

“An Arms Length?”

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Mike Curtis

07/24/08

Residents Voice

1

It's Purpose in Business!

- Ensure independence between parties.
- Prevent collusion.

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2

How to Acquire “An Arms Length”

- Request multiple bids.
- Research bidders to prevent collusion.
- Utilize companies that are not affiliated with us.

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3

An Example!

- Objective:
 - GRF to hire a company to do a survey of our Management Services.

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4

An Example (Continued)

- Process (In theory):
 - GRF write/review proposal.
 - Purchasing to put out Bids:
 - GRF/Purchasing to Research Bidders.
 - GRF Board to select one of the Bidders.

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5

An Example (Continued)

- Process (Actual):
 - Purchasing to put out Bids:
 - Unknown how many requests were sent out.

“We might ask a GRF Director”

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6

They are all members of the following companies:

- PCM
- The Mayer Corporation
- Standard Pacific
- GHS

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9

Is there a common denominator between these Companies?

- 50+ SHC (Senior Housing Council) members.
 - SHC members include many of Southern California's leading 50+ developers, architects, interior designers, market/marketing specialists, management/operations firms and other consultants. There's no better clearinghouse of information or opportunity to get up to speed – fast – on 50+ housing.

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10

Question?

- If WE (GRF)
- Want to evaluate someone's performance (PCM)
- Would we hire a company (GHS)
- Who is a member of the 50+ SHC organization that was originated by PCM and resided at the same address as PCM?

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11



But! GRF DID!

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12

So! Where Are We?

- Dr Watson of GHS was hired to provide an “Independent (?)” survey to tell us if we are happy with the service provided by PCM.
- 2500 Surveys will be mailed out to “Random (?)” owners.
- Results will be provided based on her “Interpretation” of the survey.

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13

Besides That! Did You Notice?

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14

50+ SHC Members:

- PCM
- The Mayer Corporation
- Standard Pacific

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15

Let's Follow This Up!

- (1) Unquestionably, PCM was associated too closely with the developer and builder, Mayer Corporation and Standard Pacific, BEFORE the original sale of the land by GRF to Mayer. PCM had created the "50+ Housing Council" (go to "www.50PlusHC.com") about 3 years before the sale, headquartered it at their PCM of California office address in Lake Forest, and both Mayer and Standard Pacific were key members of their small association by 2003 - when PCM started pushing GRF to sell the property.

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16

(2) Even the association's President at the time of the sale was a Standard Pacific executive, Ralph Spargo.

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17

(3) PCM was agent for the sale of the 3.1 acres of land to Mayer for \$3.4M in August 2004. PCM General Manager, Milt Johns, signed for the sale. Only one resident/owner of our community, out of 12,735, signed for the sale - GRF President Maury Kravitz. PCM may have also handled the escrow - but you do not have those escrow records available for residents to review.

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18

(4) Just to refresh everybody's memory, attached is a presentation of the old Administration Building from October 2005 - 14 months after the sale to Mayer and 6 months before the cleared land was sold to Standard-Pacific for nearly \$20Million. Just save the file onto your computer and double-click on it. The picture was take the same day the zoning change was presented to the City for approval, and the presentation was also shown to the Council that day.

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19

(5) According to County tax records, only 19 months after the Mayer purchase from GRF, about April 2006, Mayer sold the property to builder Standard Pacific for nearly \$20M. Go to "<http://www.sosinlagunawoods.com/Page1.html>" for more information.

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20

(6) Last December 2007, GRF's new President, Bob Miller, was requested to hire an independent investigator to look into the dealings, and take legal action if something was amiss. PCM stopped that - helping Miller put together his misleading statement of supposed circumstances. No investigation took place.

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21

(7) I recommend you carefully check Miller's dates and events, as presented to the board last December, and you'll find them out of sync with what really happened during the time between 2004 and 2007. Remember, Miller was not even a board member during much of the time. Funniest of all, he didn't even list Milt Johns as one of his sources of information for his report. Remember, Milt Johns and Maury Kravitz were the (only) two who signed on the land sale deal. Milt would have been an obvious source of facts.

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22

(8) Since December 2007 and the request to GRF for an investigation, PCM's "50+ Housing Council" has been moved out of their Lake Forest offices and turned over to others. PCM is not actively involved and has excused itself. You can read about this at "http://www.biasc.org/custom.cfm?name=welcome_shc.cfm". Mayer discontinued their membership in the association many months back.

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23

"An Arms Length" When You Get Too Close!

PCM



Mayer
Corp.

Standard
Pacific

Who's
Next?

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24

Budget & Management Fee Update

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25

GRF Budget Meeting v2

- GRF Budget went from \$204.65 to \$215.40 per month.
- An increase of \$10.75 per month.
- This does not include the Housing Mutual Charges.

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26

Quick Summary

	2008	2009	Chng
Grf Operating	\$173.65	\$181.40	\$7.75
GRF Reserves	\$31.00	\$34.00	\$3.00
GRF Total	\$204.65	\$215.40	\$10.75

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27

GRF Operating	2008	2009	Chng
Broadband	\$32.37	\$32.20	(\$0.17)
General Manager	\$4.01	\$6.00	\$1.99
Community Relations	\$3.87	\$4.40	\$0.62
Financial Services	\$27.07	\$26.76	(\$0.31)
Security	\$28.80	\$28.88	(\$0.08)
Landscape	\$10.42	\$10.70	\$0.08
Recreation	\$29.35	\$30.78	\$1.41
Human Resources	\$0.79	\$0.86	\$0.07
Maintenance	\$41.22	\$45.00	\$3.78
Surplus/Deficit Rec.	(\$4.25)	(\$4.25)	\$0.00
Total	\$171.65	\$181.40	\$7.75

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28

GRF Management Contract

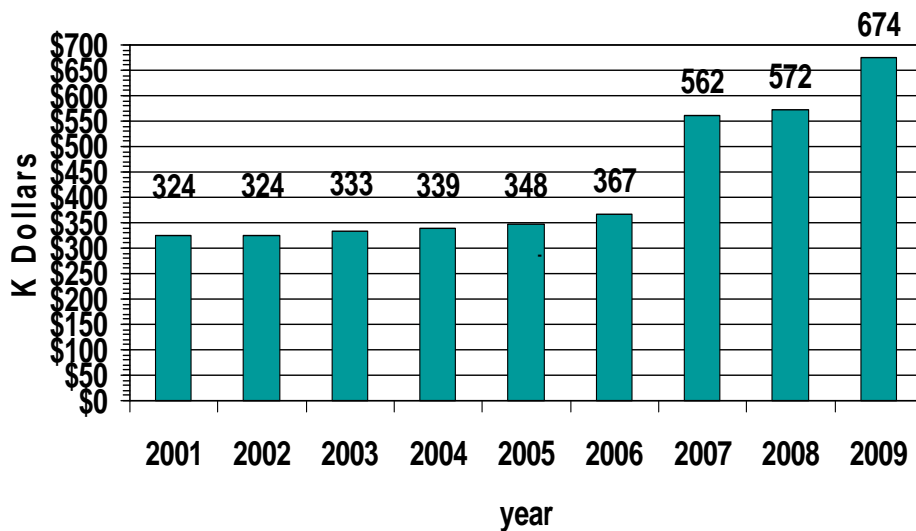
- Management Contract has been re-negotiated (as we learned in response to my question at the GRF v2 Budget Meeting).
- No longer includes JUST the Management Fee that was in the Management Contracts prior to this latest re-negotiated Contract.

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29

Yearly Management Fee - K Dollars



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30

The End

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31