

**FINANCIAL REVIEW COMMITTEE OF THE
ELECTRIC UTILITY BOARD**

AGENDA

February 3, 2023

2:00 P.M.

Citizens Tower

1314 Avenue K

Lubbock, Texas 79401

OPEN SESSION:

Conference Rooms 201A and 201B

1. Call to order.
2. Public Comment. Public comment is an opportunity for the public to make comments and express a position on agenda items.
 - a. This period, of up to thirty minutes, is dedicated to public comment. Each member of the public will have three minutes to speak. Any member of the public that requires the assistance of a translator will have six minutes to speak. Comments must be limited to only those items posted on the Electric Utility Board agenda. Any member of the public wishing to speak shall sign up on the public comment sheet on the day of the Electric Utility Board meeting. The Electric Utility Board shall follow the order of persons wishing to speak as listed on the sign-up sheet. If everyone who signed up to speak has been given an opportunity to speak and the thirty minutes designated for public comment has not been exhausted, the Electric Utility Board may, at its discretion, open the floor to anyone else wishing to address the Electric Utility Board, subject to all the same procedures and guidelines.

Open Session

3. Presentation and discussion of financial and capital statements, budget, financing options, audits, and financial policies of Lubbock Power & Light relating to debt issuance issues and historical debt matters, reserve account funding, cost allocation, revenue and expense projections, power cost recovery factor, customer metering, tariff and billing, service and administrative issues, and capital improvement projects. This presentation and discussion may include the following topics: LP&L's Annual Financial Statement; LP&L transmission cost of service revenues; LP&L's debt management and bond issuance strategies and plans; LP&L's financial model and its financial plan upon entry into the retail market including proposed structure of delivery rates; and LP&L's reserves and management of same. This discussion may also include information on LP&L's inventory process and equipment lists.
4. Presentation and discussion of possible amendments to Lubbock Power & Light's Purchasing Procedures pursuant to Texas Local Government Code Section 252.022.

This discussion may include issues regarding and related to supply chain concerns and labor shortages that necessitate changes to the current Purchasing Procedures.

5. Presentation and discussion of the Fiscal Year 2021-22 Draft Annual Financial Report.
6. Discussion regarding possible future meetings of the Finance Committee, including February 17, 2023, and identify topics to be discussed on same.
7. Adjourn.

Posted on the bulletin board outside the south entrance of Citizen's Tower, 1314 Ave. K., Lubbock, Texas, on the 30th day of January 2023, at 4:00 P.M.

By: /s/ Thomas R. Jennings

CITY OF LUBBOCK FINANCIAL REVIEW COMMITTEE MEETINGS ARE AVAILABLE TO ALL PERSONS REGARDLESS OF DISABILITY. IF YOU REQUIRE SPECIAL ASSISTANCE, PLEASE CONTACT THE CITY SECRETARY AT 775-2026 OR WRITE P. O. BOX 2000, LUBBOCK, TEXAS 79457, AT LEAST 48 HOURS IN ADVANCE OF THE MEETING.

Rate Class	Rate Description	Recommended Potential Delivery Rate Charges				Transition Charge	Potential Sales Tax on REP
		Service Availability	Energy Charge	Demand Charge	FEE & PILT		
Residential	All residential service, non - Distributed Generation	\$/Mo.	\$/kWh	NA	\$/kWh	\$/Mo.	% of REP bill
Secondary <=10kW	Small Commercial Service	\$/Mo.	\$/kWh	NA	\$/kWh	\$/Mo.	% of REP bill
Secondary >10kW	Small to Medium Commercial	\$/Mo.	NA	\$/kW	\$/kWh	\$/Mo.	% of REP bill
Primary	All Primary voltage commercial Customers; if LP&L desires, there could be another class called Primary Substation for any commercial customers with a primary feed, but directly at the substation, not on the broader Primary distribution system.	\$/Mo.	NA	\$/kW	\$/kWh	\$/Mo.	% of REP bill
Primary Substation	This is an optional rate for LP&L. I would consider using if / when you think you will have a large commercial customer taking service almost directly at the substation. This allows for a discount from the Primary class.	\$/Mo.	NA	\$/kW	\$/kWh	\$/Mo.	% of REP bill
Transmission	All Transmission Commercial / Industrial Customers	\$/Mo.	NA	\$/kW	\$/kWh	\$/Mo.	% of REP bill
Lighting	Private/ public lighting	\$/Fixture by wattage size	NA	NA	\$/kWh	\$/Mo.	% of REP bill
Residential - Distributed Generation	Residential Customer - Distributed Generation	\$/Mo.	\$/kWh	NA	\$/kWh	\$/Mo.	% of REP bill
Secondary <=10kW - Distributed Generation	Small Commercial Customer - - Distributed Generation	\$/Mo.	\$/kWh	NA	\$/kWh	\$/Mo.	% of REP bill

NOTE: - Distributed Generation Rates for classes with demand are not necessary as LP&L has minimal to no risk of losses using a demand rate vs. energy rate for rooftop solar.

Lubbock Power & Light Purchasing Procedures

1. PUBLIC PURPOSE

- 1.1. To provide procurement procedures for the public purpose of maintaining at all times, and under all conditions, a continuous supply of goods and services necessary to support the generation, production, transmission, distribution, metering, and customer service functions of electricity by the municipally owned electric utility of the City of Lubbock. These procedures are utilized to obtain the most favorable and cost-effective purchase of goods and services to benefit all ratepayers.

2. SCOPE

- 2.1. These procedures only apply to expenditures by the City of Lubbock's municipally owned electric utility, Lubbock Power & Light (LP&L) and are adopted pursuant to Texas Local Government Code § 252.022(c).
- 2.2. These procedures do not exempt the City of Lubbock or LP&L from any other applicable statute, charter provision, or ordinance.
- 2.3. Procurement of "Professional Services," as defined by Chapter 2254 of the Local Government Code ("Professional Services Procurement Act"), is governed by the Professional Services Procurement Act, and will not be affected by these procedures. "Professional Services," as defined herein, are governed by these procedures.
- 2.4. LP&L employees are employed by the City of Lubbock, because LP&L is a department of the City of Lubbock. The term "LP&L employees" herein means employees that work within LP&L as a department of the City of Lubbock.

3. GENERAL

- 3.1. The Director of Electric Utilities ("Director"), or his/her designee, is authorized to approve and execute routine contracts for goods and services involving an expenditure or receipt of \$100,000 or less, or such other amount as may be specified hereafter by applicable provisions of state law, on standard LP&L contract forms or in a form approved by LP&L's General Counsel. All contracts not falling within this policy or that involve the expenditure or receipt of more than \$100,000 shall be approved by the appropriate governing body of LP&L.
- 3.2. The Director, Chief Financial Officer ("CFO"), and LP&L Purchasing Manager are granted the authority and responsibility for the procurement of all materials, equipment, supplies and services necessary to support LP&L. If the LP&L Purchasing Manager shall be unavailable, absent, or unable to perform his or her duties, or if the position of LP&L Purchasing Manager is vacant, the Director or the CFO may delegate the LP&L Purchasing Manager responsibilities as necessary to accomplish the purposes outlined herein. The

LP&L Purchasing Manager may delegate certain duties and responsibilities as outlined herein.

- 3.3. All purchases of equipment, supplies, materials, and services shall be made in a manner that: (1) conforms with the substance of all applicable state procurement laws from which LP&L is not exempt, the City Charter, all applicable City Ordinances, and these procedures; (2) is the most beneficial and cost-effective for LP&L and its customers; and (3) is fair and equitable to suppliers and service providers.

4. QUOTATIONS, COMPETITIVE SEALED BIDS & PROPOSALS, QUALIFICATIONS

- 4.1. The LP&L Purchasing Manager, or his/her designee, will determine the type of solicitation to be used in a procurement, taking into account both the fundamental requirements of fairness in selecting parties to contract with LP&L as well as the competitive needs expressed by LP&L. Normally, an Invitation to Bid ("ITB") will be used for standard commodity purchases ("Competitive Sealed Bids") and a Request for Proposal ("RFP") will be used for procurement of services and equipment, including but not limited to services or equipment that is related to the generation, transmission, distribution, metering, or customer service functions of electricity ("Proposals"). RFPs may be used for procurements that meet the requirements of critical business need as set forth in Section ~~2018~~ below. A Request for Qualification ("RFQ") may be used to determine the most qualified respondent for services, generally Professional Services.
- 4.2. The appropriate LP&L department will provide a signed LP&L Request to Purchase Goods or Services form ("Procurement Request Form"), which is attached hereto as Exhibit "A" and incorporated herein, to solicit Competitive Sealed Bids and/or Proposals with plans and specifications to the LP&L Purchasing Manager for purchases over \$50,000.
- 4.3. Complete information should be provided in the Procurement Request Form including, but not limited to, quantity, description, delivery requirement, special conditions, drawings, specifications, date information required, authorized requisition, etc.
- 4.4. Purchases in amounts up to \$3,000 may be made by either the using department or the LP&L Purchasing Manager on the basis of one (1) quotation or invoice.
- 4.5. Purchases in amounts up to \$3,000 may be made on the basis of one (1) verbal or written quotation through the use of the Purchasing Card (See LP&L's Purchasing Card Policy, incorporated herein, as it may be amended from time to time).
- 4.6. Multiple purchases or the splitting of purchases into smaller blocks to avoid or otherwise circumvent the delegated purchasing authority limit, is prohibited.
- 4.7. Written quotations must be obtained for expenditures exceeding \$3,000. The LP&L Purchasing Manager reserves the option to use the Competitive Sealed Bid process for goods and services costing less than \$50,000 when experience indicates this to be a more competitive means of securing lower prices.

- 4.8. The LP&L Purchasing Manager, or his or her designee, solicits competitive sealed bids or proposals for goods, services, and capital improvements involving expenditures of more than \$50,000.
- 4.9. For Competitive Sealed Bids or Proposals, prior to the response deadline, the LP&L Purchasing Manager may conduct non-mandatory or mandatory pre-bid meetings to help address bidders' questions. These pre-bid meetings may be in person or via video or teleconference, and the information regarding such meetings, including time, place, call-in information, and whether the meeting is mandatory or non-mandatory, shall be included in the bid documents. ~~Bid documents for any process shall reflect whether the pre-bid meeting is mandatory or non-mandatory.~~ Sufficient time is allowed between the pre-bid meeting and the bid opening for interested parties to compile the requested documents. Extra time may added to the process when questions or clarifications arise at the pre-bid meetings, or following the pre-bid meetings, which need to be addressed before the due date. The LP&L Purchasing Manager may provide extensions for bid openings if extra time is needed based on the questions or clarifications received by bidders or for any other reason as determined by the LP&L Purchasing Manager. Extensions of bid openings must be documented through an addendum.
- 4.10. As a general rule, any solicitation estimated to be in excess of a total of \$50,000 will be advertised for a minimum of two consecutive weeks (14 days) in a Lubbock newspaper of general circulation and in such other publications and media as determined necessary by the LP&L Purchasing Manager to reach a wide and diverse number of potential bidders or proposers.
- 4.11. When the procedures utilize sealed responses under these policies, the general business practice will be to require that all responses be submitted as physically sealed responses (either Bids or Proposals), unless the bid documents reflect that the bids or proposals are required to be submitted electronically. ~~For electronic bidding processes, responses are not required to be sealed. However, this requirement may be waived by the Director and CFO, if there is a business or operations need to permit non-sealed responses (such as electronic, faxed, or telephone responses). Should non-sealed responses be necessary, the Director and CFO, with the assistance of the LP&L Purchasing Manager, shall establish rules to ensure the identification, security, and confidentiality of electronic bids or proposals and to ensure that the electronic bids or proposals remain effectively unopened until the proper time.~~
- 4.12. For non-electronic bidding procedures, aAt the advertised time and place, sealed bids, including public works bids, are received, publicly opened, and read aloud. Sealed bids are held unopened in a locked file, until the time and date stated in the bid documents. The bids are tabulated by the LP&L Purchasing Manager, or his or her designee.
- ~~4.12.4.13.~~ For electronic bidding procedures, at the advertised time and place, a password enabled employee in LP&L's Purchasing Department will open, download, and print all bids and the bid tabulation summary. The printing operation shall occur in the controlled environment of the LP&L Purchasing Department. Further, responses submitted electronically shall remain effectively unopened and confidential until the specified time

and date. The LP&L Purchasing Department staff shall then read aloud all bid responses received by closing time and date to any interested parties present at the bid opening. After tabulation of the bids or proposal, bid tabulations shall be posted electronically.

4.13.4.14. Proposals and Requests for Qualification are opened in a manner that avoids disclosure of the contents to competing respondents and keeps the proposals secret during negotiations. Proposals are open for public inspection after the contract is awarded, to the extent permitted by law. Trade secrets and other confidential information in the proposals are not open for public disclosure, to the extent permitted by law. Inadvertent disclosure of proposals should be avoided. Overheard phone calls, documents on desks during vendor interviews, and conversations between employees within hearing of vendors in other offices are some examples of potential inadvertent disclosures. An awareness of this sort of situation should be created so that it may be avoided.

4.14.4.15. Public works proposals are publicly opened and read aloud. Afterwards, proposals are then evaluated in a manner that avoids disclosure of the contents to competing respondents and keeps the proposals secret during negotiations.

4.15.4.16. Vendors providing Responses to an RFP, ITB, or RFQ shall verify the following:

- The vendor is not owned, controlled or actively influenced by any City of Lubbock or LP&L employee or immediate relative of said employee.
- The vendor does not employ in a management, consulting, or sales capacity any person who is a City of Lubbock or LP&L employee.
- The vendor does not employ in any capacity a City of Lubbock or LP&L employee who is in a position to influence the selection of, or conduct business with, such supplier.

5. QUOTATIONS

- 5.1. When purchasing materials and/or services requiring written quotations, prices are to be solicited from three or more vendors. In the case of proprietary items, more than one price is often not possible and should be so noted on the requisition.
- 5.2. Quotations will be solicited only from vendors who are qualified or can be qualified to meet all requirements. Such requirements may include the following criteria: the financial condition of a company, its ability to perform, and the condition, quality, and/or compliance of facilities. The LP&L Purchasing Manager is responsible for identifying the requirements for vendors providing Quotations.
- 5.3. Vendors responding to quotation requests are required to review the City of Lubbock's conflict of interest form, determine whether any conflicts of interest exist, and notify LP&L promptly if any such conflict exists.
- 5.4. Quotations, unlike sealed bids, are not read aloud.

6. COMPETITIVE SEALED BIDS

- 6.1. If Competitive Sealed Bids are required, ITBs are sent to appropriate vendors for competitive prices. Bids are received, publicly opened, and the bidder's name, location, and cost are read aloud. The LP&L Purchasing Manager, or his or her designee, tabulates the bids and makes them available that day to the using department for their review and award recommendation.
- 6.2. A Competitive Sealed Bid/ITB is awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for LP&L. ITBs must clarify on which basis the award will be made. The lowest responsive bid is the lowest bid which meets all of the bid specifications, terms, and conditions. In determining best value, LP&L may consider any of the following: (1) the purchase price; (2) the reputation of the bidder and of the bidder's goods or services; (3) the quality of the bidder's goods or services; (4) the extent to which the goods or services meet LP&L's needs; (5) the bidder's past relationship with the municipality; (6) the impact on the ability of LP&L to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities; (7) the total long-term cost to LP&L to acquire the bidder's goods or services; and (8) any relevant criteria specifically listed in the request for bids or proposals.
- 6.3. If the using department accepts the lowest responsive bid or the best value bid, the LP&L Purchasing Manager prepares a purchase order after securing any necessary approvals pursuant to this policy. Once all necessary price verifications, quotations, bids, or proposals have been obtained and approved, a Purchase Order is entered into LP&L's financial management system. The LP&L Purchasing Manager then submits the Purchase Order to the selected vendor. A sample Purchase Order is attached hereto as Exhibit "H", and incorporated herein.
- 6.4. ²²In the event LP&L awards an ITB to a vendor, who: (i) subsequently cancels the Purchase Order(s) or contract, (ii) fails to deliver or honor its delivery timeline as provided in the ITB, (iii) fails to honor its prices as provided in the Purchase Order or contract, (iv) attempts to unilaterally amend the material terms of the Purchase Order or contract without the consent of LP&L, (iv) otherwise defaults on or breaches the Purchase Order and/or contract, or (v) notifies LP&L of its intent to undertake or attempt to undertake any foregoing, the LP&L Purchasing Manager, in consultation with the Director and LP&L General Counsel, may take steps to cancel the applicable Purchase Order(s) or applicable contract with the vendor, if any, and determine whether it is in the best interest of the utility to negotiate with and issue any Purchase Order(s) or enter into any contract to the next lowest responsive bid or the next best value bid, after seeking any necessary approvals pursuant to this policy.²²

7. CASTING OF LOTS FOR IDENTICAL SEALED BIDS

- 7.1. All casting of lots are required to be cast pursuant to § 271.901 of the Local Government Code, and shall be conducted in a manner consistent with § 271.901.

8. PROFESSIONAL SERVICES

- 8.1. Procurement of “Professional Services,” as defined by Chapter 2254 of the Local Government Code (“Professional Services Procurement Act”), is governed by the Professional Services Procurement Act, and will not be affected by these procedures.
- 8.2. “Professional Services” under these LP&L purchasing procedures are defined as services that require specialized skill, training and expertise, use of professional judgment/discretion, and/or a high degree of creativity, and often involve a relationship of personal trust and confidence.
- 8.3. Exempt from this procedure are contracts for outside legal counsel for any necessary legal services, as determined by the LP&L General Counsel. Furthermore, expert witnesses, and any other services associated with litigation or regulatory proceedings are likewise exempt from these procedures.
- 8.4. The LP&L Purchasing Manager, Director, and CFO shall determine the process to be used to allow firms and individuals the opportunity to propose demonstrated competence and qualifications for the type of Professional Services to be performed. The Purchasing Manager, in his or her discretion, may issue RFQs to seek qualified Professional Services.

9. EVALUATION OF STATEMENTS OF QUALIFICATIONS AND COMPETITIVE SEALED PROPOSALS

- 9.1. The evaluation of proposals and statements of qualifications received for professional, personal, or planning services and insurance are made without bias and defensible in the event the decision is questioned or challenged.
- 9.2. A selection committee appointed by the using department evaluates the responses, selects a finalist(s), and makes a recommendation to the LP&L Purchasing Manager for contract award. This recommendation is then approved by the LP&L Purchasing Manager, Director, or the Electric Utility Board, as applicable. This committee includes a minimum of three (3) members and is chaired by an LP&L employee or LP&L Consultant. Committee members are selected on the basis of their knowledge of the particular project being developed and/or on their knowledge of the particular field involved and an ability to engage in contract negotiations. The LP&L Purchasing Manager participates on the committee as an ex-officio member, and does not count toward the minimum number of required committee members.
- 9.3. Committee members on any selection committee will be required to maintain confidentiality regarding respondents and any information provided to them for purposes of the evaluation, to the extent permitted by law. Committee members may not discuss the respondents, the responses, the evaluation, or any other matter regarding the work of the selection committee, to the extent permitted by law, until all committee members’ scores are submitted to the LP&L Purchasing Manager. Prior to all committee members’ scores being submitted, if committee members have any questions about the process, the respondents, the responses, or the evaluation, those questions must be directed to the LP&L Purchasing Manager.

- 9.4. Each voting committee member is required to attend committee meetings and oral presentations, if committee meetings or oral presentations are deemed necessary for that selection committee. The LP&L Purchasing Manager, in consultation with the Chair of the committee, shall determine whether committee meetings or oral presentations are required. The committee remains intact throughout the evaluation process to avoid unbalanced scoring.

Committee Evaluation Process (chronological order):

- Develop the Evaluation Form (before proposal due date): The evaluation form for an RFP or RFQ is developed by the LP&L Consultant, Committee, or Committee Chair, as applicable, for a particular RFP or RFQ. The LP&L Purchasing Manager has discretion to determine whether the evaluation form should be developed by an LP&L Consultant, the Committee Chair, or the committee as a whole. Standard evaluation ranking forms used by the selection committees are adapted and tailored to the specific needs of the solicitation. The evaluation criteria and relative importance of each criteria, published in the RFPs or RFQs, is the only criteria that can be used to evaluate the proposals or submittals.
- Make Corrections to Deficient Proposals: To clarify an item in a proposal or to correct technical deficiencies, the LP&L Purchasing Manager, or his or her designee, contacts respondents to ensure basic requirements of the RFP or RFQ have been met. Examples of curable (correctable) technical deficiencies include the respondent's failure to submit the title page of the RFP or RFQ or failure to submit a complete financial statement. To determine whether an item constitutes a curable technical deficiency, the LP&L Purchasing Manager shall consult with LP&L's General Counsel.

If the item is curable, the LP&L Purchasing Manager notifies the respondent in writing by describing the clarification or technical deficiency. Notification is by email, facsimile, or by return receipt requested. The respondent submits clarifications or corrections of technical deficiencies in accordance with the information provided by the LP&L Purchasing Manager, or his or her designee, within a stipulated number of calendar days of the date of receipt of the LP&L Purchasing Manager's or designee's notification. (If the due date falls on a Saturday, Sunday or LP&L holiday, the correction is received by LP&L on the next day that is not a Saturday, Sunday or LP&L holiday.) A deficiency not corrected within the time period indicates the respondent's proposal is incomplete.

- Distribute RFP, Proposals and Evaluation Forms: Copies of the RFP or RFQ, respondents' proposals and corrections to deficiencies, and the evaluation form are distributed via email to each committee member. In this email, the LP&L Purchasing Manager explains the evaluation procedures and appropriate guidelines. Proposals are opened in a manner that avoids disclosure of the contents to competing respondents and keeps the proposals secret during negotiations. Committee members may not discuss the proposals with other committee members, LP&L employees, or third parties, until all committee members' scores are

submitted to the LP&L Purchasing Manager or his or her designee and tabulated. During the evaluation process, if committee members have questions, they must contact the LP&L Purchasing Manager or his or her designee only.

The LP&L Purchasing Manager, or his or her designee, in consultation with Chair of the applicable committee, may hold an initial committee meeting in lieu of an email should the circumstances require an initial meeting of the committee prior to evaluations. In any event, if there is an initial meeting of the committee, it is for instructional purposes only and no discussion of the submitted proposals may occur until after all committee members' scores are submitted to the LP&L Purchasing Manager and tabulated.

- **Perform Reference Check of Finalists:** If required by the solicitation, respondents shall submit customer references with their responses. One member of the evaluation committee will be assigned by the Chair to conduct reference check activities. All information obtained during the reference checks must be documented in writing and provided to the LP&L Purchasing Manager or his or her designee for distribution to the committee. The same script or format of questions must be used when conducting reference checks so that the results are consistent and fair to all respondents (*See Reference Check Questionnaire, Exhibit "F"*). If reference checks have been completed for a respondent within the past 180 days, the existing reference check may be used for purposes of the current solicitation.
- **Review of Responses by committee members (usually within five business days after receipt):** Each member independently reviews and scores the respondents' responses and inserts their score for each evaluation criterion in the "Independent Review" column of the evaluation form, along with notes of their observations to defend challenges to their scoring.
- **Review of Responses:** If a committee member scores a respondent unusually high or low when compared with the scores of other committee members, the committee member is encouraged to explain the reason for the unusual score to the LP&L Purchasing Manager. The LP&L Purchasing Manager has discretion to question and discuss a committee member's skewed or otherwise unusual score prior to acceptance as the final score. If the LP&L Purchasing Manager or Chair of the Committee requests a final committee meeting for review, the committee shall meet to discuss the evaluations accordingly.
- **Determine Top Ranked Finalists:** The committee selects, through a calculation of combined committee member scores, the top ranked finalists (usually from two to five) for further evaluation. At this stage, respondents with the lowest scores are eliminated from further consideration.
- **Hear Oral Presentations (if applicable):** The score of a respondents' written proposal, although a good indicator of their capabilities, may not be considered as completely reliable or an absolute indicator of the finalists' ability to perform the work. Thus, oral presentations may be requested from finalists by the Director, CFO, LP&L

Purchasing Manager, or Chair of the Committee. When a decision is made to conduct oral presentations, the committee should interview multiple top-ranked respondents. Complete records are kept that reflects the scoring criteria, application thereof, and supports the final award recommendation. All committee members must be present for oral presentations to provide fair and equitable scoring of all presenting finalists. Oral presentations may not occur unless all committee members can attend. Therefore, should any committee member be unable to attend, he or she should notify the LP&L Purchasing Manager to reschedule the presentation. The presentations shall not include discussion of price or man-hours if prohibited by applicable law for the services being discussed.

- Determine Final Ranking of Finalists (immediately following the last oral presentation, if applicable): Immediately following each oral presentation, committee members discuss respondents' oral presentation and additional written submission. If, because of the discussions, a committee member feels that a previously submitted score for one or more entries requires adjustment, the adjusted score is inserted on the evaluation form in the "Review with Committee" column. The totals of the committee members' evaluation forms establish the finalists' rankings.
- Best and Final Offer for Sealed Proposals: After determining the finalists, the LP&L Purchasing Manager, in consultation with the Director and/or CFO, may request a Best and Final Offer from the finalists. This allows finalists to submit revisions to their proposals, update pricing, and/or add value.
- Submit Committee Documents to the LP&L Purchasing Manager or designee: After the final ranking of the finalists, the committee sends the LP&L Purchasing Manager a recommendation setting forth a summary of the committee's actions. The committee sends the LP&L Purchasing Manager the proposals, evaluation forms, other pertinent documents, and committee members' voting records.
- Negotiate Contract: The entire committee, or a subcommittee completely familiar with the project and the specialty area of the finalists, conducts the negotiation sessions. If a successful contract cannot be negotiated with the highest ranked respondent, the committee terminates the negotiation in writing and continues to move down the list of ranked respondents until successful negotiations are completed.
- In the procurement of architectural, engineering, or land surveying services, a contract for services is negotiated on the basis of a two-step process: 1) LP&L should first select the most highly qualified provider of the services on the basis of demonstrated competence and qualifications. 2) After the firm or individual is selected, LP&L should attempt to negotiate a contract with that provider at a fair and reasonable price. Until the contract is fully approved by the Director or Electric Utility Board, as applicable, and executed by both parties, work is not authorized and shall not begin.
- Submit to LP&L legal counsel: When successful negotiations are completed with a respondent, the Chair of the committee provides a detailed scope of work and the

details of the costs to LP&L's Purchasing Manager and General Counsel for inclusion in the contract. The LP&L General Counsel requests a minimum of ten business days prior to the Electric Utility Board ("EUB") meeting date to review all documentation. Failure to submit legal documentation to LP&L's General Counsel ten business days prior to the EUB meeting may delay approval.

- 9.5. In the event LP&L awards an RFP to a respondent, who: (i) subsequently cancels the contract, (ii) fails to deliver or honor its delivery timeline as provided in the RFP, (iii) fails to honor its prices as provided in the RFP, (iv) attempts to unilaterally amend the material terms of the contract without the consent of LP&L, (iv) otherwise defaults on or breaches any agreement terms with LP&L, or (v) notifies LP&L of its intent to undertake or attempt to undertake any foregoing, the LP&L Purchasing Manager, in consultation with the Director and LP&L General Counsel, may take steps to cancel the applicable contract with the vendor, and determine whether it is in the best interest of the utility to negotiate with and award the RFP to the respondent with the next highest evaluation score, after seeking any necessary approvals pursuant to this policy.

10. SUPPLIER AGREEMENTS

- 10.1. The LP&L Purchasing Manager, Director, and CFO shall determine under what circumstances and when Supplier Agreements may be in the best interest of LP&L and its ratepayers.
- 10.2. As used herein, a "Supplier Agreement" is an open agreement between LP&L and one or more vendors whereby the vendor will agree to supply certain equipment that is related to the transmission, distribution, or metering functions of LP&L, and which LP&L can utilize for a stated time period for ongoing needs to achieve efficient and expedited orders to meet its critical infrastructure needs. Supplier Agreements do not have agreed upon pricing at the time the contract is entered into, but pricing will be provided through the process described herein on an as-needed basis.
- 10.3. Supplier Agreements shall be procured through the Competitive Sealed Proposal process provided herein under Section 9. When LP&L needs to procure equipment under Supplier Agreements, it shall use the process for Quotations provided herein under Section 5. When using the Quotations process, the number of vendors to which quotation requests are submitted will be determined by the number of Supplier Agreements in place for the applicable equipment.
- 10.4. Once the Electric Utility Board has approved a Supplier Agreement, notwithstanding anything to the contrary herein, the Purchasing Manager has delegated authority to issue Purchase Orders up to seven million five hundred thousand (\$7,500,000) per Purchase Order under the applicable Supplier Agreement.
- 10.5. The Director of Electric Utilities, or his designee, shall report to the Electric Utility Board monthly regarding all Purchase Orders issued pursuant to Supplier Agreements.

10.6. Supplier Agreements entered into hereunder shall be for items that are included in the applicable LP&L budget for the applicable fiscal year, as approved by both the Electric Utility Board and the City Council of the City of Lubbock.

10.11. REQUEST FOR INFORMATION

10.1.11.1. A Request for information (“RFI”) is a solicitation document used to obtain general information about products, services, or suppliers. RFIs are used to develop an appropriate detailed scope of work which may be used in a subsequent solicitation or other procurement process, including but not limited to RFPs, ITBs, RFQs and/or bilateral negotiations, to the extent permitted by or necessitated by these policies. A vendor is not required to respond to the RFI in order to submit a proposal on a subsequent solicitation or other procurement process.

10.2.11.2. Procedure

10.2.1.11.2.1. The decision to use an RFI is generally made through discussion between the LP&L Purchasing Department, the using department, and other LP&L departments as necessary.

10.2.2.11.2.2. The LP&L Purchasing Department and other relevant departments develop a general description of the products and services that is being contemplated. The RFI process allows LP&L to gather information to develop a subsequent solicitation or other procurement process, should it choose to do so.

10.2.3.11.2.3. LP&L will then identify the team of end users / subject matter experts (“Review Team”) to review vendor submissions and engage with vendors as appropriate to gather additional information. RFIs are not scored or evaluated; they are simply tools to gather information from respondents.

10.2.4.11.2.4. The LP&L Purchasing Department and other relevant LP&L departments and personnel will (a) review the submissions and any additional information gathered by the Review Team and (b) may, but is not required to, use the information to develop a subsequent solicitation or procurement process.

10.2.5.11.2.5. When the RFI is concluded, LP&L may or may not issue a solicitation or engage in another procurement process.

12. ELECTRONIC PROCEDURES

12.1. Electronic sealed bids and proposals shall be in accordance with Section 252.0415, Texas Local Government Code, requiring the identification, security, and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

12.2. The Purchasing Manager may determine whether a particular procurement is best served through an electronic bidding process. If electronic bidding is determined to be utilized for a particular procurement, LP&L shall comply with the following electronic procedures.

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and those otherwise outlined in these Purchasing Procedures, to ensure the identification, security, and confidentiality of electronic bids or proposals and to ensure that the electronic bids or proposals remain effectively unopened until the proper time.

12.3. Procurement documents that require electronic responses, or provide an option to submit electronic responses, must identify that vendors may, or are required to, as applicable, submit responses electronically via LP&L's service provider at a listed electronic address. For responses to ITBs and RFPs, an automatic email return notification will be sent to the submitting vendor upon receipt of the bid or proposal.

12.4. All responses to ITBs and RFPs that are submitted electronically shall use the Advanced Encryption Standard (AES), a Federal Information Processing Standard (FIPS) that specifies a cryptographic algorithm for use by U.S. Government organizations to protective sensitive (unclassified information).

12.5. The opening of electronic bids shall be in accordance with these Purchasing Procedures.

11.13. AWARD POLICY

11.13.1. The Electric Utility Board reserves the right to (1) reject any and all bids; (2) select any lawful bid; and (3) to contract as the best interests of LP&L may require.

12.14. RECEIVING AND INSPECTION

12.14.1. Using departments are responsible for the receiving and inspection of items, which are the result of duly authorized purchase orders, for damages either obvious or concealed, and to determine if shortages or other imperfections exist.

12.2.14.2. Critical examination includes, but is not limited to the determination that:

- The delivery consists of new and unused merchandise unless otherwise specifically ordered;
- Goods delivered meet the quality, grade, or standard specified in the purchase order;
- Design, construction, ingredients, size, type, make, color, style, etc. of the goods delivered conform to the requirements of the purchase order;
- Packing and labeling, marking or other means of identification meet specifications, or conform to the best commercial practices for protecting the items during transportation, storage, handling, and distribution;
- Goods comply with specification requirements in essential respects and in accordance with the terms and conditions of the purchase order; and
- Any other examination needed to ensure conformity to LP&L needs, specifications, and/or requirements.

~~12.3.~~14.3. Departments are responsible for ensuring that the proper inspection and critical examination of goods takes place at time of receipt. Delays hamper the effort of the LP&L Purchasing Manager in correcting problems and can cause lost discounts.

~~12.4.~~14.4. When goods received are as ordered, they are deemed “received.” The requesting department then enters the receiving information into the financial management system within five business days after the goods are received as ordered. This includes the receiving of partial receipts.

~~12.5.~~14.5. Receipt information is not withheld in an attempt to delay payment as punitive action against a vendor.

13.15. INVOICES

~~13.1.~~15.1. Vendors mail invoices directly to the Accounts Payable Department. If the department receives an invoice, the invoice is sent immediately to Accounts Payable. For invoices older than two weeks, Accounts Payable sends a copy of the invoice to the using department requesting follow-up.

14.16. CONFIDENTIALITY

~~14.1.~~16.1. To the extent permitted by law, LP&L will take reasonable best efforts to ensure the confidentiality of competitive or trade secret information. LP&L employees must use their reasonable best efforts to ensure confidentiality, to the extent permitted by law.

~~14.2.~~16.2. It is recognized that most of the transactions relating to purchasing for LP&L are of a confidential nature, especially with regard to our vendors and our competitors, and there are instances when LP&L's cost of certain goods and services is a competitive matter.

~~14.3.~~16.3. It is considered unethical as well as damaging to LP&L's competitive position to allow LP&L proprietary information about one vendor's quotation to pass to another vendor during the competitive sealed bid and competitive sealed proposal process.

~~14.4.~~16.4. Passage of pricing information to an employee or representative of a competing respondent shall be scrupulously avoided.

~~14.5.~~16.5. All purchasing files within LP&L are to be maintained in an up-to-date and confidential manner. Access to these files and any other purchasing documentation shall be restricted to those authorized by the LP&L Purchasing Manager, Director, or CFO.

~~14.6.~~16.6. Notwithstanding anything herein, LP&L shall comply with the Texas Public Information Act, Section 552.001, *et seq.* of the Texas Government Code (the “Act”). LP&L may assert arguments to the Attorney General, should confidential or competitive information be requested for public disclosure, as permitted by law (or on any other basis provided for in the Act). LP&L must likewise comply with any third-party notice provisions to the extent the proprietary or other protected interests of third parties are involved in requests under the Act.

15.17. CONTRACT MODIFICATIONS

15.1.17.1. The LP&L Purchasing Manager, with approval of the CFO, or his or her designee, and the Chief Operating Officer, is authorized to approve routine contract change orders involving an increase or decrease of twenty five percent (25%) or less for contracts that cumulatively total \$100,000 or less, or such other amount as may be specified hereafter by any applicable provisions of state law.

15.2.17.2. The Electric Utility Board will approve change orders involving an increase or decrease of \$100,000 or more, but in any event such change orders cannot exceed an increase of 25%, and such change orders cannot exceed a decrease of 25% without the consent of the contractor.

15.3.17.3. The Change Order Forms are attached hereto as Exhibits “D-1” and “D-2”, and incorporated herein.

16.18. STATE CONTRACTS & INTERLOCAL COOPERATIVE PURCHASING

16.1.18.1. Whenever found to be to LP&L's advantage, as determined by the LP&L Purchasing Manager, or LP&L's using departments, the LP&L Purchasing Manager or his designee may place orders using state contracts or cooperative purchasing, with appropriate governing body approval, as applicable. Participation in any cooperative purchasing program is approved by the Electric Utility Board or City Council, as applicable. See the following Web sites for ordering instructions:

- Texas Smart Buy - <http://www.txsmartbuy.com/>
- Cooperative purchasing is one of the ways that local governments can save time and money in their purchasing programs. Cooperatives use Internet-based technologies to create a source for product and awarded contract information. Internet websites allow employees to access all the information needed to make confident buying decisions and streamline the purchasing process. Orders may be placed directly by LP&L departments if approved by the LP&L Purchasing Manager, as provided above. See the following Web sites for ordering instructions:

Texas Department of Information Resources - <https://dir.texas.gov/>

TIBH Industries - <http://www.adwizards.com/tibh/catindx.htm>

Texas Local Government Statewide Purchasing Cooperative -

<http://www.buyboard.com>

Texas Cooperative Purchasing Network – <http://www.tcpn.org>

Texas Correctional Industries -

<http://www.tdcj.state.tx.us/content/tci/tci%20homepage.htm>

Houston-Galveston Area Council – <http://www.hgacbuy.com>

U.S. Communities Government Purchasing Alliance-

<http://www.uscommunities.org>

Sourcewell- <https://www.sourcewell-mn.gov/>

- All items and catalogs posted on these websites have been competitively bid and awarded by the cooperatives based on Texas statutes.
- The City Council or Electric Utility Board, as applicable, may authorize the use of other state contracts or cooperative purchasing contracts not listed herein.

17.19. INFORMATION TECHNOLOGY AND COMMUNICATIONS DEPARTMENT

17.1.19.1. LP&L will consult with the City of Lubbock Information Technology and Communications Department before procurement of computer systems, computer hardware, computer software, other computer peripherals, phones, radios or other communications devices supported by the City of Lubbock Information Technology Department and Communications Department. Notwithstanding the foregoing, the Director may purchase, consistent with the requirements of this policy, any computer systems, computer hardware, computer software, other computer peripherals, phones, radios or other communications devices and computer equipment determined to be in the best interest of LP&L.

18.20. CRITICAL BUSINESS NEED

18.1.20.1. Notwithstanding anything to the contrary herein, the procedures set forth in the above sections may be changed, modified, or waived by the LP&L Purchasing Manager, with the further approval of either the Director or the CFO, on a case-by-case basis as necessary in order to meet a critical business need of LP&L. A non-exclusive list of examples of circumstances that might constitute a critical business need include:

- Emergency situations, including procurements necessary to protect the public health or safety or in response to a public calamity;
- A procurement necessary because of unforeseen damage to public equipment, machinery, or other property;
- A procurement for personal services;
- A purchase of land or interests in land;
- A procurement of items that are available from only one source;
- A procurement necessary to protect the competitive interests or position of LP&L;

- A procurement necessary to ensure adequate supplies, equipment, and inventory for the operation, maintenance, and/or improvement of LP&L's facilities in times of labor shortages, supply chain volatility and shortages, where sourcing such items is known to be inordinately expensive or scarce;
- A procurement necessary to ensure adequate supplies, equipment, and inventory for the operation, maintenance, and/or improvement of LP&L's transmission and distribution system in times of labor shortages, pricing instability, supply chain volatility, and shortages; and/or.
- Any other basis determined to be a critical business need by the Director, CFO, and LP&L Purchasing Manager.

~~18.2.20.2.~~ Once it has been determined that a procurement is necessary to meet a critical business need of LP&L, the LP&L Purchasing Manager, in consultation with the Director or CFO, will manage the procurement so as to assure that it expeditiously meets the critical business need of LP&L and to assure that the best interest of the citizens of Lubbock and ratepayers of LP&L are protected.

For the acquisition of goods and materials that constitute a critical business need as outlined above, the Purchasing Manager may issue Purchase Orders to acquire such goods or materials. These Purchase Orders for a critical business need may exceed the Director's purchasing authority as outlined in these policies only if (1) such Purchase Order is approved by the Director in consultation with the Chairman of the Electric Utility Board; (2) the Purchase Order is subject to ratification by the Electric Utility Board; and (3) the critical business need supporting the Purchase Order is related to supply chain volatility, labor shortages, or pricing instability.

~~18.3.20.3.~~ Justifications for a critical business need must be provided on the form attached hereto as Exhibit "B", and incorporated herein.

19.21. SOLE SOURCE PURCHASES

~~19.1.21.1.~~ Sole source purchases should be reviewed by the LP&L Purchasing Manager. Sole source purchases are those that are available from only one source. The LP&L Purchasing Manager will determine whether sole source purchases meet one or more of the criteria identified below. If the sole source does not meet the criteria identified below, then the Purchasing Manager shall consult with the LP&L General Counsel to determine whether the good or services constitutes a sole source.

- Sole source is the original manufacturer or provider, and there are no regional distributors.
- Sole source is for the only greater West Texas area distributor of the original manufacturer or provider.

- The Parts/Equipment are not interchangeable with similar parts of another manufacturer.
- This is the only known item or service that will meet the specialized needs of the department or perform the intended function.
- The Parts/Equipment are required from this source to permit standardization.

19.2-21.2. Requests for sole source purchases are submitted to the LP&L Purchasing Manager, which requires a justification to substantiate the request, and identifies that the product or service is sole source. In addition, sole source purchases over \$3,000 require the using department to submit a completed and signed Sole Source Justification form to the LP&L Purchasing Manager, which is attached as Exhibit “C” and incorporated herein. The Director or CFO must also approve any sole source purchases over \$3,000.

19.3-21.3. The LP&L Purchasing Manager may also post a notice of intent to award a sole source to ensure no other providers exist.

20.22. PREVAILING WAGE RATES

20.1-22.1. Contractors are required to pay not less than the rates determined using the prevailing wage rate as determined by the United States Department of Labor in accordance with the Davis-Bacon Act (40 U.S.C. § 276a *et seq.*), and its subsequent amendments, to a worker employed by it in the execution of a contract for the construction of a public work, including a building, highway, road, excavation, and repair work or other project development or improvement, paid for in whole or in part from public funds, without regard to whether the work is done under public supervision or direction. Contractors are required to comply with Texas Government Code, Chapter 2258, Prevailing Wage Rates. A worker is employed on a public work if the worker is employed by the contractor or any subcontractor in the execution of the contract for the project.

21.23. BID BOND REQUIRED

21.1-23.1. Bid bonds are required for construction projects involving an expenditure of \$50,000 or more. If a bid bond is required in the specifications, a bid submitted without an original bid bond attached is automatically rejected. The successful respondent will be required to furnish an original performance bond in accordance with Chapter 2253, Government Code, in the amount of 100% of the total contract price in the event that said contract price exceeds \$100,000 and the successful respondent will be required to furnish an original payment bond in accordance with Chapter 2253, Government Code, in the amount of 100% of the total contract price in the event that said contract price exceeds \$50,000. Said statutory bonds should be issued by a company carrying a current Best Financial Strength Rating of “A” or better.

22.24. JOB ORDER CONTRACTING

22.1-24.1. Job Order Contracting (“JOC”) is a procurement method used for maintenance, repair, alteration, renovation, remediation, or minor construction of a facility when the work

is of a recurring nature but the delivery times, type, and quantities of work required are indefinite. This applies only to a facility that is a building, the design and construction of which is governed by accepted building codes, or a structure or land, whether improved or unimproved, that is associated with a building.

22.2.24.2. JOC may never be used for new construction, a highway, road, street, bridge, utility, water supply project, water plant, wastewater plant, water and wastewater distribution or conveyance facility, wharf, dock, airport runway or taxiway, drainage project, or related type of project associated with civil engineering construction; or a building or structure that is incidental to a project that is primarily a civil engineering construction project.

22.3.24.3. All JOC Requests are to be submitted in writing to the LP&L Purchasing Manager or the LP&L Purchasing Manager's designee. The LP&L Purchasing Manager, upon approval by the Director or CFO, will then submit the request through the JOC system. After submittal, a contractor will contact the department for a walkthrough. The contractor will then submit an estimate to the JOC provider. The JOC provider will then submit the estimate to the requesting department and the LP&L Purchasing Manager for review. If accepted, the requesting department will enter a requisition and provide approval to the LP&L Purchasing Manager. Once approvals have been obtained the LP&L Purchasing Manager will issue the purchase order for the JOC. No job order contracts may be started without written authorization.

23.25. DIRECT PAYMENT REQUEST AND PURCHASE ORDERS

23.1.25.1. Direct Payment Requests ("DPR") should be used for payment of non-tangible items; travel advances and reimbursements of travel expenses. A sample DPR is attached as Exhibit "G" and incorporated herein. Examples of items paid for with DPR include:

Subscriptions

Rentals

Professional services

Registration fees

Maintenance fees

Travel related expenses

Utility bills

Contract Items

23.2.25.2. The user department routes the DPR, invoice, and other supporting documentation to the LP&L Purchasing Manager for vendor number and buyer approval. LP&L generally follows the DPR process outlined in the City of Lubbock Accounting Department Policies and Procedures, as it may be amended from time to time, except that instead of routing

through the City's Purchasing Department, LP&L routes DPRs through the LP&L Purchasing Manager.

23.3.25.3. Purchase Orders are approved in advance of the receipt of goods or services. A sample Purchase Order is attached hereto as Exhibit "H" and incorporated herein. LP&L generally follows the Purchase Order process outlined in the City of Lubbock Accounting Department Policies and Procedures, as it may be amended from time to time, except that the LP&L Purchasing Manager monitors Purchase Orders for LP&L and LP&L's Accounts Payable department processes payment for LP&L matters.

24.26. RELATIONSHIPS

24.1.26.1. *Local Businesses:* Lubbock businesses are encouraged to participate in the procurement process to the extent permitted by federal, state, and local laws, regulations, grants, and contracts.

24.2.26.2. *Minority and Small Businesses:* The LP&L Purchasing Manager actively pursues minority and small business enterprises to participate in the competitive sealed bid process by informing them of solicitations, quantities, specifications, and bonding requirements.

24.3.26.3. *Vendor Lists:* Departments identify suggested vendors on their requisitions. Vendors register on-line in a place identified by the LP&L Purchasing Manager and are classified according to materials, equipment, supplies, and services they provide.

24.4.26.4. The LP&L Purchasing Manager shall maintain a vendor list for vendors who have provided goods or services to LP&L, are interested in providing goods or services to LP&L, and/or are qualified to provide goods or services to LP&L. The LP&L Purchasing Manager shall use best efforts maintain a vendor list that provides competitive benefits to LP&L.

24.5.26.5. The LP&L Purchasing Manager, with approval from the Director and CFO, may remove vendors from the list for one or more of the following reasons:

- Refusing to honor a bid after bid opening;
- Refusing to honor an awarded contract or lease;
- Providing repeated poor performance;
- Violation of anti-lobbying provision;
- Participating in collusion; or
- Any other reason that threatens the integrity of the competitive bidding process.

24.6.26.6. *Disposition of Bids Received After Deadline:* For purposes of establishing fair and equitable competition between vendors, a bid received after the published deadline is not considered. A bid received after the deadline is returned to the vendor unopened.

24.7-26.7. *Vendor Assistance:* Vendors are frequently willing to assist using departments in providing information or evaluating the needs of the department at no cost. Such assistance, however valuable, is considered to be normal sales efforts and, in a competitive sealed bid program, does not entitle a vendor to any preference. Notwithstanding anything herein, any and all communication concerning an open bid should be directed to the LP&L Purchasing Manager. Any attempt to contact departments concerning a bid may be cause for disqualification in a bid process.

24.8-26.8. *Vendor Performance:* When the using department's first attempt to resolve unacceptable vendor performance fails, the using department documents vendor performance by providing a completed Vendor Performance Form, attached as Exhibit E, to the LP&L Purchasing Manager. The LP&L Purchasing Manager provides a copy to the vendor with an opportunity for the vendor to respond within five business days. This documentation is maintained by the LP&L Purchasing Manager in a vendor file and may be used when evaluating the vendor for future contract awards.

24.9-26.9. *Suspension and Debarment:* The LP&L Purchasing Manager, with approval from both the Director and CFO, may suspend/debar vendors from participating in LP&L's competitive bidding process when the vendor has compromised the competitive bidding process. Such bases for suspension or debarment include, but are not limited to, the following:

- Refusing to honor a bid after bid opening;
- Refusing to honor an awarded contract or lease;
- Violation of anti-lobbying provision;
- Providing confidential information to other vendors;
- Attempting to obtain confidential information from LP&L employees or consultants;
- Engaging in conduct that provides the appearance of impropriety;
- Contacting LP&L employees or consultants during the evaluation process of a bid or proposal;
- Providing repeated poor performance;
- Participating in collusion; or
- Any other conduct or activity that does or could compromise the integrity of the competitive process.

In the event a vendor cancels a contract or Purchase Order with LP&L, other than in accordance with the terms of the applicable contract, or in any way breaches the material

terms and conditions of an agreement with LP&L, including but not limited to pricing and delivery terms, LP&L may exercise its rights under the contract, at law, equity, or otherwise, to ensure recovery for any losses or increased costs that result from the vendor's actions. These rights are in addition to vendor performance, and vendor suspension and debarment, as outlined above.

~~24.10.~~26.10. *Items on Trial Basis:* LP&L may receive goods on a trial basis to determine whether certain products are beneficial and compatible with the LP&L systems. Any such trial must be at no cost to LP&L. At the end of the trial, all items provided must be returned. Departments requisition these items in the same manner as other purchased items. LP&L is not obligated to purchase equipment or accessories delivered for use on a trial basis, and must engage in a competitive bidding processes for the final purchase of any such items in accordance with these procedures. In the competitive process, no preference can be given to entities providing equipment or accessories on a trial basis simply because the trial occurred. Rather, it serves only as a means to determine compatibility and quality of the product.

~~24.11.~~26.11. *Tax Exemption Status:* LP&L is exempt from Federal excise tax and the State of Texas sales tax. The Purchase Order serves as the required exemption certificate for sales tax. The LP&L Purchasing Manger issues exemption certificates as required.

25.27. EMPLOYEE CONDUCT

~~25.1.~~27.1. *Personal Use of Purchasing Prohibited:* LP&L employees are prohibited from purchasing supplies, materials, or equipment of any kind through LP&L for personal use. When an employee or their spouse has a financial or other interest in an LP&L contract, the employee does not participate in selecting, awarding, or administering the contract. LP&L employees must comply with state law and the City of Lubbock's Employee Policy Manual, as it may be amended from time to time, including any conflict of interest provisions included therein.

~~25.2.~~27.2. *Items Purchased without Proper Authorization:* LP&L reserves the right to refuse payment for items that have been obtained by employees, departments, committees, or boards without proper authorization. An employee making unauthorized purchases is held personally liable for the costs of such orders or contracts.

26.28. FORMS AND REQUIRED DOCUMENTS

~~26.1.~~28.1. All forms can be requested from the Purchasing Manager. The forms provided below are attached as exhibits and are incorporated herein.

Procurement Request Form, Exhibit "A"

Critical Business Need Form, Exhibit "B"

Sole Source Justification, Exhibit "C"

Change Order Forms, Exhibits "D-1" and "D-2"

Vendor Performance Form, Exhibit “E”

Reference Check Questionnaire, Exhibit “F”

Direct Payment Request, Exhibit “G”

Purchase Order, Exhibit “H”

26.2.28.2. The Director may approve changes to forms attached hereto as the law or business necessity requires. Any changes related to legal matters must also be approved in form by LP&L General Counsel.

27.29. OTHER POLICIES

27.1.29.1. The Director may approve additional policies consistent with the policies and procedures provided for herein.