

Hillcrest Healthcare Communities, Inc.
Federal / State Grant Procurement Policy

1. *Introduction and Purpose.*

In keeping with its commitment to maintain the highest standards of conduct and ethics, Hillcrest Healthcare Communities (“HHC”) has adopted this Procurement Policy (“Policy”) to assure that, goods and services purchased by HHC are obtained in a cost-effective manner and in compliance with applicable federal and state laws.

The acquisition processes described in this Policy apply to the purchases of all goods (apparatus, supplies, materials, and equipment), services, and construction or repair projects when federal funds are being used in whole or in part to pay for the cost of the purchase. This Policy applies to purchases made by (1) HHC Purchasing Contractors, and (2) HHC employees, directors, officers, or agents (together, “HHC Purchasers”). Purchases may also be subject to prior funding source approval and additional requirements imposed by grants or contracts. Program Directors are responsible for reviewing any such additional requirements, bringing them to the attention of the Senior Vice President of Finance, and ensuring that contractors and vendors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

All federally funded projects, loans, grants, and sub-grants, whether funded in part or wholly, are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (Uniform Guidance) codified at 2 C.F.R. Part 200 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds.

All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200.326 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds.

2. *Code of Conduct.*

- A. HHC Purchasers shall not participate in the selection, award, or administration of a contract if they have a real or apparent conflict of interest. Such a conflict arises when:
 - i. The HHC Purchaser; any immediate family member (spouse, child, parent, parent-in-law, sibling, or sibling-in-law); partner; or an organization that employs, or is about to employ, any of the above has a direct or indirect financial or other interest in or will receive a tangible personal benefit from a firm or individual considered for the contract award (2 CFR § 200.318(c)(1)).
 - ii. An “organizational conflict of interest” is created because of a relationship HHC has such that HHC is or appears to be unable to be impartial in conducting a procurement action involving the related organization (2 CFR § 200.318(c)(2)).
- B. HHC Purchasers shall not solicit or accept gifts, money, gratuities, favors, or anything of monetary value, except unsolicited items or services of nominal value (< \$25.00 value or < \$100.00 for group consumption) from vendors, prospective vendors, parties to

subcontracts, or any other person or entity that receives, or may receive, compensation for providing goods or performing services for HHC (2 CFR § 200.318.(c)(1)).

- C. All HHC Purchasers shall review and comply with the HHC's procedures for disclosing, reviewing and addressing actual and potential conflicts of interest.

3. *Procurement Requirements and Considerations.*

- A. Competition. All procurements shall be conducted in a manner that provides, to the maximum extent practical, full and open competition (2 CFR § 200.319(a)).

Procurements shall:

- i. Avoid noncompetitive practices that may restrict or eliminate competition, including but not limited to (2 CFR § 200.319 (b)(1-7)
 - a. Unreasonable qualification requirements.
 - b. Unnecessary experience and excessive bonding requirements.
 - c. Noncompetitive pricing practices between firms or affiliated companies.
 - d. Noncompetitive contracts to consultants on retainer contracts.
 - e. Organizational conflicts of interest.
 - f. Specifying "brand name" only instead of allowing "an equal to" product.
 - g. Arbitrary actions.
 - ii. Not intentionally split a single purchase into two or more separate purchases to avoid dollar thresholds that require more formal procurement methods.
 - iii. Solicitations for bid will incorporate a clear and accurate description of the technical requirements of materials, products or services to be procured (2 CFR § 200.319(d)(1)).
 - iv. Solicitation for bid should not contain product specifications or brand names unless a brand names description is used as a means to define performance or salient requirements of a procurement. In this case, the specific features of a named brand must be clearly stated (2 CFR § 200.319(d)(1)).
 - v. Exclude contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for a proposal from competing for such procurement (2 CFR § 200.319(b)).
 - vi. Include in any prequalified list an adequate number of current, qualified vendors, firms, or products.
 - vii. Not preclude potential bidders from qualifying during the solicitation period.
 - viii. Not use any geographic preferences (state, local or tribal) in the evaluation of bids or proposals, except where expressly mandated or encouraged by applicable Federal statutes (2 CFR § 200.319(c)).
- B. Profit. For sole source procurements or when cost analysis is used, profit must be negotiated as a separate element of the procurement price. Cost analysis is not required for procurements under the Simplified Acquisition Threshold.

- i. To establish a fair and reasonable profit, consider: complexity of work performed, risk borne by contractor, contractor's investment, amount of subcontracting, quality of contractor's record and past performance, and industry profit rates in surrounding geographical area for similar work.
 - ii. HHC may not use either the cost plus a percentage of cost, or percentage of construction cost methods of contracting.
- C. Minority Owned, Women Owned, and Small Business Vendors. HHC is committed to taking all necessary affirmative steps to assure that minority business, women's business enterprises and labor surplus area firms ("MWSB Vendors") are used whenever possible (2 CFR § 200.321). Such steps include:
 - i. Placing qualified MWSB Vendors on solicitation lists.
 - ii. Soliciting MWSB Vendors whenever they are potential sources.
 - iii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by MWSB vendors.
 - iv. Establishing delivery schedules, where requirement permits, which encourage participation by MWSB vendors.
 - v. Using services and assistance, as appropriate, of such organizations as Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - vi. Requiring the prime contractor, if subcontracts used, to take affirmative steps listed in paragraphs (i) through (v) of this section.
- D. Minimum Bonding Requirements (2 CFR § 200.326) For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (\$250,000), the requirements for bonding shall, at a minimum, be as follows:
 - i. A bid guarantee from each bidder is equivalent to five percent of the bid price.
 - ii. A performance bond on the part of the contractor is for 100% of the contract price.
 - iii. A payment bond on the part of the contractor is for 100% of the contract price.
 - iv. All bonds required in this section are obtained from companies holding certificates of authority as acceptable sureties pursuant to the surety requirements for companies doing business with the United States (31 CFR Part 223).
- E. Solicitations. All solicitations shall incorporate a clear and accurate description of the technical requirements for products or services to be procured (2CFR §200/319 (d)(1)). Descriptions:
 - i. Must not contain features which unduly restrict competition.

- ii. May include a statement of the qualitative nature of the material, product or service to be procured.
 - iii. When necessary, must set forth minimum essential characteristics and standards necessary to satisfy its intended use.
 - iv. Must avoid detailed product specifications if possible.
 - v. May use a “brand name or equivalent” description to define performance or other salient requirements when impractical or uneconomical to make a clear and accurate description of technical requirements. Specific named brand features required to be met must be clearly stated.
 - vi. Must identify all requirements which offerors must fulfill and all other factors to be used in evaluating bids and proposals.
- F. Considerations. HHC Purchasers should consider taking the following actions when procuring goods and services (2 CFR § 200.318 (d – h):
- i. Conduct a lease vs. purchase analysis, when appropriate, including for property and large equipment.
 - ii. Consolidate or break out procurements to obtain a more economical purchase, if possible.
 - iii. Use state and local intergovernmental or inter-entity agreements, or common or shared goods and services, where appropriate.
 - iv. Use federal excess and surplus property in lieu of purchasing new equipment and property, if feasible and reduces project costs.
 - v. Use value engineering clauses to offer reasonable opportunities for cost reductions in construction contracts for projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lowest cost.
 - vi. Use time and materials contracts only if no other contract is suitable and the contract includes a ceiling price that the contractor exceeds at their own risk. If such contract is negotiated and awarded, HHC must assert a high degree of oversight to obtain

reasonable assurance that contractor using efficient methods and effective cost controls (2 CFR § 200.318 (k)).

4. *Procurement Methods.*

- A. All procurements. All procurements made under this policy shall:
 - i. Be necessary, at a reasonable cost, documented, not prohibited by law or the applicable funding source, and made in accordance with this Policy.
 - ii. Avoid acquiring unnecessary or duplicative items.
 - iii. Engage responsible vendors who possess the ability to perform successfully under the terms and conditions of a proposed procurement. HHC Purchasers shall consider vendor integrity, public policy compliance, past performance record and financial and technical resources (2 CFR § 200.318 (h)).
- B. Standard Methods. For transactions meeting the specifications set forth in Appendix 1, HHC Purchasers shall follow the applicable procurement method set forth therein.
- C. Exceptions to Standard Methods.
 - i. *Sole Source*. Procurement by solicitation of a proposal from a single source may only be used if one of the following apply and are documented:
 - a. Item is only available from a single source.
 - b. Public exigency or emergency will not permit any delay.
 - c. Federal awarding agency or pass-through expressly authorizes in response to a HHC request; or
 - d. After soliciting several sources, competition is determined inadequate.
- D. Noncompetitive Procurement Method. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply (2 CFR § 200.320 (c)).
 - i. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
 - ii. The item is available only from a single source.
 - iii. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation.
 - iv. The federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity.
 - v. After solicitation of several sources, competition is determined inadequate.

5. *Procurement Procedures.* See Appendix 2 for HHC Procurement Procedures.

6. *Contract Provisions.* All HHC procurement contracts shall contain the applicable contract provisions contained in Appendix II to 2 CFR Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

7. *Documentation.*

- A. Debarment. HHC shall either:
- i. Confirm and document that the vendor is not excluded from doing business with the federal government (see www.sam.gov/SAM/) before entering a contract; or
 - ii. Obtain a signed Debarment Certificate substantially in the form of Appendix 3.
- B. Lobbying Certificate. HHC shall obtain signed Lobbying Certificates substantially in the form of Appendix 4 for procurements > \$100,000.
- C. Records. HHC shall maintain records sufficient to detail history of each procurement transaction (2 CFR § 200.318 (i)). These records must include, but are not limited to:
- i. A description and supporting documentation showing rationale for procurement method (e.g., cost estimates).
 - ii. Selection of contract type.
 - iii. Written price or rate quotations (such as catalog price, online price, email or written quote), if applicable.
 - iv. Copies of advertisements, requests for proposals, bid sheets or bid proposal packets.
 - v. Reasons for vendor selection or rejection, including Executive Committee and Board minutes, rejection letters and award letters and
 - vi. The basis for the contract price.

8. Compliance with this Policy. Facility Administrators, SVP of Skilled Operations and, where applicable, the SVP of Finance, shall maintain oversight to ensure that contractors and vendors perform in accordance with the terms, conditions, and specifications of contracts or purchase orders (2 CFR § 200.318 (b)). Violations of this policy may result in disciplinary action, up to and including termination (2 CFR § 200.318 (c)(1)).

9. Amendment. This Policy shall be subject to period review and may be amended or modified by HHC at any time.

10. Statutory References. References to particular statutes and regulations are made with respect to the contents and designations thereof as of the date of the adoption of this Policy. Where reference to a particular statute or regulation is made in this Policy and a provision of this Policy has been adopted in accordance with such statute or regulation, any amendment or redesignation of such statute or regulation shall be automatically adopted into this Policy.



Approved by: SVP of Skilled Operations / Date

Reviewed and Adopted by HHC Senior Leadership: 12/15/2023
Revised Date: 02/08/2024

Appendix 1
Standard Methods of Procurement

Type	Threshold	Method
<i>Micro-purchase</i>	≤ \$10,000	<ul style="list-style-type: none"> - May be awarded without soliciting competitive price or rate quotes. - The price must be reasonable based on research and experience and purchase history. - Periodically distribute purchases equitably among qualified vendors - No cost analysis is required
<i>Small Purchase</i> (Simplified Acquisition - SAT)	\$10,000.01 ≤ \$250,000	<ul style="list-style-type: none"> - Obtain written price or rate quotations from at least three qualified vendors. - May not split larger purchases merely to bring the cost under SAT. - Example documentation: catalog price, online price, email or written quote
<i>Sealed Bids</i>	> \$250,000	<p>Pre-Solicitation</p> <ul style="list-style-type: none"> - Conduct cost or price analysis <p>Solicitation</p> <ul style="list-style-type: none"> - Publicly advertise invitation for bids unless non-competitive procurement can be used (2 CFR § 200.320 (c)) see Noncompetitive Procurement Method above. - Include specifications or information sufficient for bidders to respond. - Provide adequate time to respond. - Solicit a sufficient number of bids. <p>Bid Review/Selection</p> <ul style="list-style-type: none"> - Open bids at time and place set forth in invite. - Award to lowest responsive and responsible bidder. - May reject bids for sound, documented reason. - Award written, fixed price contract.

Type	Threshold ⁴⁸	Method
<i>Competitive Proposals</i>	> \$250,000	<p>Pre-Solicitation</p> <ul style="list-style-type: none"> - Conduct cost or price analysis <p>Solicitation (2 CFR § 200.320 (d))</p> <ul style="list-style-type: none"> - Publicly advertise request for proposals - Identifies all evaluation factors and their relative importance. - Solicit bids from at least two vendors. <p>Proposal Review/Selection (2 CFR § 200.320(d))</p> <ul style="list-style-type: none"> - Consider all proposals to maximum extent practical. - Use written method to conduct technical evaluations of the proposals. - Award contract to bidder with most advantageous proposal, considering price and other factors. - Award fixed price or cost-reimbursement contract

Appendix 2

HHC Procurement Procedures

A. New Contract/Purchase Order

1. HHC Purchaser determines the applicable and appropriate procurement method using the Procurement Decision Tree.
 - a. If micro-purchase or small purchase methods are appropriate, conduct procurement as outlined in this Policy and retain appropriate documentation of quotes and vendor selection, etc. If prior approval is required for the purchase, refer to step 2.
 - b. If sealed or competitive bid methods are required, complete steps 2 through 5.
2. If funding source approval is required, work with the Senior VP of Finance to obtain approval. Depending on the procurement method used, HHC Purchaser completes Bid Form and submits to Senior VP of Finance as part of the approval process.
3. HHC Purchaser, in consultation with Senior Leadership Staff formalizes the bid packet and submits it to local newspaper and company websites for posting.
4. Unbudgeted Capital Expenditures that exceed \$250,000.00 require Executive Committee approval. Budgeted procurement decisions under \$250,000.00 may be approved by the Senior VP of Finance.
5. If the Executive Committee is involved, it makes a recommendation on awarding the bid to the Board of Directors. Bid award is reviewed and voted on by the Board of Directors and noted in Board minutes.

B. Extension/Renewal of Existing Contract/Purchase Order

1. For procurements > \$250,000, if the Procurement Period has not expired, HHC Purchaser may amend or renew an existing contract/purchase order to extend its term for the remainder of the Procurement Period if any adjustment in price is deemed reasonable pursuant to a cost analysis, and all other terms remain the same.
 - a. Example, if the competitive procurement covered a 5-year period and the initial contract/purchase order was for two years, HHC Purchaser may extend the term of the initial contract/purchase order for up to three years so long as the price is deemed reasonable pursuant to a cost analysis and all other terms remain the same.
2. For procurements ≤ \$250,000, if the Procurement Period has not expired, HHC Purchaser may amend or renew an existing contract/purchase order to extend its term for the remainder of the Procurement Period if any adjustment in price is deemed reasonable and all other terms remain the same.

Appendix 3
Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this contract or proposal, the prospective lower tier participant is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. The term "principals" includes, but is not limited to, officers, directors, owners, partners, and principal investigators. You may contact the person to which this proposal or contract is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by signing and submitting this contract or proposal that should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and No procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the

ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

**Certification Regarding Debarment, Suspension, Ineligibility and Voluntary
Exclusion Lower Tier Covered Transactions**

(1) The prospective lower tier participant certifies, by signing and/or submission of this proposal or contract, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Name of Vendor, Contractor, or Subgrantee: _____

Signature: _____

Name of Authorized Signatory: _____

Title: _____

Date: _____

Appendix 4
Certification Regarding Lobbying

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signature

Title

Organization

Appendix 5
Procurement Decision Tree

