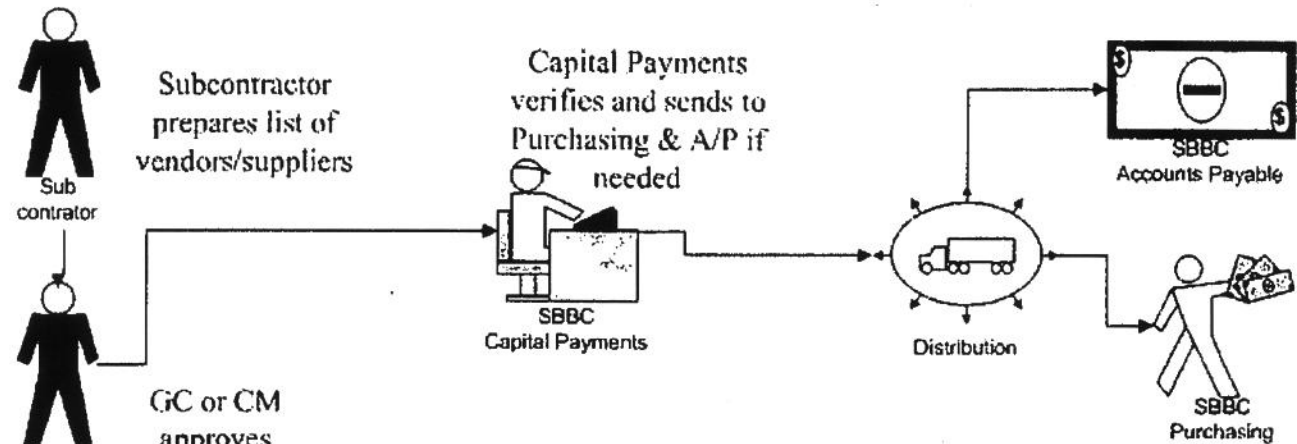
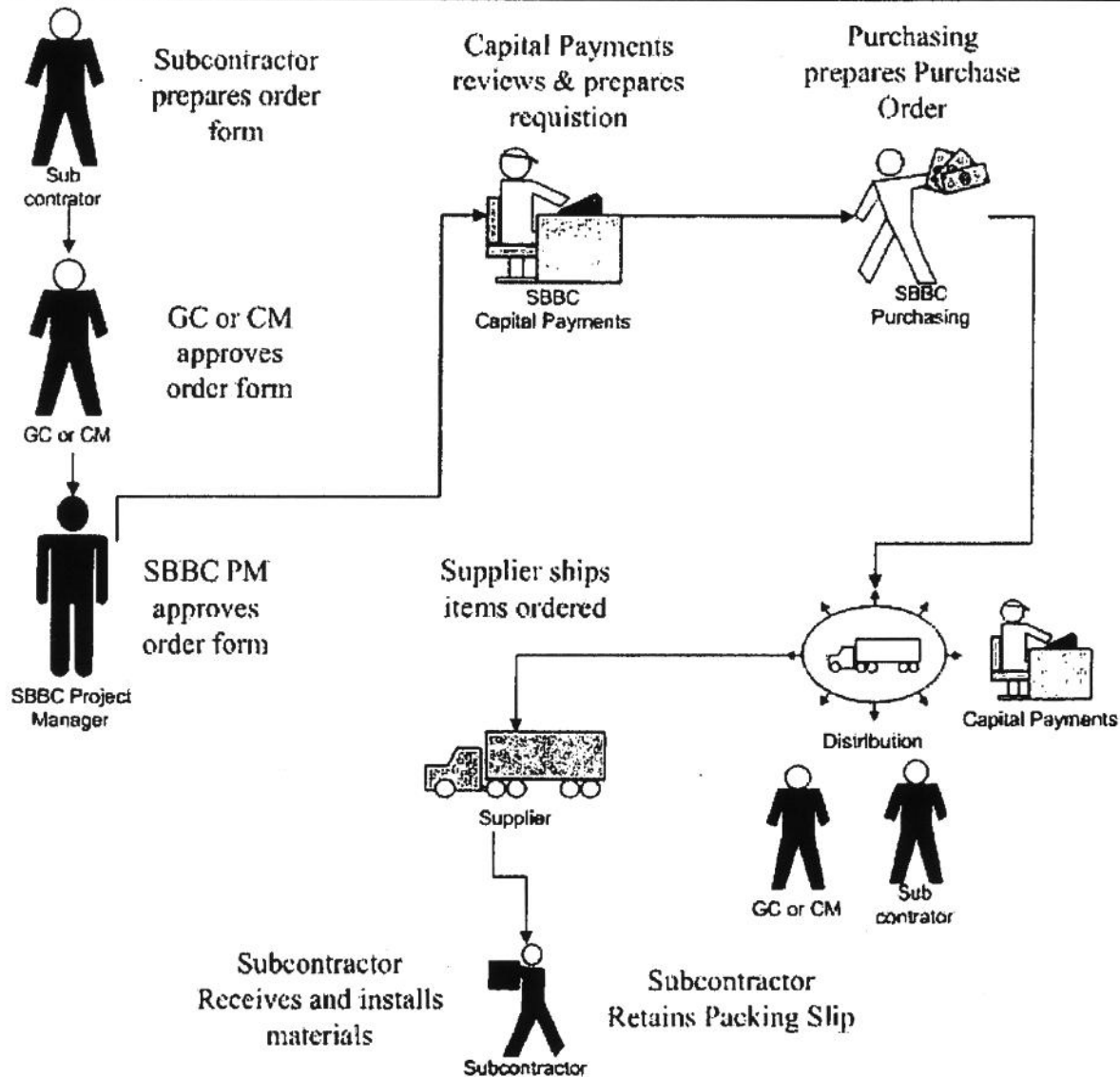


OVERVIEW OF DIRECT PURCHASING PROCESS

The Contracts & Compliance Department will determine what projects will participate in the direct purchase program and include appropriate language in the construction contract.

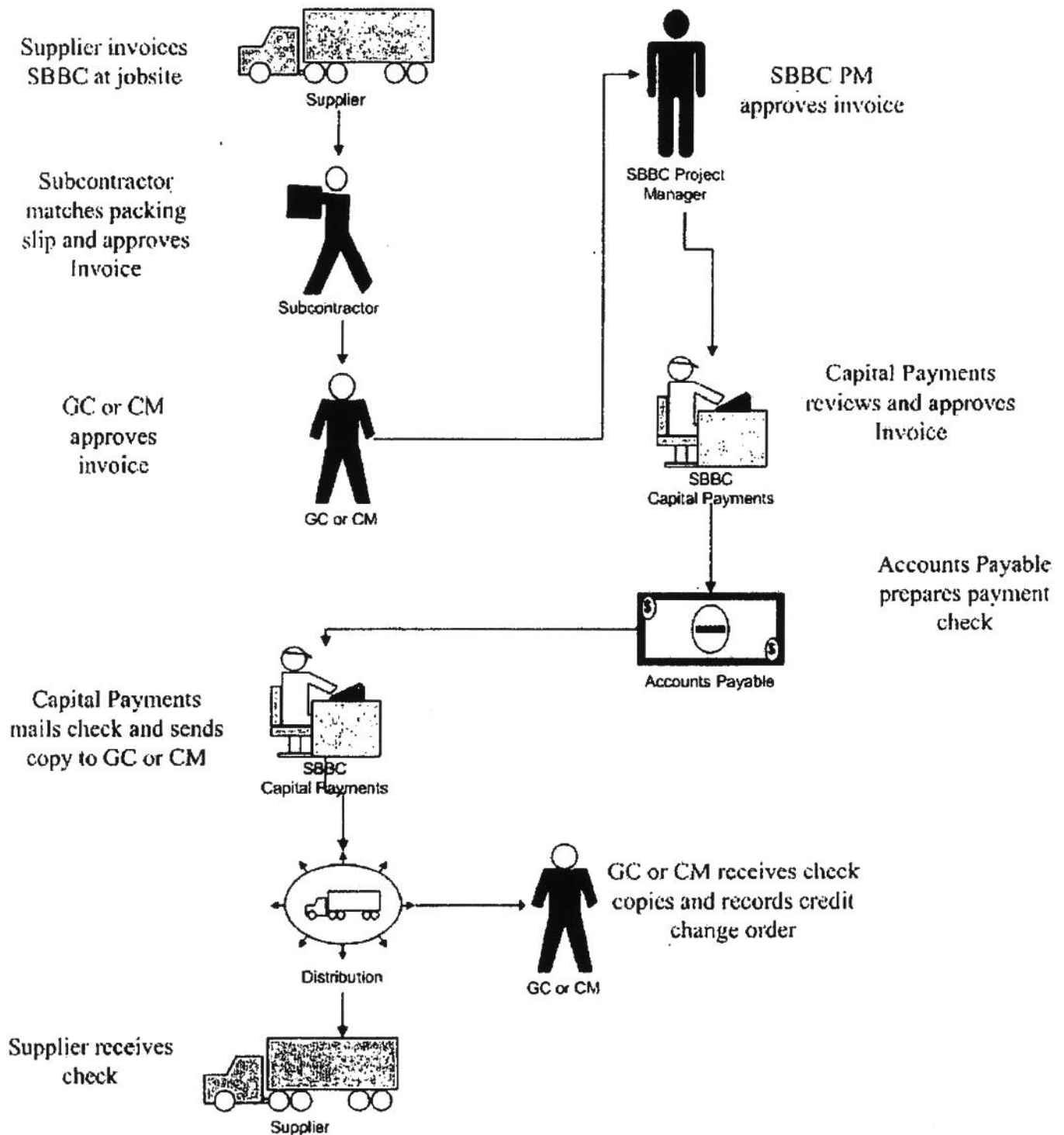


VENDOR SET-UP



PURCHASE

OVERVIEW OF DIRECT PURCHASING PROCESS
CONTINUED



INVOICE PAYMENT

School Board of Broward County, Florida

ORDER & CONTRACT CREDIT FORM

Direct Purchase Program

SBBC Contact Info:

Reference Purchase Order _____ (GC/CM/TPM PO) Date _____

Contact: Millie Padron 754-321-8211 754-321-8229 Req # _____

Name Phone # Fax # Line

Coding 0000 7400 00000 05.09

Acct Cost Center Function Fund WBS Elemt

Vendor Info:

Address _____

Address line 2 _____

City, State, Zip _____

Federal ID # (new vendors only) _____

Phone _____

Fax _____

Project Info:

Req Delivery Date _____

School / Dept Name _____

Project Name _____

SBBC Project: # _____

Ship to:

(must be SBBC site)

Items ordered:	Ship Via	Terms			Special Notes		FOB Destination
ITEM #	MATERIAL DESCRIPTION		QUANTITY	UNIT	UNIT PRICE	TOTAL	
						\$0.00	
						\$0.00	
						\$0.00	
						\$0.00	
						\$0.00	
						\$0.00	
						\$0.00	
Total Purchase Requisition						(minimum is \$10,000)	
						\$0.00	



Minority Vendor



Woman Owned Business

Requestor Info:

Person Requesting Order _____ Phone # _____

Company _____ Ext# _____

Explanation of Purchase: This purchase will be used for: _____

Approval:

(Company/Sub Name) BY: _____ Title _____ date _____

(General Contractor/CM/TPM name) BY: _____ Title _____ date _____

School Board of Broward County Florida BY: _____ Project Manager _____ date _____

School Board of Broward County Florida BY: _____ Director/ Sr Project Manager _____ date _____

CONTRACT CREDIT

0 Credit \$0.00 Processor _____ date _____

(General Contractor/CM/TPM name)

BY: _____ Title _____ date _____

(Capital Budget Approval)

Potential Sales Tax Savings \$0.00 (this amount will be reconciled at contract end for final credit)

School Board of Broward County, Florida ORDER & CONTRACT CREDIT FORM

Direct Purchase Program

SBBC Contact Info:

Reference Purchase Order _____ (GC/CM/TPM PO) Date 02/08/2008

Contact: Millie Padron 754-321-8211 754-321-8229 Req # _____

Name Phone # Fax #

Coding 0000 7400 00000 .05.09

Acct Cost Center Function Fund WBS Elem

Vendor Info:

Address GE WAREHOUSE SUPPLY

Address line 2 1200 S Federal

City, State, Zip Pompano Beach, FL 33324

Federal ID # (new vendors only) n/a

Phone 954-777-8888

Fax 954-777-8889

Project Info:

Req Delivery Date 2/25/2008

School / Dept Name Cypress Bay High School

Project Name 28 Classroom Addition

SBBC Project: # _____

Ship to: Cypress Bay High School

(must be SBBC site) attn: World Wide Electric Sub

18600 Vista Park Blvd

Weston, FL 33332

Items ordered:	Ship Via	Terms			Special Notes		FOB Destination
ITEM #	MATERIAL DESCRIPTION		QUANTITY	UNIT	UNIT PRICE		TOTAL
Proposal dated 1/15/2008	1 Lot of Electrical Goods		1	LOT	27,900.00		\$27,900.00
							\$0.00
							\$0.00
							\$0.00
							\$0.00
							\$0.00
Total Purchase Requisition					(minimum is \$10,000)		\$27,900.00

☒ Minority Vendor ☒ Woman Owned Business

Requestor Info:

Person Requesting Order Sub Project Mgr Name Phone # _____

Company World Wide Electric Sub Ext# _____

Explanation of Purchase: This purchase will be used for: Electrical Supplies for Project

Approval:

SUB SIGNATURE

(Company/Sub Name) BY: _____ Title _____ date _____

BEST GC INC BY: GC Project MGR (signature) Title _____ date 2/12/2008

(General Contractor/CM/TPM name)

School Board of Broward County Florida BY: _____ Project Manager _____ date _____

School Board of Broward County Florida BY: _____ Director/ Sr Project Manager _____ date _____

CONTRACT CREDIT

BEST GC INC Credit \$27,900.00 PURCHASE TAX

(General Contractor/CM/TPM name) Processor _____ date _____

BY: _____ Title _____ date _____

(Capital Budget Approval)

Potential Sales Tax Savings \$1,674.00 (this amount will be reconciled at contract end for final credit)

SECTION 01295

DIRECT OWNER PURCHASING PROGRAM

PART 1 GENERAL

1.01 SECTION INCLUDES

- A. Procedures for administration of the Direct Owner Purchasing Program.
- B. The Owner shall include this project in its Direct Owner Purchasing Program (DOPP) and the Contractor agrees to administer according to the following terms. The Contractor shall include the following terms in all of its contracts wherein the cost of materials and equipment exceeds Two Hundred Thousand Dollars (\$200,000).

1. The Subcontractor has included Florida State Sales and other applicable taxes in his bid for material, supplies and equipment. The Owner, being exempt from sales tax reserves the right to make direct purchases of various construction equipment, materials or supplies included in the Subcontractor's bid and/or contract, substantially in accordance with the form of Purchase Order attached herewith.

Any equipment, materials or supplies directly purchased by the Owner that are included in the Subcontractor's contract shall be referred to as Owner-Purchased Materials and the responsibilities of both Owner and Subcontractor relating to such Owner Purchased Materials shall be governed by the terms and conditions of these procedures.

2. Material suppliers shall be selected by the Subcontractor awarded the Subcontract.

The Subcontractor has included the price for all construction materials plus applicable taxes in his bid. Owner purchasing of construction materials, if selected, will be administered on a deductive Change Order basis. The Subcontract amount shall be reduced by the net non-discounted amount of these Purchase Orders, plus all sales tax.

3. Subcontractor shall provide Contractor with a list of all intended suppliers, vendors, and materialmen for consideration as Owner-Purchased Materials. This list shall be submitted at the same time as the preliminary schedule of values and the Project/CPM schedule. The Subcontractor shall submit a description of the materials to be supplied, estimated quantities and unit prices.
4. Upon request from Contractor, Subcontractor shall prepare a standard Purchase Order Requisition Form in a form acceptable to the Owner and the Contractor, to specifically identify the materials which Owner has,

**The School Board of Broward County, Florida
Facilities and Construction Management Division**

at its sole option, elected to purchase directly. The Purchase Order Requisition Form shall include:

- A. The name, address, telephone number and contact person for the material supplier
- B. Manufacturer or brand, model or specification number of the item
- C. Quantity needed as estimated by Subcontractor
- D. The price quoted by the supplier for the materials identified therein
- E. Any sales tax associated with such quote
- F. Delivery dates as established by Subcontractor

Subcontractor shall include reference to any terms and conditions which have been negotiated with the vendor; i.e. payment terms, warranties, retainage, etc. Such Purchase Order Requisition Form is to be submitted to Contractor no less than 15 days prior to the date required for ordering such Owner-Purchased Materials, in order to provide sufficient time for Owner review and approval and to assure that such Directly Purchased Materials may be directly purchased by Owner and delivered to the Project site so as to avoid any delay to the Project.

- 5. After receipt of the Purchase Order Requisition Form, Owner shall prepare its Purchase Orders for equipment, materials or supplies. Pursuant to the Purchase Order, the vendor will provide the required quantities of material at the price established in the vendor's quote to the Subcontractor less any sales tax associated with such price. Promptly upon receipt of each Purchase Order, Subcontractor shall verify the terms and conditions of the Purchase Order prior to its issuance to supplier and in a manner to assure proper and timely delivery of items. Owner's Purchasing Director shall be the approving authority for the Owner on Purchase Orders in conjunction with Owner-Purchased materials. The Purchase Order shall require that the supplier provide the required shipping and handling insurance. The Purchase Order shall also require the delivery of the Owner-Purchased Materials on the delivery date(s) provided by the Subcontractor in the Purchase order Requisition Form and shall indicate F.O.B. job site. The Owner's Purchase Orders shall contain, or be accompanied by, the Owner's exemption certificate and must include the Owner's name, address, and exemption number with issue and expiration date shown.
- 6. In conjunction with the execution of the Purchase Orders by the supplier, the Subcontractor shall execute and deliver to Contractor one or more deductive Change Orders, referencing the full value of all Owner-Purchased Materials plus all sales tax savings associated with such materials in Subcontractor's bid to Contractor.
- 7. All shop drawings and submittals shall be made by the Subcontractor in accordance with the Contract Documents.

8. Subcontractor shall be fully responsible for all matters relating to the receipt of materials furnished by Owner in accordance with these procedures, including but not limited to, verifying correct quantities, verifying documentation or orders in a timely manner, coordinating purchases, providing and obtaining all warranties and guarantees required by the Contract Documents, inspection and acceptance of the goods at the time of delivery, and loss or damage to equipment and materials following acceptance of items by the Owner due to the negligence of the Subcontractor. The Subcontractor shall coordinate delivery schedules, sequence of delivery, loading orientation, and other arrangements normally required by the Subcontractor for the particular materials furnished. The Subcontractor shall provide all services required for the unloading, handling and storage of materials through installation. The Subcontractor agrees to indemnify and hold harmless the Owner from any and all claims of whatever nature resulting from nonpayment of goods to suppliers arising from the actions or directions of Subcontractor.
9. As Owner-Purchased Materials are delivered to the job site, the Subcontractor and the Contractor as Owner's Representative, shall visually inspect all shipments for the suppliers, and approve the vendor's invoice for materials delivered. The Subcontractor shall assure that each delivery is accompanied by documentation adequate to identify the Purchase Order against which the purchase is made. This documentation may consist of a delivery ticket and an invoice from the supplier confirming the Purchase Order, together with such additional information as the Owner or Contractor may require. The Subcontractor will verify, in writing, the accuracy of the delivery ticket. The Subcontractor will then forward the invoice to the Contractor for his forwarding to the Owner. The Owner will process and pay directly to the vendor in the manner as all other Owner Entity invoices are processed. The Owner shall have the right to assign Owner personnel to verify and audit the accuracy of all Direct Purchase documents.
10. The Subcontractor shall insure that Owner-Purchased Materials conform to the Specifications and determine prior to incorporation into the Work if such materials are patently defective, and whether such materials are identical to the materials ordered and match the description on the bill of lading. If the Subcontractor discovers defects or non conformities in the Owner-Purchased Material, upon such visual inspection, the Subcontractor shall not utilize such non-conforming or defective materials in the Work and instead shall promptly notify the Vendor of the defective or non conforming condition in order to pursue repair or replacement of those materials without any undue delay or interruption to the Project. Additionally, the Subcontractor shall notify the Owner through the Construction Manager of such occurrence. If the Subcontractor fails to perform such inspection, and otherwise incorporates Owner-Purchased Materials, the condition of which it either knew about or should have known about by performance of an

inspection, Subcontractor shall promptly take action to remedy the defect or non conformity so as not to delay the Work.

11. The Subcontractor shall maintain records of all Owner-Purchased Materials it incorporates into the Work from the stock of Owner-Purchased Materials in its possession. The Subcontractor shall account monthly to the Owner, through the Contractor, for any Owner-Purchased Materials delivered into the Subcontractor's possession, including portions of all such materials which have been incorporated into the Work.
12. The Subcontractor shall be responsible for obtaining and managing all warranties and guarantees for all materials and products as required by the Contract Documents. All repairs, maintenance or damage repair calls shall be forwarded to the Subcontractor for resolution with the appropriate supplier or Vendor.
13. Notwithstanding the transfer of Owner Purchased Materials by the Owner to the Subcontractor's possession, the Owner shall retain title to any and all Owner Purchased Materials.
14. The transfer of the possession of Owner Purchased Materials from the Owner to the Subcontractor shall constitute a bailment for mutual benefit of the Owner and the Subcontractor. The Owner shall be considered the bailor and the Subcontractor the bailee of the Owner Purchased Materials. Owner Purchased Materials shall be considered returned to the Owner for purposes of its bailment at such time as they are incorporated into the Project or consumed in the process of completing the Project. Bailee shall have the duty to safeguard, store and protect all Owner Purchased Materials.
15. The Owner shall purchase and maintain insurance pursuant to the requirements set forth in the Owner and Construction Manager Agreement which shall be sufficient to protect against any loss or damage to Owner Purchased equipment, materials or supplies. Such insurance shall cover the full value of any Owner Purchased Materials not yet incorporated into the Project from the time the Owner first takes title.
16. The Owner shall in no way be liable for interruption or delay in the Project, for any defects or any other problems with the Project, or for any extra or cost resulting from delay in the delivery of, or defects in, Owner Purchased Materials.
17. On a monthly basis, Subcontractor shall be required to review invoices submitted by all suppliers of Owner Purchased Materials delivered to the Project site during that month and either concur or object to the Owner's issuance of payment to the suppliers, based upon Subcontractor's

records of materials delivered to the site and any defects in such materials.

18. In order to arrange for the prompt payment to the supplier, the subcontractor shall provide to the Owner, through the Construction Manager, a list indicating the acceptance of the goods or materials in accordance with the established monthly Payment Request Schedule. The list shall include a copy of the applicable Purchase Orders, invoices, and delivery receipts of data provided. Checks will be released, delivered and remitted directly to the suppliers. The Subcontractor agrees to assist the Owner to immediately obtain partial or final release of lien waivers as appropriate.
19. At the end of the Project, any refund for surplus materials returned to suppliers plus applicable sales tax savings amount shall be created with an additive Change Order to the Subcontractor's agreement with the Construction Manager. Salvage materials shall be the property of the Owner and stored or removed from the site by the Subcontractor at the Owner's discretion.
20. The Construction Manager has obtained and submitted to the Owner a Technical Assistance Advisement issued by the State of Florida Department of Revenue dated September 3, 1999 referencing procedures to be followed to provide for tax exempt purchases, and attached as part of this Exhibit to this Addendum. Owner hereby agrees to follow those procedures in cooperation with the Construction Manager, and indemnifies Construction Manager from liability if the Department of Revenue determines that any purchases treated as tax exempt by the parties failed to meet the criteria for exemption.

PART 2 PRODUCTS

Not Used

PART 3 EXECUTION

Not Used

END OF SECTION

ACCOUNTING PROCEEDURES FOR THE DIRECT PURCHASE PROGRAM

Project Selection

To maximize savings, the Direct Purchase program will be initially utilized on large construction contract awards. The Compliance and Contracts group will determine which projects should be advertised and awarded with the Direct Purchase provisions.

- The recommended contract value for inclusion in this program is \$5,000,000.

Request for Vendor

General Contractor (GC) or Construction Manager (CM) will work with the sub-contractor(s) to determine which suppliers will be utilized for the project. Upon determination, the GC or CM will request that a vendor or supplier be established on the School Board (SBBC) vendor list. This request must include:

- vendor name
- order from address,
- remit to address, telephone numbers, and Federal tax id number. Upon receipt, Capital Payments will review to determine if a new vendor number or sub-group is needed. If a vendor number already exists, the request is returned to the GC or CM with the requested information. If the vendor number does not exist, the request will be forwarded to the Purchasing Department. Purchasing will complete initial set-up of the vendor and forward the vendor set-up request to Accounts Payable for completion. Purchasing forwards the new vendor number by email to Capital Payments for submission to the GC or CM. Accounts Payable will complete the vendor set-up and file the completed vendor request form.

Request for Purchase Order

GC or CM will work with the sub-contractor to determine the timing, quantities and dollar amounts needed for the project. The minimum purchase order amount for a purchase order is established at \$10,000.00. (Amounts less than this threshold will be purchased by the sub-contractor and will not be part of the direct purchase program.) Sub- Contractor will prepare a SBBC order form for the materials to be purchased for approval by the GC or CM. This request will include the vendor information, material description, purchase amount, Sub-contractor's name, special delivery instructions (if any) and SBBC address where materials are to be delivered. Supporting documentation such as quotes and estimates should be included as needed. The approved order form is sent to the SBBC project manager (PM) for approval by the PM and the Director of Project Management. The order form is then forwarded to the Capital Payments group for processing. Capital Payments will review the request and enter the information into the Capital Payments database. An internal requisition form is generated by Capital Payments staff who will submit this requisition for review by the Capital Budget group. Upon approval, the Capital Payments staff will enter the requisition in the mainframe accounting system (SAP) including the assigned vendor number. The requisition will include instructions to the vendor specific to the direct purchase program. This requisition is then approved on-line by the Capital Payment Review Supervisor or the department director.

The requisition is converted to a purchase order by the Supply Management and Logistics Department. The initial purchase order is entirely electronic. Once the purchase order is prepared, one copy is emailed / faxed to the supplier and a paper copy is distributed by the Capital Payments staff to the GC / CM / TPM.

Invoice Processing:

Vendors will invoice the SBBC care of the GC or CM at the project job-site. Sub-Contractor will retain packing slips from delivered materials. On an on-going basis (at least monthly) the subcontractor will match the packing slips with the invoices and review and approve the invoices. GC or CM will prepare an invoice transmittal form summarizing all invoices being submitted for payment. This form will detail the P.O. number, original P.O. amount, current pay request, previous payments and to-date sales tax savings. Sub-contractor is required to sign each invoice in order to authorize payment. The GC or PM approves the summary for payment and submits the approved form and original approved invoices to the SBBC PM for approval. The School Board PM reviews and approves the invoice transmittal form and associated invoices. This package is then sent to Capital Payments for review and processing. Capital Payments reviews the invoice transmittal by verifying that all invoices are without sales taxes and properly billed. Also verified is that all invoices listed on the transmittal form are present and are approved by the sub-contractor. The mathematical accuracy of the transmittal form is verified and corrected if needed. Capital Payments staff approves both the invoice transmittal summary and the individual original invoices referencing the approval on the summary. The approved package is entered into the Capital Payments database and forwarded to Accounts Payable for payment with a copy retained in the Capital Payments project file.

Accounts payable reviews and posts the invoice summaries into the mainframe system for payment. If applicable, the Accounts Payable staff will take discounts on the submitted invoices. When the due date is reached the system produces a check for payment of the invoices. Accounts Payable retains the original signed invoices. The original check and invoice transmittal form are returned to Capital Payments for mailing or pick-up by the supplier. If desired, a copy of all invoice payments is forwarded to the GC / CM / TPM for their files.

General Contractor or Construction Manager Applications for Payment:

GC or CM will reduce the sub-contractor's contract value by the amount of direct purchases plus the 6% sales tax. Prior to preparing the monthly construction draw the GC or CM will summarize the approved direct purchase order forms and invoice transmittal forms. The total direct purchase orders to date will be separately identified on the monthly pay application schedule of values. Additionally, the monthly pay application will show the total direct purchase payments (without the 6% savings) on the face page of the construction draw as a reduction of the contract amount. Additionally, the monthly pay application will show the total direct purchase savings (6%) on the face page of the construction draw as additional retainage. The Capital Payments staff will verify the accuracy of direct purchase information when the construction draw is submitted for payment. Direct purchases will not be subject to retainage.

Prior to final completion of the project The GC / CM / TPM and the Capital Payments staff will reconcile the direct purchases for the program. Upon determination of the final direct purchase credit due to SBBC the GC or CM will prepare a contract change order to reduce (or increase) the construction contract by the amount of the direct purchases and associated savings. This change order will be submitted to the School Board for final approval.