



**LAKE FOREST PROPERTY OWNERS ASSOCIATION, INC.
STANDARD OPERATING PROCEDURE FOR MAINTENANCE ITEMS (BUDGETED
and NON-BUDGETED) AND FOR IMPROVEMENT ITEMS**

I. INTRODUCTION

Purpose and Need. To have standardized methods that are predictable and to provide the appropriate due diligence, that will formalize past best practices and to be good stewards on behalf of the members of the Lake Forest Property Owners Association, Inc. (“LFPOA”), that once implemented will provide additional assurance that adequate oversight in the use of community funds is in place.

II. DEFINITIONS:

Minor Maintenance Work (**Budgeted Only**) is all work with a total cost of less than \$10,000.00 and involves the replacement of equipment or the repair of damage or emergency work is primarily the responsibility of the General Manager.

Major Maintenance Project (**Budgeted or Non-Budgeted**) is any work requiring rehabilitation, restoration, or replacement of any LFPOA property estimated to cost more than \$10,000.00 that is not designated by the BOD as a Capital Improvement Project.

Capital Improvement Projects may involve new construction or the restoration or rehabilitation of existing facilities with a cost of over \$100,000.

Emergency Work Projects involve situations where immediate work or remediation is required due to conditions that constitute an imminent threat to life, health, safety, or property and reasonable remedial actions would not be expected to adequately abate the risk to allow time to otherwise comply with the process defined in this document.

Property as the term is used herein, shall mean real or personal property of LFPOA and includes equipment, structures, and grounds.

Request For Funding (“RFF”) is a written request that requires approval for any non-budgeted maintenance or repair item and should include all supporting written information, such as scope of work, engineering review if required and competitive bid submission.

General Manager (“GM”) is provided by the Management Team and is the onsite point person responsible for and charged with the administration and execution of governing documents, policies, proceedings and for the care, upkeep, maintenance, and repairs of the all properties owned, operated, and maintained by the LFPOA.

III. MINOR MAINTENANCE WORK PROCESS (BUDGETED)

The procedure for the BOD to initiate and complete Minor Maintenance Work of \$10,000.00 or less involves minor interaction with the BOD, and is the primary responsibility of the GM with the possible involvement of the **Corporate Project Manager** (“CPM”) and/or Corporate Attorney, as follows:

1. Initiation. Initiation and execution of Minor Maintenance Work is primary the responsibility of the GM.
2. Scope of Work. The GM shall develop the written Scope of Work, including:
 - (a) photos of the existing condition of the subject Property
 - (b) sketch of the plan view of the work area (identify all buildings shown and numbered for reference, or individual pieces of equipment shown and identified by numbering)
 - (c) the estimated cost (labor, materials, and other costs to accomplish the work), and
 - (d) a general description of the work in plain English.
3. Project Manager/Engineering. GM is authorized to spend up to \$2,000 for engineering. The GM may procure the assistance of the **CPM** as needed.
4. Bids. GM shall take all reasonable steps to solicit at least 3 written proposals - Responsive Bids - from qualified persons or corporations fully addressing each item in the scope of work. A summary Schedule of Work and Request for Funding (RFF) shall be completed by the GM.
5. Approval. The GM shall submit the Scope of Work, the Schedule of Work, RFF, and RB to the BOD for approval. Once approved, the GM is authorized to proceed with the work. Any approvals made shall be noted in the Minutes as set forth in the Bylaws.
6. CPM. When determined by the GM that the work requires comprehensive field inspection of progress and/or other special issues of contract compliance, the GM will notify the BOD of the selection of the CPM for execution of these two aspects of the Minor Maintenance Work.
7. GM Reporting. The GM is required to provide progress reports to the BOD assuring all matters have been appropriately addressed during the execution of the work (such as insurance claims, equipment delivery, materials delays, safety, and control of the work site, etc.). The GM shall formally report on the stages of work progress and completion, once achieved, in writing within the Monthly GM’s Report for Stated Meetings.

IV. MAJOR MAINTENANCE PROJECTS PROCESS (BUDGETED or NON-BUDGETED)

The procedure for the BOD to initiate and complete a Major Maintenance Project with costs over \$10,000.00 involves the interaction of the BOD, the GM, the Corporate Attorney, and CPM.

A request to initiate a Major Maintenance Project can be made and considered by the BOD at a meeting of the BOD (working session or other). Initiation (Birth) of these types of projects shall occur as soon as possible in cases where damage has occurred or the need for replacement or rehabilitation is recognized.

1. Initiation. A proposed Major Maintenance Work project will be made in writing at the request of the GM or by the BOD.
2. Initial Scope of Work. The GM shall develop the written Scope of Work working with the CPM, to include:
 - (a) those tasks or information described in **Sec. III, 2, (a)-(d)** above, and
 - (b) any information concerning associated insurance coverage, and
 - (c) information concerning any pertinent legal matters.
3. Engineering. GM, with the CPM's assistance, is authorized to spend up to \$2,000 for engineering or other similar expert assistance.
4. Initial Approval. The GM, with input from the CPM, shall submit the information in writing to the BOD. The BOD shall expedite a decision whether the work should be performed or deferred, or request more information when deemed necessary. If the decision of the BOD is to defer the work or that more information is needed, then the project will be tabled until such time as it is brought up again by the GM or by the BOD at a subsequent BOD meeting.
5. Architectural/Engineering ("A/E"). Once approved by the BOD as a Major Maintenance Project, the BOD will also determine if an Architect or Engineering firm is needed for the development of the Detailed Scope of Work, Work Plans and Specifications and may authorize their engagement based on complexity. The GM shall then work with the CPM and the A/E firm to complete a Detailed Scope of Work as soon as practical.
6. Detailed Scope. The GM shall ensure that the Detailed Scope of Work contains the following:
 - (a) the specific needs for involvement by the A/E firm(s) in further project development, such as development of alternatives:
 - (b) the Selected Conceptual Plan, and Final Detailed Plans and Specifications
 - (c) all permitting/regulatory requirements for the project
 - (d) any real estate requirements and rights of entry
 - (e) all legal requirements
 - (f) all contracting requirements (multiple contracts if needed)
 - (g) the estimated materials and labor required
 - (h) appropriate drawings and other visual aids and/or photographs of project features
 - (i) plans to address work site safety requirements
 - (j) plans to address controlled access of the work site, and
 - (k) plans to address the need for retainage and any incremental funding required (say materials cost) to be paid throughout the project delivery process.
7. RFF. Once a written Detailed Scope of Work and projected Schedule of Work have been completed, an RFF shall be developed, and all three items shall be presented as a Solicitation Package to the BOD. The GM has the responsibility when the Detailed Scope of Work, Schedule of Work, and the RFF is presented as a Solicitation Package to the BOD for approval.
8. The GM, in cooperation with the CPM, shall inform the BOD on the progress and from time to time be responsive to requests from the President of the BOD to give a presentation to the BOD covering

any issues with project execution (such as delays in equipment or materials delivery, contract disputes and potential claims, or the state of project completion).

9. The CPM will inspect work progress and ensure that the project is completed as approved and that the contractor(s), subcontractors, etc. are paid, all claims are resolved, and contract retainage is cleared (working with the Corporate Attorney and the GM).

10. Change Orders, when necessary, or required will be briefed or communicated to the BOA by the GM as soon as practicable to include detailed scope of work and an estimated cost.

V. CAPITAL IMPROVEMENTS PROJECT PROCESS

The procedure for a Capital Improvement Project shall involve the interaction between the BOD, the Corporate Project Manager, the Corporate Attorney, and with limited involvement with the GM. The GM has no direct role in this type of project, with the exception of the coordination of existing operations as may be deemed necessary. This process shall consist of the following steps:

1. **Initiation.** The Birth of a project is presented as an idea (note, this the idea stage; it is not a project yet). The BOD shall discuss the efficacy (cost range, reason for undertaking it, and potential timing) of the idea. A BOD retreat or special called meeting can be utilized to facilitate this discussion. Following this discussion, the BOD shall either “Approve” or issue a “Deferral” of the idea. The BOD will publicize long and short capital projects goals timely and as appropriate to the LFPOA Membership.

2. **Deferred.** If deferred by the BOD but it still has potential for a future implementation, the idea will possibly be placed on the agenda of a future BOD meeting and/or made a part of the long-term plans (5-year plan or similar plan).

3. **Preliminary Conceptual Scope of Work (“PCSOW”).** Approved projects are designated as a Proposed Capital Improvement Project, and, therefore, are also automatically approved for the development of a written PCSOW. The proposed project is referred to one of the appropriate Standing Committees of the LFPOA - or to a Special Project Committee appointed by the BOD for the purpose of the development of the written PCSOW. The development of the PCSOW and Tentative Milestone Schedule (“TMS”) shall be initiated and performed by the CPM under the supervision of the Committee as assigned, which shall make periodic reports to the BOD.

4. **Initial Presentation.** A date shall be set for an initial presentation of the PCSOW and TMS to the whole BOD. The PCSOW shall contain visual aids, maps, conceptual drawings, photos, or other figures that will assist in the complete understanding of the generalized scope of the Project. The Committee will notify the President that the written PCSOW and TMS is complete, and the Committee is ready for the initial presentation by the CPM to the whole BOD at a Stated Meeting. The date of this initial presentation shall be published to the LFPOA Membership.

5. **Capital Improvement Project (“CIP”).** Once the PCSOW and TMS are approved by the BOD, the project is then designated as a CIP of the LFPOA. The detailed Project Development Phase will begin.

6. Detailed Scope of Work (“SOW”). A SOW and Milestone Schedule will be developed by the CPM collaborating with the designated Committee having jurisdiction over the CIP (or a Special Project Committee, as the case may be). This SOW and the Milestone Schedule will be flexible as the project moves forward in development, problems are solved, and the project is defined to a greater level of detail. The Committee shall select from the items in the project’s Milestone Schedule a small number of Milestones that require official BOD approval. Additionally, the BOD will determine and schedule presentations of the CIP to the LFPOA Community

7. Milestone Schedule. The following will be considered In choosing events for the Milestone Schedule:

- (a) dates to engage any Architect/Engineering firms in initial discussions
- (b) dates for contracts with Architect/Engineering firms
- (c) dates for approval of any LFPOA Funds involved in the project (approval of the RFF)
- (d) dates to pursue any grant funding or to pursue any funds from outside the LFPOA
- (e) dates for approval of the Conceptual Drawings showing the scope, scale, and any floor plans or other necessary proposed project functional illustrations
- (f) dates for approval of the Detailed Scope of Work
- (g) dates for approval of the Selected Bidder or Bidders on the project
- (h) dates for the types of surveys needed
- (i) dates for approval of any construction contracts, or subcontracts, on the project
- (j) dates for any public involvement or public relations (media) events
- (k) dates for any real estate actions required (including any rights of entry that may be necessary)
- (l) dates for initiation and completion of all permitting/regulatory actions required
- (m) dates for completion of construction of the major elements of the project, and
- (n) dates for completion of an Operation and Maintenance Manual for the Project (covering correct operation and preventative maintenance of the projects significant component parts).

8. Contracts. Any contracting actions (including Architect or Engineering Contracts) shall require approval of the BOD and shall be delivered to the BOD at least 10 days prior to the date for which approval is requested of the BOD. The Solicitation Package shall include the SOW, the RFF, any drawings and/or sketches of proposed work, the bid documents advertising the work for bid (including a list of bidders to be solicited), and each of the bids received, including those that were deemed non-responsive for the record.

9. Updates. The designated Committee with the responsibility for executing a CIP may be required, from time to time, to have the CPM make presentations to the BOD. These presentations shall be made upon request from the President of the BOD or upon a favorable majority vote of the BOD, which shall forthwith be communicated to the CPM by the GM or President. Such presentations will be made to the BOD by the CPM within one week of the receipt of the written request unless otherwise agreed. All presentations shall include the appropriate visual aids necessary to supplement the presentation and ensure understanding by the Board Members.

10. Project Oversight. The CPM is the primary point of responsibility for all aspects of CIP execution. This responsibility includes: assuring all contract actions are initiated and completed in a professional manner; assuring equity in the solicitation process, including the selection of responsible low bidders, and if materials are to be procured by the LFPOA, they are purchased at the lowest reasonable cost;

assuring scheduled completion of the major elements of the project; validating work progress, recommending progress payments, assuring any partial payments made to subcontractors, with the appropriate withholding (typically 10%) is accomplished until project completion; and periodic inspection of work progress and reporting on this to the BOD when requested. Among these responsibilities are the responsibility of all aspects of comprehensive project completion; the assurance of safety on the job site; oversight that all contracts are financially closed out; and cooperation while working with the GM, the Corporate Attorney, and the BOD, on all matters (legal and otherwise) associated with project execution.

V. EMERGENCY PROJECTS

Emergency Work Projects ("EWP"). Notwithstanding the above, the GM, after consulting with the President of the BOD and the Finance Committee Chair, shall determine if the work meets the definition of an EWP as defined. If so, the GM, working with the Chairperson of the Finance Committee, has the authority to obligate funds in an amount up to \$10,000.00 toward the work or remediation as needed. The President of the BOD and the GM, in their discretion, shall determine the degree that the requirements of the "Minor Maintenance Work" process apply to the situation. The General Manger shall report to the BOD the facts and the rationale used in the decisions and the report shall include an after-the-fact RFF type document for the emergency work. If the situation warrants expenditure of funds in excess of \$10,00.00, the GM shall seek approval of the BOD at a meeting or pursuant to Section 5.12 of the Bylaws (Action Without a Meeting) and noted in the minutes under Section 5.12.

This policy was adopted by the Board of Directors of the Lake Forest Property Owners Association, Inc. on the _____ day of _____, 2023.

President

By: _____
As President

Attest:

Secretary