

Policy Number B-6**Subject: Vendor Selection****Review Requirement: 3 years****Original Issue Date: May 25, 2005****Date of Last Review: May 08, 2025****Date of Last Revision: May 08, 2025****Previous Revisions: 07/10/2014, 02/14/2019, 01/09/2020, 05/12/2022**

I. OBJECTIVE

To establish guidelines for the procurement of goods and services by Mountain Parks Electric Inc. (the "Cooperative") to ensure compliance with applicable federal regulations, including 2 CFR § 200.318, as well as state law and the Cooperative's commitment to transparency, efficiency, fiscal responsibility, and local community benefit. As a small member-owned cooperative, Mountain Parks Electric, Inc. seeks to uphold procurement best practices while maintaining a level of agility appropriate to its size and structure.

II. POLICY

A. This Policy applies to all procurement activities undertaken by the Cooperative, including those funded in whole or in part by federal awards, and governs the actions of Cooperative employees, officers, and agents involved in the procurement process, but excluding contractually obligated purchases from suppliers such as Western United and Guzman Energy, and excluding legal counsel.

The Chief Executive Officer ("CEO") has the authority to approve exceptions to this policy within the board approved budget or board approved budget amendments.

Definition of Local: Businesses that are located within or have employees who reside predominantly within the Cooperative service territories.

B. General Procurement Standards

1. Oversight and Responsibility: The Cooperative shall maintain oversight to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
2. Written Standards of Conduct: The Cooperative shall maintain and enforce written standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent may participate

in procurement if they have a real or apparent conflict of interest, as defined by the Cooperative's Conflict of Interest Policy.

3. Economy and Efficiency: Procurement actions shall avoid unnecessary or duplicative purchases and maximize full and open competition consistent with this Policy.
4. Documentation: The Cooperative shall maintain electronic records detailing the history of each procurement action, including the rationale for the method, contract type, contractor selection or rejection, and price basis. These records shall be maintained for at least six years.
5. Compliance with Federal and State Law: When procuring with federal or state funds, the Cooperative shall comply with all applicable federal or state regulations.

C. Request for Proposal (RFP) Procedure

1. The Cooperative shall conduct procurement procedures to provide full and open competition unless an exception applies.
2. Oversight: The RFP process shall be overseen by one or more designated Cooperative employees appointed by the CEO to ensure consistency and compliance.
3. Conflict of Interest Protections: Procedures shall be designed to avoid conflicts of interest, including prohibiting employees with a financial or personal interest in a bidder from participating in the RFP process.
 - a. All bidders shall certify in their proposals that no known conflict of interest exists between themselves, their agents, and Cooperative employees, officers, or agents.
 - b. Each contract for services, including construction contracts, awarded through an RFP shall include conflict of interest clauses requiring disclosure of any potential conflicts of interest during the contract term.
 - c. All contractors engaged by the Cooperative shall submit annual conflict of interest certifications to affirm compliance with this Policy.
4. Threshold for RFP/Bidding Process: An RFP or competitive bidding process is required for all service contracts with an estimated value exceeding \$50,000 and for all single item purchases with an estimated value exceeding \$100,000.

5. Local Vendor Preference: While ensuring full and open competition, the Cooperative shall give preference to local vendors, suppliers, and contractors who are members of the Cooperative and maintain business in the Cooperative's Certified Territory consistent with the following:
 - a. Other considerations like operations, maintenance, performance quality and availability, may be given and the preference percentage adjusted accordingly. However, the preference cannot exceed the percentage stated in this Policy.
 - b. Local vendors quote or bid for materials, products, equipment or supplies will receive preferential treatment based on the following graduated scale:

<u>Quote Range</u>	<u>Preference Percent Reduction</u>
\$ 50,000.00 - \$ 74,999.99	4%
\$ 75,000.00 - \$99,999.99	2%
\$ 100,000.00 - AND ABOVE	NO PREFERENCE

D. Methods of Procurement

1. For single item purchases below \$100,000, and service contracts below \$50,000, competitive quotations are not required if the price is reasonable.
2. Sealed Bids: For service contracts exceeding \$50,000 and single item purchases exceeding \$100,000, where sealed bids are appropriate, the Cooperative shall publicly solicit bids.
3. Competitive Proposals (Request for Proposal (RFP) or Request for Quote (RFQ)): For contracts exceeding \$50,000 and \$100,000 respectively, where sealed bids are not appropriate, the Cooperative shall use an RFP or RFQ process.
4. Non-Competitive Proposals: Sole-source procurement is permitted only when justified (e.g., single source, emergency, federal authorization, or inadequate competition). Non-competitive procurement requires documented justification.

E. Contractor Selection

1. Contractor awards shall be made after the bid or RFP process based on a contractor's ability to perform, past performance, compliance, safety

record, and resources as well as other considerations such as cost, and timing.

2. To support operational efficiency, Cooperative staff may maintain a prequalified vendor pool based on prior performance, safety record, adequate insurance coverage, and demonstrated capability. Use of this pool does not exempt procurement from thresholds or conflict of interest requirements.

F. Contract Administration

1. The Cooperative shall maintain a system to ensure contractor compliance with contract terms.

G. Board Oversight

1. Unbudgeted procurement actions will be consistent with Policy B-1 Board of Director and Chief Executive Officer Relationships.

III. **RESPONSIBILITY**

The Cooperative CEO shall be responsible for the administration and compliance of this policy

APPROVED BY THE BOARD OF DIRECTORS ON MAY 8, 2025