

“Following the Money”

3/06/2008

Tonight's Subjects !

- “Review of our Management Contracts?”
- “Can the Boards Control Our Assessments?”

03/06/08

Residents Voice

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Management Agreement!

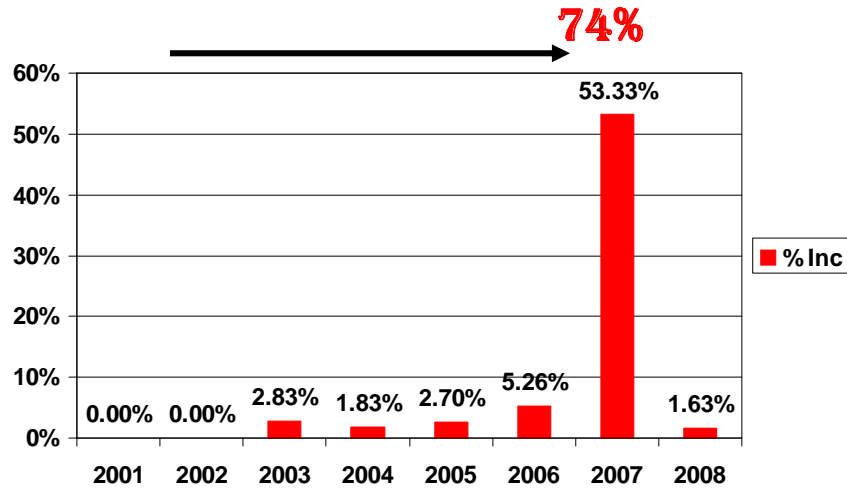
- Each Mutual, 3 housing mutuals and GRF, has a unique Management Agreement. They are all different in such areas as the Incentive Plan.
- At this time, only the Third Housing Mutual has committed to renegotiate the contract with PCM.

03/06/08

Residents Voice

2

% Increase for 2002-2007

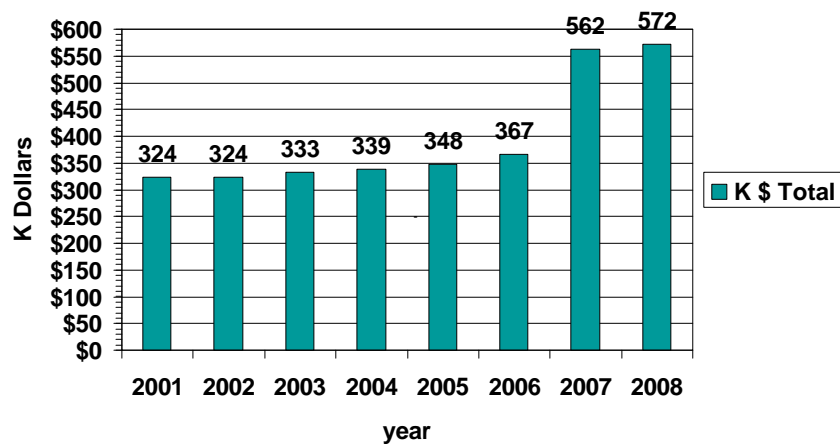


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Residents Voice

3

Total \$ per Year \$200,000 increase 2006-2007

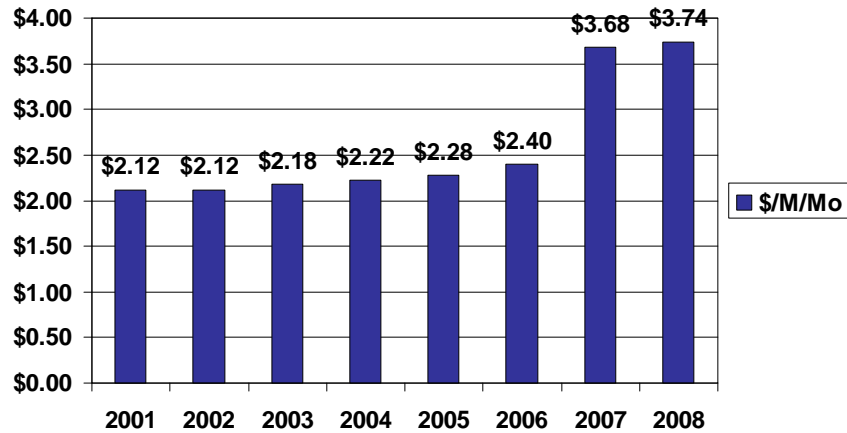


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\$/M/Mo



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What Should We Look For?

- Controls:
 - Duration of Contract:
 - Yearly rather than 5 years.
 - Justification for increased Management Fee.
 - Yearly review of Managing Agent performance.
 - Incorporate employee perks in Management Fee.
 - Common controls across all Mutuals.

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Residents Voice

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What Should We Look For?

- Removal of limitations:
 - Boards should be able to do the work of agent in a reasonable manner:
 - No direct control of employees by Owners.
 - Review and justification of performance and service levels should be within the scope of the Resident/Owners/Directors.
 - Review of Financial Records should be made available to the Resident/Owners.

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Residents Voice

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What Should We Look For?

- Available Information:
 - “Red Book” (is now available when asked for)
 - Complete “Yearly Ledger” data in common digital form.
 - “Lag Time” report published in digital form.

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Residents Voice

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Can Boards Control Costs?

- Only if they are aware of the costs;
 - Current Budget Process is not adequate.
 - PCM must open the books.
 - Directors, Board Representatives and Owners must scrutinize the complete ledger.

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Residents Voice

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What costs are we talking about;

- Credit Cards,
- Employee Reimbursements,
- Employee Incentives,
- Broadband,
- Nursery,
- Gate Appearance,
- Development Planning,
- Clubhouse #2,

03/06/08

Residents Voice

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THE END

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