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Carthage Industrial Development Corporation

Procurement Policy

Adopted November 4 2009

SECTION 1. PURPOSE AND AUTHORITY. The purpose of this document is to outline the procurement policy (the "Policy") of Carthage Industrial Development Corporation (the "CIDC") applicable to procurement of goods and services paid for by the CIDC for its own use and benefit. The purpose of this policy is to assure that goods and services be procured by the CIDC in such a manner so as to assure the prudent and economic use of CIDC funds, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, improvidence, extravagance, fraud and corruption.

SECTION 2. SECURING GOODS AND SERVICES. Each action taken in connection with each procurement must be supported by documentation. When an award is made to other than the lowest responsible offeror, the determination to make the award *must be supported by documentation that justifies the award and sets forth the reasons why the award furthers the purposes of this Policy.*

SECTION 3. METHOD PURCHASE. The following method of Purchase will be used when required by this Policy in order to achieve the highest quality and savings:

<u>Estimated Amount of Purchase</u>	<u>Method Required</u>
Up to 1,000	The discretion of the President or authorized designee.
\$1,001 to \$5,000	Documented Verbal quotes from at least two vendors
\$5,001 to \$10,000 and above	2 written/fax quotations
\$5001 to \$20,000 and up	2 written/fax quotations for construction and other services

Number of Proposals or Quotations. A good faith effort shall be made to obtain the required number of proposals or quotations. If the purchaser is unable to obtain the required number of proposals or quotations, the purchaser will document the attempt *made at obtaining the proposals. In no event shall the failure to obtain the proposals be a bar to the procurement.*

Documentation. Documentation is required for each action taken in connection with each procurement. Documentation and an explanation are required whenever a contract is awarded to other than the lowest responsible bidder. This documentation will include an explanation of how the award will achieve savings or how the bidder was not acceptable. A determination that the bidder is not acceptable shall be made by the purchaser with the approval of the President or Treasurer of the CIDC Board.

SECTION 4. CIRCUMSTANCES WHERE SOLICITATION OF ALTERNATIVE PROPOSALS AND QUOTATIONS ARE NOT IN THE BEST INTEREST OF THE AGENCY.

This policy may contain circumstances when, or types of procurement for which, in the sole discretion of the members of the CIDC, the solicitation of alternative proposals or quotations will not be in the best interest of the CIDC. In the following circumstances, it may not be in the best interests of the CIDC to solicit quotations or document the basis for not accepting the lowest bid:

(A) Professional and Contracted Services. Professional services or services requiring special or technical skill, training or expertise. The individual, company or firm must be chosen based on accountability, reliability, responsibility, skill, conflict of interests, reputation, education and training, judgment, integrity, continuity of service and moral worth. Furthermore, certain professional services to be provided to the CIDC, e.g., legal and accounting services, impact liability issues of the CIDC and its members, including securities liability in circumstances where the CIDC is issuing bonds. These qualifications and the concerns of the CIDC regarding its liability and the liability of its members are not necessarily found or addressed in the individual, company or firm that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures.

In determining whether a service fits into this category, the CIDC shall take into consideration the following guidelines: (a) whether the services are subject to state licensing or testing requirements; (b) whether substantial formal education or training and experience is a necessary prerequisite to the performance of the services. Professional or technical services shall include but not be limited to the following: services of an attorney (including bond counsel); services of a physician; technical services of an engineer engaged to prepare plans, map and estimates; securing insurance coverage and/or services of an insurance broker; services of a certified public accountant; investment management services; printing services involving extensive writing, editing, or art work; management of CIDC-owned property; and computer software or programming services for customized programs, or services involved in substantial modification and customizing of pre-package software.

(B) Emergency Purchases. Due to the nature of this exception, these goods or services must be purchased immediately and a delay in order to seek alternate proposals may threaten the life, health, safety or welfare of the public. This section does not preclude alternate proposals if time permits.

(C) Purchases of Secondhand Goods. Purchases of surplus and second-hand goods from any source. If alternate proposals are required, the CIDC is precluded from purchasing surplus and second-hand goods at auctions or through specific advertising sources where the best prices are usually obtained. It is also difficult to try to compare prices of used goods and a lower price may indicate an older product.

(D) Goods or Services Under \$10,000. The time and documentation required to Purchase through this Policy may be more costly than the item itself and would therefore not be in the best interests of the taxpayer. In addition, is it not likely that such minimal contracts would be awarded based on favoritism.

(E) Buy Local. Reasonable preference will be given to making purchase from Jefferson County businesses.

SECTION 5. POLICY REVIEW. The statute requires that the Policy must be reviewed by the CIDC annually. Any amendments will be approved by the CIDC Board of Directors'.