

The Board recently received a request from a homeowner to answer certain questions regarding the Board's and Summit Resort Group's fiduciary responsibilities to the owners. Since this is a matter that may be of interest to all, we thought it appropriate to communicate the questions and answers to all owners.

- 1) Does Summit Resort Group's contract require them to act as a fiduciary for the HOA and homeowners?

No, the Osprey HOA/Summit Resort Group does not require Summit Resort Group to act as a fiduciary for the HOA. This is because Summit Resort Group does not act independently of the Board-the Board, through the annual budget process, direct communication and Board meetings directs the work done by Summit Resort Group. Board members are required to act as fiduciaries for the HOA.

- 2) Will they disclose if owners (or family members) of the management company have any interest in vendor firms they hire on behalf of the homeowners?

Kevin Lovett, owner of Summit Resort Group, is a Certified Community Association Manager. Part of this certification requires adherence to Standards of Professional Conduct which include a requirement to promptly disclose any actual or potential conflicts of interest. Colorado's Community Association Manager licensing requirements expired in July 2019 but Summit Resort Group plans to continue to adhere to the CAM license requirements, even though they are no longer required. SRG strives to be professional and be the premier HOA management company in Summit County.

- 3) Does the management company have a crime fidelity insurance policy covering dishonest acts of employees as required by Colorado Real Estate Commission?

Yes. This is also required by Section P. 3 of the Osprey HOA/Summit Resort Group management contract. Section V of that contract also requires Summit Resort Group comply with all Colorado and local rules and regulations governing its responsibilities as a community association manager.

- 4) Do they competitively bid vendor services that they purchase on behalf of homeowners and, if so, how often?

The decision on what contracts to bid is made by the Board, not by Summit Resort Group. As can be seen by reviewing the Osprey HOA financial statements, Osprey has three significant contracts related to the operating fund.

- *Insurance-The entire insurance package is bid each year. The Board awards the contract based on comprehensiveness of coverage, AM Best rating of the insurer and cost of the coverage.*
- *Snow removal-Several years ago the Board decided it would be better to lock in rates for snow removal for two years at a time so this contract is bid every other year. Criteria for awarding the contract are quality of service, responsiveness and price.*
- *Landscaping-For similar reasoning the landscape maintenance contract is generally awarded for two years at a time. Criteria for awarding the contract are quality of service and price.*

In addition to the operating fund, Osprey undertakes work as a part of the reserve fund. This work includes building staining, roof inspections/repairs, crack sealing, overall sealing of roads/driveways and other miscellaneous maintenance. Bids are obtained on these items if they exceed \$1,000 (as required by Section K of the Osprey HOA/Summit Resort Group management contract) and the Board awards the contract based on appropriate criteria.

- 5) Do they verify that vendors who work on property possess adequate insurance coverage and, if so, are they adding the HOA and homeowners as additional insureds evidenced on a Certificate of Insurance.

Yes, Summit Resort Group ensures that contracts with vendors include insurance provisions and that the HOA is included as an additional insured on a Certificate of Insurance. Individual homeowners are not listed as additional insureds since the Board cannot authorize work on property owned by an individual.

- 6) For large capital projects, you could ask them to collect at least three bids and provide a summary of the contract terms with their recommendation

Bids are obtained as described above. The Board reviews all contract terms and makes the decision on which firm to award work to. These matters are discussed at Board meetings, which all owners are welcome to attend.

- 7) Are the HOA funds maintained in a separate bank account (not co-mingled)? You could ask them to include a copy of a bank statement with their financial/operating report to ensure it ties-out with the bank reconciliation (and identify if there are suspicious transfers, late deposits, etc.).

Yes. This is required by Section Y of the Osprey HOA/Summit Resort Group management contract. All Osprey funds are maintained in separate bank accounts (operating, regular reserve, working capital, roof/siding reserve) and are not comingled with other associations. Both

the Treasurer and President have on line access to review activity in the bank accounts and the Treasurer does so each month to ensure no unusual activity.

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