

BUDGET AND FINANCE ADVISORY COMMITTEE REPORT

RECOMMENDATIONS TO THE MARLEY PARK BOARD OF DIRECTORS

MANAGEMENT CONTRACT

The Budget and Finance Advisory Committee (BFAC) met on September 11th, 2019 to rank the four companies under consideration for the management contract for the Marley Park Community Association. The top two will be referred to the Board for further consideration. In addition to this report the Board has also received individual reports from each committee member as well as spreadsheet comparisons of costs and capabilities and results of our reference checks.

The Committee ranked the companies as follows:

- 1) AAM receiving 4 first place votes and 1 second place vote
- 2) First Service Residential receiving 1 first place vote and 4 second place votes
- 3) Brown Community Management receiving 4 third place votes and 1 fourth place vote
- 4) DMB CL receiving 4 fourth place votes and 1 third place vote.

AAM and First Service Residential are recommended to the Board for further consideration for the management contract commencing in 2020.

The BFAC considered many factors in reaching their recommendation. These factors included overall cost to the association, the number of staff proposed to be dedicated full time to Marley Park (exclusive of Ambassadors), engagement ability, history of managing reserve funds, community governance, certifications of on-site staff, IT/Website capabilities, industry award, reviews references, training provided to the Board and Committees, task performed on-site vs tasks outsourced to third party vendors and experience in managing large scale communities.

Total Cost of Management Services Including Outsourced Services

- 1) AAM at \$605,906.55
- 2) Brown Community Management at \$644,654
- 3) First Service Residential at \$691,498
- 4) DMB CL at \$714,583.45

Full time staff dedicated to Marley Park

- 1) AAM 6 staff members
- 2) (Tie) First Service Residential and Brown 5 staff members
- 3) DMB CL 3 staff members

Engagement Ability

Both AAM and First Service have the capability to carry and build on the outstanding tradition established by DMB C.L. AAM manages a significant amount of lifestyle communities, active adult communities and master planned communities and they have an extensive and experienced Lifestyle Division. They have over 30 lifestyle directors around the country. They tailor their lifestyle programs to each community and work hand in hand with community volunteers. (they would not open Marley Park

events to non-residents unless it was with Board approval). First Service Residential in their presentation clearly laid out a vision for engagement at Marley Park. Not only had they done their homework to know and understand our signature events, but they also provided examples of events that they do at other communities. They also have had experience in managing other DMB communities in CA and understand the lifestyle/engagement programs of DMB communities.

History of Managing Reserve Funds

AAM manages over 764 communities and has been in business since 1990. They have extensive experience in managing reserve accounts. They have relationships with several different banks and many connections in the investment world. First Service Residential provides the best opportunity to grow our reserves. In the first year they would be able to generate an extra 13k in interest alone. Because of the amount of money, they have under management through their affiliate First Service Financial, they can get the highest interest rates in the industry. DMB CL by their own admission have no experience managing reserve accounts.

Community Governance and Staff Certification

AAM and First Service Residential will assign staff to Marley Park Community Association that have a CMCA and AMS. DMB CL does not require certification of their on-site management. In addition, the First Service Residential manager will have a SLM (sustainable landscape management certification)

IT WEBSITE CAPABILITIES

Both AAM and First Service Residential can use mobile applications for our residents to access and perform various functions on the community website. This is a capability that DMB CL does not provide to Marley Park residents. The convenience for residents and Board members to take a picture, upload and send it on their phone to provide immediate transmittal to the management team is a feature both companies have. Additionally, both AAM and First Service offer Board members access to documents and reports through a phone, tablet or computer a function we currently do not have at Marley Park. AAM has an extensive IT department with highly credentialed staff members. First Service also discussed their Cyber Security and the need for Marley Park to have this capability. Their technology includes the highest layer of security available (Layer 3). AAM also demonstrated superior IT Capabilities. Neither AAM or First Service's IT/Website capabilities is outsourced but rather performed by their staff at no cost to Marley Park Community Association.

INDUSTRY AWARDS/REFERENCES

In 2019 AAM was ranked as one of the best places to work in Arizona and ranked number 4 by Ranking Arizona for HOA Management Companies and in 2018-2019 was ranked as the number 1 management company in the Arizona Business Journal book of lists. First Service Residential has been ranked as the number 1 HOA Management Firm by Ranking Arizona for the last 13 years and ranked number 3 in the

Arizona Business Journal book of lists 2018-2019. The references received from all four management companies were good.

COMMUNITY ASSOCIATION MANGEMENT UNITS UNDER MANGEMENT IN ARIZONA

- 1) AAM 205,174
- 2) First Service Residential 89,360
- 3) Brown Community Management 40,000
- 4) DMB CL 2100 (does not include units by DMB Inc. controlled Boards)

CONCLUSION

The BFAC recommends that the Marley Park Board of Directors hire AAM as our management company commencing in 2020. The number two recommendation is First Service Residential. Both companies offer the expertise and experience to properly staff the community, ensure compliance to the governing documents, oversee and manage our vendors, preserve our assets, provide financial oversight, build and manage our reserve funds and continue our tradition of outstanding engagement and community involvement.

AAM and First Service Residential have experienced transition teams consisting of over 20 members to ensure an orderly and smooth transition to the new management company. Both companies are also willing to interview and retain any current employees of DMB C. L. the Board wishes to retain.

Respectfully submitted on behalf of the Budget and Finance Advisory Committee by:

Lance Miyatovich JD MBA CMCA AMS

Vice President Marley Park Board of Directors, Chair BFAC, Chair Design Review Committee