

We have governing documents that specifically state that all unspent monies should be returned to the Owners. This is typically done every year and unspent funds are placed into an account which will be applied to the following year's assessments. However, the Bonus/Incentive monies were not a line entry in the ledger for any of the Corporations, and, as such, were hidden from the Directors and Owners, AND, was NOT returned to the Owners. There never was an account number in our ledgers identifying an "Incentive/Bonus Plan."

## Impact of a Bonus Plan

**H**as anyone ever wondered why our assessments increase every year by, at least, the cost of living index? When the budget is generated, the General Manager is adamant that his costs are based on a "zero base budget." This implies that there is "NO profit" in our budget. (Profit being defined as the difference between the budget and actual costs). Theoretically, one of the benefits of such an accounting scheme, is the reduction of our monthly assessments as a results of any "savings" that are incurred by the Corporation.

Has anyone ever seen a decrease in our assessments from one year to the next?

The (in excess of \$30 million) savings that were incurred by the incentive plan between 1996 and 2006, does not show up as a reduction in our yearly assessments.

People voice their admiration of PCM for various reasons. "The Voice Newsletter" is especially impressed by the skill of PCM in generating a budget where costs ALWAYS comes in under budget. They either have great skill in creating an excessive budget, or, have great skill in managing the costs to always come in under budget. Anyone can manage to costs for an excessive budget, even

PCM.

If their skill lies in managing to a budget, we wonder why they could not manage our costs to last years budget. NOW, that would be what we would expect from a "good" management company.

Many residents look to other companies to justify PCM's action (i.e.; Bonus/Incentive Plan). Why stop there! Look at what other companies are doing to reduce costs in this economy. Why isn't PCM using some of the techniques of these companies to help control our assessments.

Just because our Management Agreement allows PCM to reach into our pockets whenever they want to, is not the measure of a "GOOD COMPANY." It is the measure of a "POOR Management Agreement."

The public exposure of the Bonus/Incentive Plan in 2006 has had one positive result, to date. Even before the end of the recall election, the owners have seen one offspring of this action; rumor has it that United and Third Mutuals will have no increase in their assessments in 2010. Imagine that! Perhaps we should start thinking about a "RECALL" in Third Mutual next year.

