

“Following the Money”

1/17/2008

Tonight’s Three Subjects !

- “Who looks out for us?”
 - “Amateurs vs Pros”
 - “Open vs Closed”

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Residents Voice

1

“Who’s looking out for us?”

In Other Words:

Who is:

“Responsible to the Residents”

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Residents Voice

2

Two Entities Are Looking Out For Us

1. PCM General Manager
2. Our Corporate Boards

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Residents Voice

3

Responsibility vs Priority Levels !

- Priorities of the General Manager (Milt Johns):
 1. His Manager
 2. His Employees
 3. The Resident/Owners
- Priorities of the Boards:
 1. The Resident/Owners

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Residents Voice

4

Priorities !

- Who Wants Higher assessments ?
 - General Manager = Happy Boss
 - Increases PCM Profit
 - General Manager = Happy Employees
 - Employees want Higher salaries
 - It is easier to manage to a higher budget
- Who Wants Lower assessments ?
 - Resident/Owners
 - Totally Dependent upon action of the Boards

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Residents Voice

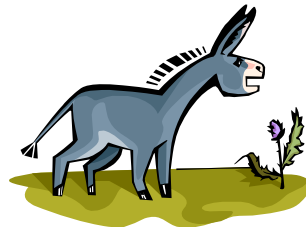
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Higher

Lower



Assessments



PCM

Boards

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6

Do We Have Alternatives ?

- Since the General Manager's highest priorities are pulling toward higher assessments;
 - **Board's must exert more Control!**
 - **Go out for competitive bids!**
 - **Reorganize so the GM's highest priority are the Resident Owners.**

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Residents Voice

7

Do Boards Accept Responsibility ?

When asked if they are looking out for the owners, the Directors vehemently say,

**“YES! Because It is
our Fiduciary
Responsibility!”**

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8

What Does That Mean?

- Definition: **FIDUCIARY**
– (pertaining to our Assessments)
 - “Of or relating to a holding of something in trust for another.”
 - “Of or being a trustee or trusteeship.”

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9

- Definition: **Responsibility**
– (pertaining to our Assessments)
 - The state, quality, or fact of being responsible.
 - Something for which one is responsible; a duty, obligation, or burden.

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10

Therefore;

**When the Directors say,
“They will responsibly hold
our assessments in trust!”**

**WHAT does that mean to YOU?
It is a Meaningless Statement!**

It Should Mean “Control Spending!”

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11

***Track Record of Boards for
Controlling Assessments !***

- **How knowledgeable are the Boards?**
 - They were Unaware of Credit Card expenses.
 - They were Unaware of the Expense Reimbursements.
 - They were Unaware of the Bonus/Incentive Plan.
- **What other expenses are they unaware of?**
 - We are not knowledgeable in areas we haven't looked at (at least 80% of the financial records).
 - Expenses allowed by individual Directors without the knowledge of the rest of the Board (many expenses and contracts signed/authorized by one Director).
 - This is Justification for an audit!

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12

HOW do we Control Costs Today?

By Relying on PCM for
all decisions,
without question!

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13

Which do we want?

- Directors who responsibly hold our assessments in trust!

• OR,

- Directors who provide watchful control & management,
supervision!

OVERSIGHT!

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14

Who Provides Oversight Today?


- GRF ? ---- NOPE
- UNITED ? - NOPE
- THIRD ? --- NOPE
 - NO ONE! Until those who control the Boards today begin to see the light and understand what is needed to identify and resolve the problems and control costs!

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15

What we need!

- **R**  **esources”** on the Boards.
- **E** **o** will agree  **ght!**
- **S**upport the new Directors, who will, by their action, force GRF to also provide **Oversight!**
<Applause> 

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Residents Voice

16

Amateurs vs Pros

**El Toro HS
Vs
Boston Red Sox**

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Residents Voice

17

The Amateurs

If they have 3 extra acres of property, like the old Admin Bldg, they would:

1. Spend \$300,000 to remove old building,
2. Replace it with a park.



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18

Result

1. We would still own a valuable piece of property worth \$12-18 million.
2. Residents would make use of the land.
3. This option is Preferred by most Resident/Owners.

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19

The Professionals

When they have 3 extra acres of property they would:

1. Sell it to a Pro for \$3 million.
2. Allow Pro to build 3 story building for condominiums.
3. GRF allows easement for access to rear of building via LWV land.
4. Residents lose valuable land (open spaces).

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20

The Professionals (cont.)

1. Original Pro then sells to Newer Pro for \$18 million.
2. Newer Pro gets city permit for 4 stories.
3. Newer Pro Starts Building “A Monstrosity,” The San Sebastian!

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21

The Professionals (cont.)

1. Newer Pro offers land and unfinished structure to Newest Pro for undisclosed amount.
2. Newest Pro gets city to change from Condominiums to Rentals.
3. LWV Residents will have totally different conditions than when the “wanna-be Pros” (GRF) originally described the project to the Resident Owners.

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22

Where are we now?

- Looking at an unfinished structure.
- Trying to understand the impact of parking all of the additional cars in the limited available parking spaces;
 - Is GRF going to sell Pro the Library Parking Lot?
 - Could the City force us to sell the Library Parking lot by imposing “Eminent Domain” to bail out one of the Pros?
- We made out on a \$3 million sale of our property.
- And we lost out on an \$18 million sale of the three acres.

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23

We are still Amateurs

- Board Members do not have expertise in land development!
- Board Members can only rely on PCM thru the direction of the GM.
- PCM has no reason to place priority of Resident/Owners above their best interests.

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24

Open vs Closed

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Residents Voice

25

GRF Board Meeting 1/2/8

- Open meeting at 9:30 am.
- Closed meeting to follow.
- It was disclosed prior to the meetings that an agenda item on the closed meeting was “to discuss the removal of a Director from the Board.”
- This should have been listed on the closed agenda when the meeting was scheduled, but was not.

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26

- When the subject of the closed meeting was brought up by a resident, the response by the GRF President and Vice President was,
 - ***“How did you know about the subject?”***
 - ***“Who told you about the agenda item?”***
- They apparently wanted it kept secret, in a business as usual manner.
- In addition, this closed agenda subject should be discussed in an open meeting.

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27

Closed vs Confidential

- The General Manager has a propensity for keeping information from the Resident/Owners by stamping a great part of the documentation “CONFIDENTIAL” whether it is or it isn’t.

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28

THE END

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Residents Voice

29