



Selection of Managing Agents

Annual General Meeting
23 May 2007



Background

- Current Managing Agent in position for around 10 years
- No agreed contract nor service levels
- Failed process for periodic maintenance & window replacement led to refund of fees
- Wrong contributions to maintenance funds
- Accounts repeatedly late and failed to meet terms of legal agreements for properties
- Resident / shareholder dissatisfaction



Objectives

- Competitive re-tendering
- Specify work and requirements clearly:
 - Developed from schedule of work used in 1990s
- Given shareholder reluctance to stand as directors, Managing Agent:
 - To be more pro-active
 - To seek value for money in services managed
- Introduce service levels for first time
- Increase performance by making proportion of fees subject to performance, if possible



Method and Timetable

- Suggested at AGM – Mar 2006
- Developed *Specification of Work* and agreed with Director – Sep 2006
- Identified candidate Managing Agents
- Developed and issued *Invitation to Tender* – Oct 2006
- Showed tenderers around Estate and answered queries – Nov 2006
- Evaluated tenders – Dec 2006 – None met minimum criteria
- Sought clarification and complete information from tenderers – Feb 2007
- Final tender evaluation – Apr 2007
- Short-listed Managing Agents presenting to AGM – May 2007
- New Managing Agent / contract – 1 Jul 2007



Candidate Managing Agents

- No residents suggested candidates
- All candidate Managing Agents are members of ARMA, identified from their listings
- Candidate Managing Agents (random order):
 - Rendall and Rittner Ltd
 - HML-Shaw
 - Countrywide Property Management
 - JJ Homes (Properties) Ltd
 - County Estate Management
 - Rayners Property Management



Tender Areas

1. Response to *Specification of Work* – Service areas
2. Competence, qualifications & experience
3. Management & escalation
4. Fee for basic services
5. Performance regime
6. Additional services
7. Property transfer
8. Contract
9. Membership of professional bodies & codes of conduct
10. References

Service Areas

1. Guidance and principles
2. Basic services, including:
 - Financial, eg, service charges
 - Accounting
 - Contact & correspondence
 - Managing contracts
 - Insurance
 - Company secretarial work
3. Additional services
 - Eg, periodic maintenance
4. Property transfer
5. Fees and performance targets



Evaluation of Tenders

- Overall, quality of responses was disappointing
- Declined to accept terms of tender:
 - Rayners Property Management
- Eliminated at initial evaluation:
 - Countrywide Property Management – Too expensive, would not provide company secretarial
- Eliminated at final evaluation:
 - JJ Homes (Properties) – Did not meet minimum criteria
 - County Estate Management – Too expensive with handover fee, requested 3 year contract (would need S20 process)
- Short-listed:
 - Rendall and Rittner
 - HML-Shaw



Short Listed Tenders

Rendall & Rittner

- Weakest areas:
 - Poor cross-referencing to *Specification of Work*
 - Partial information on supervision
 - Issues with performance regime & parking control
- £27,000 with:
 - Guarantee of insurance saving, so estimated £23,500 - £27,000
- 10% on performance
- Accept our contract

HML-Shaw

- Weakest areas:
 - Charge additional services as percentage, so no incentive to limit
 - During clarification when invited to show improvement (Feb 2007), performance was very poor – can they deliver?
- £25,424 plus:
 - Printing at cost
 - £4,725 per S20 notice
- 7.5% on performance
- Accept our contract



Access to Information

- Records will be passed to Director and later held by Managing Agent at registered office
- For one month, electronic PDF documents will be available by email from [deleted]:
 - This presentation
 - *Invitation to Tender*
 - *Specification of Work*
 - *Tender questions & responses*
 - **Not** company confidential information including tenders
 - This address cannot be used for other correspondence
- Unfortunately, paper copies cannot be provided



Presentations by Short Listed Managing Agents

- In random order of original tenderer numbering:
 1. Rendall and Rittner
 2. HML-Shaw
- Limited to 10 minutes each
- Followed by shareholder vote to guide Director(s)