

EXHIBIT C-3

vpnet Internal Procurement Regulations (Annex A)

IFB #2026-001 — Patillas–Cidra Fiber Optic Network

1. Purpose and Scope

This Annex establishes the internal procurement standards and administrative procedures that vpnet, Inc. applies to all contracts funded in whole or in part with federal award funds, including ReConnect Program grant and loan funds administered by the Rural Utilities Service (RUS), USDA. These regulations supplement the requirements of 2 CFR Part 200, Subpart D, and are intended to ensure that all procurement activities under this IFB are conducted in a manner that is transparent, competitive, and consistent with the highest standards of organizational integrity.

These regulations apply to:

All solicitations issued by vpnet in connection with IFB #2026-001

All contracts and subcontracts awarded under this IFB at any tier

All vpnet employees, officers, and agents involved in the procurement process

All Respondents and Selected Respondents participating in this procurement

2. Procurement Standards

2.1 Full and Open Competition

All procurements conducted by vpnet shall be carried out in a manner providing full and open competition, consistent with 2 CFR §200.319. Procurement procedures shall not restrict competition by:

- Placing unreasonable requirements on firms in order to qualify as Respondents
- Requiring unnecessary experience or excessive bonding
- Noncompetitive pricing practices between firms or between affiliated companies
- Organizational conflicts of interest
- Specifying only a brand name product without allowing an equivalent
- Any other arbitrary action that restricts or limits competition

2.2 Procurement Methods

vpnet shall employ the following procurement methods in accordance with 2 CFR §200.320:

Method	Threshold	Description
Micro-purchase	Up to \$10,000	Direct award without competitive bidding if price is reasonable
Small Purchase	\$10,001 – \$250,000	Price or rate quotations from an adequate number of qualified sources
Sealed Bids	\$250,001+ (construction)	Formal advertised IFB; award to lowest responsive, responsible bidder
Competitive Proposals	\$250,001+ (professional services)	IFB process; award based on evaluation criteria
Noncompetitive	Exception only	Requires written justification; subject to RUS approval

2.3 Conflict of Interest

No employee, officer, agent, or member of the governing board of vpnet shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. A conflict of interest exists when any of the following has a financial or other interest in the firm selected or has a tangible personal benefit from the award:

The employee, officer, or agent

Any member of their immediate family

Their partner

Any organization that employs or is about to employ any of the above

All procurement personnel shall execute a Conflict of Interest Certification prior to participation in any evaluation activity under this IFB. Any identified or potential conflict shall be disclosed in writing to the vpnet Executive Director immediately upon discovery.

2.4 Prohibition on Geographic Preferences

vpnet shall not use geographical location as an evaluation criterion for the award of contracts under this IFB, except where federal statute expressly mandates or encourages geographical preference. Local presence may be considered as one factor in evaluating a firm's capacity to perform, provided it is not a dispositive criterion.

2.5 Contractor Qualification Standards

vpnet shall award contracts only to responsible contractors who possess the following minimum qualifications:

- Adequate financial resources to perform the contract
- Ability to comply with the required performance schedule
- A satisfactory record of performance on prior contracts
- A satisfactory record of integrity and business ethics
- The necessary organization, experience, accounting, and operational controls
- The necessary technical skills and equipment
- All applicable licenses and registrations required by law

No contract shall be awarded to a contractor that is debarred, suspended, or otherwise excluded from participation in federal assistance programs in accordance with 2 CFR Part 180.

3. Evaluation and Award Procedures

3.1 Evaluation Committee

An Evaluation Committee shall be constituted for the review and scoring of all Proposals submitted in response to this IFB. The Evaluation Committee shall consist of a minimum of three (3) qualified evaluators designated by vpnet management. Each evaluator shall execute a Conflict of Interest Certification and a Confidentiality Agreement prior to receiving access to any submitted Proposal.

3.2 Independent Cost Estimate

Prior to the solicitation of any offer, vpnet shall prepare an independent cost estimate for each contract to be awarded under this IFB. The independent cost estimate shall be used to evaluate the reasonableness of prices received and shall not be disclosed to Respondents prior to award.

3.3 Price Analysis

vpnet shall perform a price or cost analysis in connection with every procurement action, including contract modifications, to determine the reasonableness of the proposed price. The type and extent of price analysis shall be dependent upon the facts and circumstances surrounding each procurement.

3.4 Evaluation Criteria

All evaluation criteria shall be disclosed to Respondents in the solicitation documents. No criteria shall be applied in the evaluation that were not disclosed in the solicitation. Refer to section 5.

3.5 Negotiation and Best and Final Offer (BAFO)

Following initial evaluation, vpnet reserves the right to conduct discussions or negotiations with one or more Respondents and to request a Best and Final Offer (BAFO). All negotiations shall be conducted in a manner that does not disclose the contents of competing Proposals or provide any Respondent with an unfair competitive advantage.

3.6 Award Documentation

vpnet shall maintain a complete procurement file for each contract awarded under this IFB, including:

- Copies of the solicitation documents and all amendments
- A list of all Respondents and their Proposals
- Evaluation worksheets and scoring summaries
- Documentation of the price or cost analysis
- The basis for contractor selection
- Written justification for any noncompetitive procurement
- A copy of the executed contract

All procurement files shall be retained in accordance with the record retention requirements set forth in Exhibit C-1, Section 2.15.

4. Contract Administration

4.1 Contract Administration Responsibilities

vpnet shall designate a Contract Administrator who shall be responsible for monitoring contractor performance, reviewing and approving invoices, maintaining contract files, and ensuring compliance with all contract terms and conditions. The Contract Administrator shall have no authority to modify contract terms without written authorization from the vpnet Executive Director and, where required, prior written approval from RUS.

4.2 Contract Modifications

All contract modifications, including change orders, shall:

- Be executed in writing prior to the commencement of any additional work
- Include a description of the change in scope and the reason for the modification
- Document the adjustment, if any, to the contract price and schedule
- Be approved by the vpnet Executive Director prior to execution
- Be reported to RUS in accordance with applicable RUS requirements where modifications affect cost, scope, or schedule significantly

4.3 Invoice Review and Payment

All invoices submitted by the Selected Respondent shall be reviewed by the Contract Administrator for accuracy, completeness, and conformance with contract requirements prior to approval for payment. No invoice shall be approved for payment unless:

- The work or deliverable covered by the invoice has been completed and accepted
- All required certifications, including certified payroll records where applicable, have been submitted
- The invoice conforms to the format and documentation requirements specified in the contract

4.4 Subcontractor Approval and Oversight

The Selected Respondent shall obtain prior written approval from vpnet before awarding any subcontract under this IFB. All subcontracts shall:

- Be in writing and include all required flow-down provisions set forth in Exhibit C-1
- Be awarded through a competitive process consistent with 2 CFR Part 200
- Not include cost-plus-a-percentage-of-cost or percentage-of-construction-cost fee arrangements
- Identify all applicable federal, Commonwealth, and local requirements

vpnet reserves the right to review and reject any proposed subcontract that does not comply with the requirements of this IFB or applicable regulations.

4.5 Performance Monitoring

vpnet shall monitor the performance of the Selected Respondent throughout the duration of the contract to ensure that all work is completed in accordance with the contract terms and schedule.

Performance monitoring activities shall include:

- Regular site inspections conducted by the vpnet Contract Administrator or designated inspector
- Review of progress reports submitted in accordance with the contract schedule
- Review of certified payroll records for compliance with Davis-Bacon requirements