

Over many months now, the Board has invested hundreds of hours studying our future management options in advance of the expiration of the current management contract with FirstService Residential (FSR) at the end of this year. We've identified and characterized several alternatives while also negotiating with FSR on an offer of a renewal. We promised not to simply "rubber stamp" contract renewals. Even if that is a huge undertaking. This is a process that we see as our responsibility in representing your interests.

On Sunday night we learned that FirstService Residential has decided not to renew its contract and has thereby exercised its 60-day termination notice. Therefore, we can't consider them tonight.

We're forced into a quick transition and maybe this is a good thing. We are fortunate to be well prepared having already investigated the right processes and established working relationships with highly qualified professionals. However, this places some urgency on expediting our transition to other management. We can do this but there is no time to waste, and we need to hit the ground running.

About the employees (Associates) now working at Somerset:

The staff positions at Somerset will be offered current Associates who wish to stay with Somerset. I am grateful that FSR has granted permission for us to do so and believe this was the right thing to do. We are granting authority to Nancy Kerry to handle employee offers, to manage processes, and to interface with the new management company and asking her to take this on as transition coordinator consistent with her current management contract with the SOA. It's a big ask since this will be a more than full time effort.

As we assemble "Team Somerset" will be working toward one common goal for the association and for homeowners:

- To bring a new level of service and accountability,
- Improve our management practices including less waste, and better control of vendors
- Enhance the culture of the Association, and
- Extend and improve the hospitality to the residents of this community.

My vote will be for Taylor Management. Only they can enable the above goals.

I believe in the benefits of a well-run professional management structure that is fully aligned toward the goals of Somerset. This means a structure where our management is not beholden to another outside company. I've taken this preference early in the many hundreds of hours of research and due diligence and kept an open mind to other ideas throughout this process. This has changed my opinion somewhat over these past few months. **Trusted** management will allow the Board to step back and concentrate on the global issues pertaining to governance of the association.

We received 6 proposals. With a single exception, proposals from management companies all have one thing in common which is that the management company retains control, takes actions, and makes decisions for the SOA, yet has no responsibility for the outcome of those decisions and no liability. They operate with complete indemnity. Camco was under serious consideration for me, and while they expressed some willingness to allow for association autonomy, their stated goal was to run the organization according to their protocols and management structure.

All these companies have decades of experience. All of them are fully licensed and technically qualified. I mentioned there was one exception.

Taylor was unique among all others: They commit to Team Somerset. All others were Team Camco, or Team FSR. The Taylor proposal enables us to move to professional internal management while guiding this process in a legal, and orderly manner with exactly the support we need:

- Transition
- Data migration
- Software setup
- Process management
- Compliance and audit.

They alone were willing to train us in these areas, and willing to hand over the management process incrementally. That might require 12-24 months, but it is a process that will bring all the benefits of internal management while providing the stability and risk-management required for this kind of change.

This offers the best of both worlds and I have great confidence this will result in tangible, defined, and measured benefits for the SOA and for Somerset homeowners.

-Mark Capalongan
Board Meeting Comment, 8/25/21