

The details for the PCM Employee Incentive Plan have not been forthcoming and it is time to start asking for specific answers from the General Manager. Due to the lack of TRUST in the GM's statements, it would be time to hire an independent auditor to put together a thorough analysis of this plan from its inception, 1996, to current, 2009.

Some of the questions that need to be asked are;

1. Who were the Board Members that consented to the plan? There should be a resolution recorded in Board Minutes to identify who these Board Members are. This would give the resident/owners assurance that if there were anomalies in the PCM Incentives, those Directors who were responsible could be held accountable.
2. Who were the Board Members that reviewed the yearly payments? Here again the resident/owners have the right to know which Directors reviewed the yearly plan and acknowledged its accuracy. If there are problems with the plan, someone must be held accountable.
3. The Job Descriptions for the Incentive Plan Payees must be made public for Board and resident/owner review. It is imperative that the Boards understand the scope of each PCM employee's job to determine and verify that an Incentive Plan Payment is not made to someone who might have that task as a part of their job description.
4. It is critical to verify that an Incentive Payment is not given to someone who was lax in their job, and then received an Incentive Bonus when they performed their expected task.
5. When a saving is projected, it must not overlap with a change in a Board Service level. PCM employees can be assigned tasks during a board meeting and if that task is not a part of their job description, it does not automatically justify an Incentive Bonus.
6. Savings that are paid to multiple people must be in sufficient detail that a Director can ascertain the involvement of each payee.
7. Savings that extend over a multiple year time frame must be identified and justification for the Incentive Plan Bonus must be detailed.
8. Cost savings that are incurred by bringing a service in-house versus an outside vendor cannot be awarded as an Incentive Plan Bonus. PCM must remain an arm's length away from any third party bids and savings in bids are not eligible for an Incentive Plan.
9. Directors must review any and all Incentive Plan payments to verify that the projected savings are not due to prior mishandling by the individual receiving the Incentive Bonus or any other PCM employee.

Without any public oversight for the past 14 years, there is reason to suspect the implementation of this plan. Just the initial secrecy itself makes one wonder if there are questions on the implementation of the plan. Added secrecy by PCM, when residents and

Directors have asked for detailed information to no avail, does initiate a lack of TRUST that begins to expand to all phases of PCM's interaction with our corporations. It should be the responsibility of PCM to provide very detailed and accurate, yet simple documentation for any Director to understand. The past bookkeeping by our finance department resulted in a lack of contiguous detailed tracking of our expenses and preventing any Director from auditing the PCM operation without the help of PCM staff. A Director should have access to the ledger entries and a written definition of each parameter so that he can perform his fiduciary duty in the area of oversight.

As the creator of the financial detail, PCM will have every incentive to justify their work. That eliminates their intent to provide oversight and places this burden on the Directors who are at the mercy of the PCM staff. Without an independent means of auditing PCM's actions, all we can do is continue to "TRUST" them until they can prove otherwise.

In all of the discussion concerning the Incentive Program, I have never heard anyone mention the prior General Manager who, in 1996, initiated the program. Certainly we can look toward Milt Johns as the reason for our DISTRUST today, but, we must also include Russ Disbro in this PCM network that has established a track record that includes a lack of ethics on the part of our management team.

This reaches its peak with the action that was taken by PCM employees against a resident that jeopardized his livelihood and national security status with his employer. The resident was vindicated and the public records show the disgusting action that occurred by the Managing Agent. That was reason enough for dismissal at that time and only supports justification for finding a new Managing Agent.

It is also unfortunate that the Directors who knew about this Incentive Plan, are also implicated by keeping the details secret. This was primarily the GRF Presidents who blocked any attempt by the housing mutuals to get exposure of the details. The Directors who did not know about the plan, and failed to provide oversight are also implicit. Unfortunately, I can include myself in this as a past United Director. We should never have taken the General Managers word for anything and should have questioned every aspect of PCM's management of Leisure World/Laguna Woods Village.

Hind sight is always 20/20.

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