officer will act as a qualified agent of the Contracting Officer and shall be held accountable for all such purchases. All mini micro purchases must be funded through approved line item budget and properly documented. Only one quote is required provided the quote is considered reasonable.

To the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotations for Small Purchases (QSP), or quotes, may be obtained orally (either in person or by phone), by fax, in writing, or through e-procurement. Award shall be made to the responsive and responsible vendor that submits the lowest cost to CH. If award is to be made for reasons other than lowest price, documentation shall be provided in the contract file.

CH shall not break down requirements aggregating more than the small purchase threshold (or the Micro Purchase threshold) into several purchases that are less than the applicable threshold merely to: (1) permit use of the small purchase procedures or (2) avoid any requirements that applies to purchases that exceed the Micro Purchase threshold.

A purchase order generated through the IT system shall be required for all purchases in excess of \$10,000. A written form of agreement provided by the vendor/supplier and fully executed shall also be permissible in lieu of a system generated purchase order.

5.3. Sealed Bids

Sealed bidding, also known as Invitation for Bids (IFB), shall be used for all contracts that exceed the small purchase threshold and that are not competitive proposals or non-competitive proposals, as these terms are defined in this Policy. Under sealed bids, CH publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsive and responsible bidder whose bid, conforming to all the material terms and conditions of the IFB, is the lowest in price.

Procurement of construction, supply, and non-complex service contracts that are expected to exceed \$ 250,000 shall be done through formal advertisement on a website or other method of public notification.

1. **Conditions for Using Sealed Bids.** CH shall use the sealed bid method if the following conditions are present: a complete, adequate, and realistic statement of work, specification, or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the work; the contract can be awarded based on a firm fixed price; and the selection of the successful bidder can be made principally on the lowest price.
2. **Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be date and time-stamped and stored unopened in a secure place until the public bid opening. A bidder may withdraw the bid at any time prior to the bid opening.
3. **Bid Opening and Award.** Bids shall be opened publicly. All bids received shall be recorded on an abstract (tabulation) of bids, which shall then be made available for public inspection. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB.

If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis.

Purchases in excess of \$ 250,000 shall only be awarded by the Board of Commissioners.

4. **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Contracting Officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interest of CH or fair competition shall not be permitted.
5. **Multi-Step Bids** - As detailed within and allowed by HUD Handbook 7460.8 REV 2, Section 6.14, Multi-Step Bids, CH may, when appropriate, utilize this method of competitive solicitation. Such an "appropriate" utilization includes, but may not be limited to, the procurement of insurance services. Staff may only proceed with such competitive solicitation method if prior written approval has been garnered from CH Executive Director (such "written approval" must be placed within the applicable competitive solicitation file).

5.4. Competitive Proposals

Unlike sealed bidding, the competitive proposal method, also known as Request For Proposals (RFP), permits: consideration of technical factors other than price; discussion with Offerors concerning offers submitted; negotiation of contract price or estimated cost and other contract terms and conditions; revision of proposals before the final contractor selection; and the withdrawal of an offer at any time up until the point of award. Award is normally made on the basis of the proposal that represents the best overall value to CH, considering price and other factors, e.g., technical expertise, past experience, quality of proposed staffing, etc., set forth in the solicitation and not solely the lowest price.

1. **Conditions for Use.** Where conditions are not appropriate for the use of sealed bidding, competitive proposals may be used. Competitive proposals are the preferred method for procuring professional services that will exceed the small purchase threshold.

As detailed within Section 7.2.B of HUD Procurement Handbook 7460.8 REV 2, “only under limited circumstances would construction services be procured by competitive proposals.”

2. **Form of Solicitation.** Other than A/E services, developer-related services and energy performance contracting, competitive proposals shall be solicited through the issuance of an RFP. The RFP shall clearly identify the importance and relative value of each of the evaluation factors as well as any sub factors and price. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued. Proposals shall be handled so as to prevent disclosure of the number of Offerors, identity of the Offerors, and the contents of their proposals until after award. CH may assign price a specific weight in the evaluation factors or CH may consider price in conjunction with technical factors; in either case, the method for evaluating price shall be established in the RFP.
3. **Evaluation.** The proposals shall be evaluated only on the factors stated in the RFP. Where not apparent from the evaluation factors, CH shall establish an Evaluation Plan for each RFP. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee. The Evaluation Committee shall be required to disclose any potential conflicts of interest and to sign a Non-Disclosure statement. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.

4. **Negotiations.** Negotiations shall be conducted with all Offerors who submit a proposal determined to have a reasonable chance of being selected for award, unless it is determined that negotiations are not needed with any of the Offerors. This determination is based on the relative score of the proposals as they are evaluated and rated in accordance with the technical and price factors specified in the RFP. These Offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No Offeror shall be given any information about any other Offeror's proposal, and no Offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations. Negotiations are exchanges (in either competitive or sole source environment) between CH and Offerors that are undertaken with the intent of allowing the Offeror to revise its proposal. These negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract.

When negotiations are conducted in a competitive acquisition, they take place after establishment of the competitive range and are called discussions. Discussions are tailored to each Offerors proposal, and shall be conducted by the contracting officer with Offerors within the competitive range. The primary object of discussions is to maximize CH's ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The contracting officer shall indicate to, or discuss with, Offerors still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as technical approach, past performance, and terms and conditions) that could, in the opinion of the contracting officer, be altered or explained to enhance materially the proposer's potential for award. The scope and extent of discussions are a matter of the contracting officer's judgment. The contracting officer may inform an Offeror that its price is considered by CH to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all Offerors the cost or price that CH's price analysis, market research, and other reviews have identified as reasonable. "Auctioning" (revealing one Offeror's price in an attempt to get another Offeror to lower their price) is prohibited.

5. **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to CH provided that the price is within the maximum total project budgeted amount established for the specific property or activity.
6. **A/E Services.** CH shall contract for A/E services using Qualifications-based Selection (QBS) procedures, utilizing a Request for Qualifications (RFQ). Sealed bidding shall not be used for A/E solicitations. Under QBS procedures, competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Price is not used as a selection factor under this method. QBS procedures shall not be used to purchase other types of services, other than Energy Performance Contracting and Developer services, though architectural/engineering firms are potential sources.

5.5. Noncompetitive Proposals

1. **Conditions for Use.** Procurement by noncompetitive proposals (sole- or single-source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals, and if one of the following applies:
 - a) The item is available only from a single source, based on a good faith review of available sources;
 - b) An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to CH, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary simply to meet the emergency;
 - c) HUD authorizes the use of noncompetitive proposals; or
 - d) After solicitation of a number of sources, competition is determined inadequate.
2. **Justification.** Each procurement based on noncompetitive proposals shall be supported by a written justification for the selection of this method. The justification shall be approved in writing by the responsible Contracting Officer. Poor planning or lack of planning is not justification for emergency or sole-source procurements. The justification, to be included in the procurement file, should include the following information:
 - a) Description of the requirement;
 - b) History of prior purchases and their nature (competitive vs. noncompetitive);
 - c) The specific exception in 24 CFR 85.36(d)(4)(i)(A) through (D) which applies;
 - d) Statement as to the unique circumstances that require award by noncompetitive proposals;
 - e) Description of the efforts made to find competitive sources (advertisement in trade journals or local publications, phone calls to local suppliers, issuance of a written solicitation, etc.);
 - f) Statement as to efforts that will be taken in the future to promote competition for the requirement;
 - g) Signature by the Contracting Officer's supervisor (or someone above the level of the Contracting Officer); and

- h) **Price Reasonableness.** The reasonableness of the price for all procurements based on noncompetitive proposals shall be determined by performing an analysis, as described in this Policy.

5.6. Cooperative Purchasing/Intergovernmental Agreements

CH may enter into State and/or local cooperative or intergovernmental agreements to purchase or use common supplies, equipment, or services. The decision to use an interagency agreement instead of conducting a direct procurement shall be based on economy and efficiency. If used, the interagency agreement shall stipulate who is authorized to purchase on behalf of the participating parties and shall specify inspection, acceptance, termination, payment, and other relevant terms and conditions. CH may use Federal or State excess and surplus property instead of purchasing new equipment and property if feasible and if it will result in a reduction of project costs. The goods and services obtained under a cooperative purchasing agreement must have been procured in accordance with 24 CFR 85.36.

SECTION 6 INDEPENDENT COST ESTIMATE (ICE)

6.1. General

For all purchases above the Micro Purchase threshold, CH shall prepare an ICE prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased.

SECTION 7 COST AND PRICE ANALYSIS (CPA)

7.1. General

CH shall require assurance that, before entering into a contract, the price is reasonable, in accordance with the following instructions.

1. **Petty Cash and Micro Purchases.** No formal cost or price analysis is required. Rather, the execution of a contract by the Contracting Officer (through a Purchase Order or other means) shall serve as the Contracting Officer's determination that the price obtained is reasonable, which may be based on the Contracting Officer's prior experience or other factors.
2. **Small Purchases.** A comparison with other offers shall generally be sufficient determination of the reasonableness of price and no further analysis is required. If a reasonable number of quotes are not obtained to establish reasonableness through price competition, the Contracting Officer shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Contracting Officer's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis.
3. **Sealed Bids.** The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient bids are not received, and when the bid received is substantially more than the ICE, and where CH cannot reasonably determine price reasonableness, CH must conduct a cost analysis, consistent with federal guidelines, to ensure that the price paid is reasonable.
4. **Competitive Proposals.** The presence of adequate competition should generally be sufficient to establish price reasonableness. Where sufficient proposals are not received, CH must compare the price with the ICE. For competitive proposals where prices cannot be easily compared among Offerors, where there is not adequate competition, or where the price is substantially greater than the ICE, CH must conduct a cost analysis, consistent with Federal guidelines, to ensure that the price paid is reasonable.
5. **Contract Modifications.** A cost analysis, consistent with federal guidelines, shall be conducted for all contract modifications for projects that were procured through Sealed Bids, Competitive Proposals, or Non-Competitive Proposals, or for projects originally procured through Small Purchase procedures and the amount of the contract modification will result in a total contract price in excess of \$ 250,000.

SECTION 8 SOLICITATION AND ADVERTISING

8.1. Method of Solicitation

1. **Petty Cash and Micro Purchases.** CH may contact only one source if the price is considered reasonable.
2. **Small Purchases.** Quotes may be solicited orally, through fax, E-Procurement, or by any other reasonable method.
3. **Sealed Bids and Competitive Proposals.** Solicitation must be done publicly. CH must use one or more following solicitation methods, provided that the method employed provides for meaningful competition.
 - a) Advertising in newspapers or other print mediums of local or general circulations.
 - b) Advertising in various trade journals or publications (for construction).
 - c) E-Procurement. CH may conduct its public procurements through the Internet using e-procurement systems. However, all e-procurements must otherwise be in compliance with 24 CFR 85.36, State and local requirements, and CH's procurement policy.

8.2. Time Frame

For purchases of more than \$250,000, the public notice should run not less than once each week for two consecutive weeks.

8.3. Form

Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed items(s).

8.4. Time Period for Submission of Bids

A minimum of 30 days shall generally be provided for preparation and submission of sealed bids and 15 days for competitive proposals. However, the Executive Director may allow for a shorter period under extraordinary circumstances.

8.5. Cancellation of Solicitations

1. An IFB, RFP, or other solicitation may be cancelled before bids/offers are due if:
 - a) The supplies, services or construction is no longer required;
 - b) The funds are no longer available;
 - c) Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or

- d) Other similar reasons.
2. A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:
 - a) The supplies or services (including construction) are no longer required;
 - b) Ambiguous or otherwise inadequate specifications were part of the solicitation;
 - c) All factors of significance to CH were not considered;
 - d) Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;
 - e) There is reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or
 - f) For good cause of a similar nature when it is in the best interest of CH.
 3. The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.
 4. A notice of cancellation shall be sent to all bidders/Offerors solicited and, if appropriate, shall explain that they will be given an opportunity to compete on any re-solicitation or future procurement of similar items.
 5. If all otherwise acceptable bids received in response to an IFB are at unreasonable prices an analysis should be conducted to see if there is a problem in either the specifications or CH's cost estimate. If both are determined adequate and if only one bid is received and the price is unreasonable, the Contracting Officer may cancel the solicitation and either
 - a) Re-solicit using an RFP; or
 - b) Complete the procurement by using the competitive proposal method. The Contracting Officer must determine, in writing, that such action is appropriate, must inform all bidders of CH's intent to negotiate, and must give each bidder a reasonable opportunity to negotiate.
 6. If problems are found with the specifications, CH should cancel the solicitation, revise the specifications and re-solicit using an IFB.

8.6. Credit (or Purchasing) Cards

Credit card usage should follow the rules for all other small purchases. For example, the Contracting Officer may use a credit card for Micro Purchases without obtaining additional quotes provided the price is considered reasonable. However, for amounts above the Micro Purchase level, the Contracting Officer would generally need to have obtained a reasonable number of quotes before purchasing via a credit card.

When using credit cards, CH shall adopt reasonable safeguards to assure that they are used only for intended purposes (for instance, limiting the types of purchases or the amount of purchases that are permitted with credit cards).

Prior to use of credit card, the Executive Director shall authorize such use and the employee using the credit card must complete the Corporate Credit Card Use Agreement attached at the end of this section of this policy. A purchase order is not required when using a credit card for small purchases.

**Columbia Housing
Corporate Credit Card Use Agreement**

I, _____, hereby acknowledge and agree that I have received a corporate credit card from Columbia Housing (hereinafter “CH”), and that I will observe and be bound by the following conditions concerning the use of that corporate credit card.

1. My credit card is issued by _____, and the credit card account number is _____.
2. I understand the credit card is to be used only by me and solely to pay for business expenses that are fully reimbursable by CH, and that it is not for personal use.
3. I understand that under no circumstances may I use the credit card to charge or guarantee any personal expenses or charges, and that doing so constitutes a violation of CH's standards of employee conduct. In the event that I engage in unauthorized or personal purchases on my company credit card, I will be responsible for tendering payment to CH to reimburse CH for the full amount of the unauthorized charges.
4. I understand that I must retain all receipts and related proof of expenses, and that this documentation must be submitted, along with a completed request for reimbursement form, to my supervisor each month. Provided all expense documentation is in order, the monthly credit card invoice will be paid directly by CH.
5. I understand that CH may review and investigate and charges or billings connected with the credit card, that I have no expectation of privacy concerning what should be business expense charges, and that I will cooperate with any such review or investigation.
6. I understand that because any misuse of the credit card or other violation of this agreement is a violation of CH's standards of conduct, any such activity will result in cancellation of the card and I will be subject to disciplinary action up to and including termination of employment.
7. I agree to surrender the credit card to my supervisor or other appropriate CH representative, in the event my employment with CH ends for any reason.
8. I agree that I will immediately report any stolen or lost card to the business office at _____ [telephone number] and also to the Bank at [telephone number] _____.

Employee:

Signature:

Date:

SECTION 9 BONDING REQUIREMENTS

9.1. General

The standards under this section apply to construction contracts that exceed \$250,000. There are no bonding requirements for small purchases or for competitive proposals. CH may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

1. **Bid Bonds.** For construction contracts exceeding \$250,000, Offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price.
2. **Payment Bonds.** For construction contracts exceeding \$250,000, the successful bidder shall furnish an assurance of completion. This assurance may be any one of the following four:
 - a) A performance and payment bond in a penal sum of 100% of the contract price; or
 - b) Separate performance and payment bonds, each for 50% or more of the contract price; or
 - c) A 20 % cash escrow; or
 - d) A 25 % irrevocable letter of credit.

These bonds must be obtained from guarantee or surety companies acceptable to the United States Government and authorized to do business in the State of South Carolina. Individual sureties shall not be considered. U. S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies on this circular is mandatory.

SECTION 10 CONTRACTOR QUALIFICATIONS AND DUTIES

10.1. Contractor Responsibility

1. CH shall not award any contract until the prospective contractor, i.e., low responsive bidder, or successful Offeror, has been determined to be responsible. A responsible bidder/Offeror must:
 - a) Have adequate financial resources to perform the contract, or the ability to obtain them;
 - b) Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all of the bidder's/Offeror's existing commercial and governmental business commitments;
 - c) Have a satisfactory performance record;
 - d) Have a satisfactory record of integrity and business ethics;
 - e) Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
 - f) Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,
 - g) Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not be suspended, debarred or under a HUD-imposed LDP.
2. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

10.2. Suspension and Debarment

Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (24 CFR Part 24) or by other Federal agencies, e.g., Department of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings. Prior to issuance of a contract, CH staff shall, as detailed within Section 10.2.H.1 and 10.2.H.2 of HUD Procurement Handbook 7460.8 REV 2, conduct the required searches within the HUD Limited Denial of Participation (LDP) system and the U.S. General Services Administration (GSA) Excluded Parties Listing Service (EPLS) and place within the applicable contract file a printed copy of the results of each such search.

10.3. Vendor Lists

All interested businesses shall be given the opportunity to be included on vendor mailing lists. Any lists of persons, firms, or products which are used in the purchase of supplies and services (including construction) shall be kept current and include enough sources to ensure competition.

SECTION 11 CONTRACT PRICING ARRANGEMENTS

11.1. Contract Types

Any type of contract which is appropriate to the procurement and which will promote the best interests of CH may be used, provided the cost -plus-a-percentage-of-cost and percentage-of-construction-cost methods are not used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and CH. For all cost reimbursement contracts, CH must include a written determination as to why no other contract type is suitable. Further, the contract must include a ceiling price that the contractor exceeds at its own risk.

11.2. Options

Options for additional quantities or performance periods may be included in contracts, provided that:

1. The option is contained in the solicitation;
2. The option is a unilateral right of CH;
3. The contract states a limit on the additional quantities and the overall term of the contract;
4. The options are evaluated as part of the initial competition;
5. The contract states the period within which the options may be exercised;
6. The options may be exercised only at the price specified in or reasonably determinable from the contract; and
7. The options may be exercised only if determined to be more advantageous to CH than conducting a new procurement.

SECTION 12 CONTRACT CLAUSES

12.1. Contract Pricing Arrangements

All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions, as determined by CH.

12.2. Required Forms

Additionally, the forms HUD-5369, 5369-A, 5369-B, 5370, 5370-C, 51915 A and 5370-EZ which contain all HUD-required clauses and certifications for contracts of more than \$250,000, as well as any forms/clauses as required by HUD for small purchases, shall be used in all corresponding solicitations and contracts issued by CH.

12.3. HUD-required Contract Clauses

CH shall ensure that each contract executed by CH contains the required contract clauses detailed within 24 CFR 85.36(i) and 24 CFR Part 135.38 (Section 3).

SECTION 13 CONTRACT ADMINISTRATION

13.1. General

CH shall maintain a system of contract administration designed to ensure that Contractors perform in accordance with their contracts. These systems shall provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts, and similar matters. For cost-reimbursement contracts, costs are allowable only to the extent that they are consistent with the cost principles in HUD Handbook 2210.18.

SECTION 14 SPECIFICATIONS

14.1. General

All specifications shall be drafted so as to promote overall economy for the purpose intended and to encourage competition in satisfying CH's needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items. Function or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible.

Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

14.2. Limitation

The following types of specifications shall be avoided:

1. Geographic restrictions not mandated or encouraged by applicable Federal law (except for A/E contracts, which may include geographic location as a selection factor if adequate competition is available);
2. Brand name specifications (unless the specifications list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use).

Nothing in this procurement policy shall preempt any State licensing laws. Specifications shall be reviewed to ensure that organizational conflicts of interest do not occur.

SECTION 15 APPEALS AND REMEDIES

15.1. General

It is CH policy to resolve all contractual issues informally and without litigation. Disputes will not be referred to HUD unless all administrative remedies have been exhausted. When appropriate, a mediator may be used to help resolve differences.

15.2. Informal Appeals Procedure

CH shall adopt an informal bid protest/appeal procedure for contracts of \$250,000 or less. Under these procedures, the bidder/contractor may request to meet with the appropriate Contract Officer.

15.3. Formal Appeals Procedure

A formal appeals procedure shall be established for solicitations/contracts of more than \$250,000.

1. **Bid Protest.** Any actual or prospective contractor may protest the solicitation or award of a contract for serious violations of the principles of this Policy. Any protest against a solicitation must be received before the due date for the receipt of bids or proposals, and any protest against the award of a contract must be received within ten (10) calendar days after the contract receives notice of the contract award, or the protest will not be considered. All bid protests shall be in writing, submitted to the Contracting Officer or designee, who shall issue a written decision on the matter. The Contracting Officer may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant.
2. **Contractor Claims.** All claims by a contractor relating to performance of a contract shall be submitted in writing to the Contracting Officer for a written decision. The contractor may request a conference on the claim. The Contracting Officer's decision shall inform the contractor of its appeal rights to the next higher level of authority in CH. Contractor claims shall be governed by the Changes clause in the form HUD-5370-EZ.

SECTION 16 SECTION 3 AND DISADVANTAGED BUSINESS POLICY

16.1. General

CH requires that all contractors doing business with the Authority make a “good faith effort” to use area residents as trainees and employees and to award contracts to businesses located within the Section 3 covered project areas. Good faith efforts will include concrete steps to expand resident training and employment opportunities, such as making residents aware of the employment application process and employing qualified Section 3 area residents.

It is the policy of CH to ensure that employment and other economic opportunities generated by the result of contracts awarded that are funded with federal financial assistance shall, to the greatest extent feasible, be directed toward low and very low income persons, particularly those who are recipients of government assistance for housing.

This policy sets forth the practices required for contractors to hire Section 3 Residents and to subcontract with business concerns owned in whole or in part by Section 3 Residents. This document also sets forth the requirements for the contracting with business concerns owned in whole or in part by Section 3 Residents, Minority, Women, Disadvantaged, Disabled Veterans and Labor Surplus Area Business Enterprises.

Contractors who are not able to otherwise meet the Section 3 requirements set forth in this policy may contribute to the CH Resident Services Section 3 Employment Education fund. Such contribution shall be in the amount of a minimum of 5% of the total contract costs below \$250,000; 4% of the total contract costs between \$250,001 and \$500,000; and, 2% for contracts in excess of \$1,000,000.

16.2. Required Efforts

Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, all feasible efforts shall be made to ensure that minority-owned, small disadvantaged and Section 3 businesses, women’s business enterprises, labor surplus area businesses and other individuals or firms located in or owned in substantial part by persons residing in the area of the CH project are used when possible. Such efforts shall include, but shall not be limited to:

1. Including such firms, when qualified, on solicitation mailing lists;
2. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;

5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
6. Including in contracts, to the greatest extent feasible, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which provide opportunities to low-income residents, as described in 24 CFR Part 135 (so-called Section 3 businesses); and
7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.

16.3. Definitions

1. A small business is defined as a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR Part 121 should be used to determine business size.
2. A minority-owned business is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals.

Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

3. A women's business enterprise is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.
4. A "Section 3 business concern" is as defined under 24 CFR Part 135.
5. A Disabled Veterans Enterprise (DVE) is a sole proprietorship, partnership, or corporation owned, operated, controlled by a disabled veteran (as determined by the Veterans Administration) who have at least 51% ownership. The disabled veteran must have operational and managerial control, interest in capital, and earnings commensurate with the percentage of women ownership. To qualify as an eligible DVE, the business must be certified and in good standing with the State of South Carolina.
6. A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the DOL in 20 CFR Part 654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

7. Section 3 Residents are residents of housing programs managed, administered or sponsored by CH; an individual residing in the Columbia County Statistical Metropolitan Survey Area and, who is a low-income person, earning less than 80% of area median income; or a very low-income person, earning less than 50% of area median income.

16.4. Goals

1. **Section 3 Resident Participation Goal.** CH has established a goal of a minimum percentage of 10% of Section 3 Residents as new hires for all contracts in excess of \$250,000.
2. **Minority/Women Business Enterprise Goal.** CH has set a goal of achieving at least 30% of each Section 3 Covered Contract sum to be awarded to minority and disadvantaged in the categories described above.

16.5. Priority for Selection of Section 3 Residents

For purposes of Section 3 Resident hiring and Contracting Requirements, the term Section 3 Residents” includes the following categories of individuals, in the order of priority set forth below:

1. Residents of CH public housing communities.
2. Residents of CH mixed finance communities.
3. Participants of CH’s Housing Choice Voucher Program.
4. Residents of the City of Columbia to the extent such residents are low or very low income as defined above.
5. Residents of Richland County (outside the City of Columbia) to the extent such residents are low or very low income as defined above.

16.6. Training and Employment Preference for Section 3 Residents

CH, through its Resident Services Programs will work with its Service Partners that offer job readiness programs and training in day-to-day employment skills and apprenticeship programs.

16.7. Contractor Requirements

1. **Section 3 Employees.** Contractors and subcontractors shall be required to submit a notice of intent to comply with the Section 3 regulations within all contracts. These notices are to be posted in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference. The notice shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each and the name and location of the persons taking applications for each of the positions, and the anticipated date the work shall begin.

The contractor shall, to the greatest extent feasible, give preference to Section 3 Residents when hiring any full-time employee for permanent, temporary or seasonal employment under the contract. The contractor will be deemed to be in compliance with the training and employment requirements of the Section 3 Policy if 10% of all new hires are Section 3 Residents.

The contractor is responsible for complying with the requirements of this policy in its own operations and for assuring compliance in the operations of its subcontractors.

2. **Contract Preference for Section 3 Business Concerns.** The contractor shall, to the greatest extent feasible, give preference to Section 3 Business Concerns when entering into any contract for the work of the Project.

The Contractor will be deemed to be in compliance with the contract preference for Section 3 Business Concerns if it commits to award to Section 3 Business Concerns at least 30% of the total dollar amount of the Contract.

3. **Certifications and Assurances.** The form of contract executed by Contractors/Subcontractors will include the requirements set forth in this policy.

16.8. CH Marketing Efforts

1. **General.** CH will market the Section 3 policies to Residents and Program Participants through posting of information on its website; posting of notices at CH offices and developments; and issuance of flyers describing employment and training opportunities. CH will also provide notices at strategic locations within the community where people gather (i.e., schools recreational facilities, and area churches). CH will also inform community leaders, contractors, political leaders and interested community organizations of the Section 3 and MBE/WBE hiring commitments.

The Resident Services Staff will identify and maintain a list of Section 3 Residents interested in employment and training opportunities. This list will be provided to Contractors and Subcontractors in an effort to assist them with meeting the stated goals.

16.9. Compliance and Monitoring

1. **Reporting.** The contractor shall submit to CH a completed Monthly Employee/Business Concern Utilization Report in a format determined by CH each month throughout the contract period. The contractor shall promptly provide to CH at its request, any such other information or reports which CH may require and shall permit access to the job site and to any books, records, accounts and/or other material deemed by CH to be necessary to monitor the contractor's compliance with this Policy.

2. **Termination.** The contractor or any of its subcontractors may terminate the employment of a Section 3 Resident or the contract of a Section 3 Business Concern for good cause, provided that the contractor or subcontractor first notifies CH in writing of the proposed termination and the specific reasons for dismissal. If any Section 3 Resident employed by the contractor or a subcontractor pursuant to this Provision leaves or is terminated from such employment, or if any Section 3 Business Concern fails to perform under its contract or its contract is terminated, CH shall require the contractor and/or its subcontractor to employ another Section 3 Resident or contract with another Section 3 Business Concern in order to remain in compliance with the requirements of this Policy.
3. **Department of Labor Requirements.** Contractors subject to the Section 3 Resident Employment Provision are also required to comply with Executive Order 11246, as amended by Executive Order 12036 and the Department of Labor regulations issued pursuant thereto (41 CFR chapter 60), which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally-assisted construction contracts.
4. **Sanctions.** If contractors or subcontractors do not comply with Section 3 mandates, CH will address the issues promptly. All sanctions against any contractor should be based on language in the signed contract.

16.10. Performance Standards

1. **General.** On each construction job site, it is expected from the contractor/subcontractors, that all referred and hired Section 3 Residents will be treated with the same respect and consideration that is demonstrated toward non-Section 3 Residents.

At no time should there be any disparity in hours worked per day, nor days worked per week, unless both contractor and employee agree upon it. Violation of these performance standards by the general contractor and its subcontractors will be interpreted as violation of contract agreement.

SECTION 17
BOARD APPROVAL OF PROCUREMENT ACTIONS

17.1. Authority

The Board appoints and delegates procurement authority to the Executive Director (ED) in the amount not to exceed \$250,000 and is responsible for ensuring that any procurement policies and procedures adopted are appropriate for CH. All procurements that exceed \$250,000 must be reviewed for conformance with the procurement policy by the Board.

17.2. Reporting

CH Executive Director shall ensure that the Board of Commissioners receives a quarterly report of all procurement activity in excess of \$250,000.

SECTION 18 DELEGATION OF CONTRACTING AUTHORITY

18.1. Delegation

While the ED is responsible for ensuring that CH's procurements comply with this Policy, the ED may delegate all procurement authority as is necessary and appropriate to conduct the business of CH.

Department Managers shall have authority to procure and execute related purchase/procurement documents up to \$10,000. The Executive Director shall execute all purchase confirmation documents in excess of this amount.

18.2. Procedures

Further, and in accordance with this delegation of authority, the ED shall assure that all procurement activity is conducted pursuant to this policy. The ED shall also enforce sanctions for violations of the ethical standards described in herein pursuant to the Ethical Standards and Code of Conduct outlined in the Employee Handbook.

SECTION 19 DOCUMENTATION

19.1. Required Records

CH must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to, the following:

1. Rationale for the method of procurement (if not self-evident);
2. Rationale of contract pricing arrangement (also if not self-evident);
3. Reason for accepting or rejecting the bids or offers;
4. Basis for the contract price (as prescribed in this handbook);
5. A copy of the contract documents awarded or issued and signed by the Contracting Officer;
6. Basis for contract modifications; and
7. Related contract administration actions.

19.2. Level of Documentation

The level of documentation should be commensurate with the value of the procurement.

19.3. Record Retention

Records are to be retained for a period of three years after final payment and all matters pertaining to the contract are closed.

**SECTION 20
FUNDING AVAILABILITY**

20.1. General

Before initiating any contract, CH shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification.

SECTION 21 CAPITALIZATION POLICY

21.1. General

CH shall capitalize and include on the books and records all fixed assets as defined in this policy.

21.2. Fixed Assets

Fixed assets shall be defined as any item having useful life of more than three years or a value greater than \$5,000. These items shall be capitalized and subject to depreciation.

21.3. Expendable Equipment

All items have a useful life of less than three years or an individual value of \$5,000 or less shall be considered expendable and will not be capitalized or subject to depreciation.

21.4. Improvements to Fixed Assets

Expenditures to fixed assets that do not increase the value of the asset regardless of total amount of expenditure will not be capitalized. Examples are unit turnaround in which a vacant unit is prepared for re-occupancy but the expense to “turn” the unit does not generally increase the value of the unit even if the costs is greater than \$5,000.

SECTION 22 DISPOSITION POLICY

22.1. General

Annually, the Executive Director or designee shall review all excess inventory of goods, replaced capital equipment, accumulated salvage, excess land and buildings infeasible for occupancy and initiate disposition pursuant to the following policy

22.2. Minimal Value Single Items

If the estimated value of an individual item is less than \$2,000, the Executive Director may negotiate a sale on the open market after such inquiry as considered necessary to ensure a fair return to the Authority.

The sale shall be documented with an estimate of value from an independent assessment and a final bill of sale from the purchaser. If there are multiple items of the same category, they may not be “sold” individually to eliminate open competitive bids.

22.3. Competitive Sales

A single item or multiple items of the same category which collectively have an estimated value of \$2,000 or more shall be sold through competitive bids. CH shall advertise the sale a minimum of 15 business days prior to the sale in electronic or print media targeted to the general public. CH will state in the advertisement the method for submission of bids and such methods may include sealed bids; public auction or general sale. A minimum acceptable bid shall be established for each item prior to the sale. In the case of land or building improvements, the minimum bid shall be supported by a third party appraisal. All other items shall be priced based on average sales prices reflected for the same or similar items as listed on internet sales sites or a value provided by a supplier.

22.4. Sealed Bids

Sealed bids shall be opened publicly at the time and place specified in the advertisement. If at least one bid was received equal to or greater than the established minimum bid, and the sale price is less than \$25,000, the Executive Director shall approve the sale. If the sales price is \$25,000 or more, the bids shall be tabulated and submitted to the Board of Commissioners for approval of sale. If the minimum bid was not received, CH shall advertise the sale. If the minimum bid is not received after a second public bid process, the Executive Director shall submit a request for approval from the Board of Commissioners regardless of amount, to sell at the highest received bid amount.

In the case of land or structures covered by a HUD Declaration of Trust in which a second sealed bid is less than the appraised value of the property, the Executive Director will secure HUD approval of the sale prior to approval by the Board of Commissioners.

22.5. General Sale

CH may determine that the most effective method to dispose of large quantities of excess inventory is a general sale. CH shall conduct the sale for a minimum of two consecutive days; shall advertise the dates, times and location of the general sale and shall mark each item with a minimum sales price. CH may decrease the minimum price of items not sold during the first day of the sale. Items not sold during the second day of the sale may be donated to a non-profit or educational institution provided they have minimal value (less than \$2,000 per item). CH shall solicit a verification of the non-profit status of the organization and a receipt for items received.

22.6. Sales Proceeds

Proceeds from items sold that were identified as inventory or capital items in a specific HUD program shall be recorded as “other/miscellaneous income” in the corresponding program account. Proceeds from other items shall be listed as miscellaneous income in the Central Office account.

22.7. Other Disposition

Excess inventory items shall only be destroyed and transferred to an appropriate landfill after all attempts have been made to sell or donate the item as detailed above.

22.8. Loss and Damage

The Executive Director shall review and confirm the facts surrounding all cases of loss, theft, damage or destruction of property of CH. The Executive Director shall determine the responsibility of the individual entrusted with the property and whether and to what extent the individual shall be required to reimburse the Authority.

22.9. Write-Offs

Upon final disposition of any inventory, equipment, materials, land or structures the appropriate write-off of value shall be prepared and submitted to the Board of Commissioners for approval. Write-offs shall include lost and damaged items.