

LWV
August 07, 2008
Residents Voice

08/07/08

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“Current Issues”

Connie Grundke

Tonight's Subjects

- Management Agreement
 - **Connie Grundke**
- Composting
 - **Connie Grundke**
- Survey - GHS Consulting
 - **Connie Grundke**

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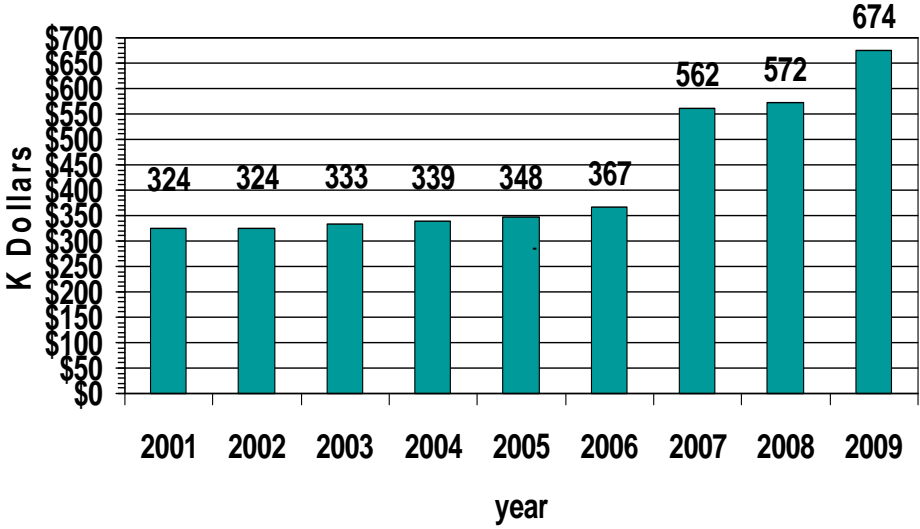
Management Agreement

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Yearly Management Fee - K Dollars



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GRF Board Meeting 8-7-8



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Statement per GM

- United hired an attorney to assist in writing the Management Agreement for United.
- The other mutuals decided to use the attorney and paid a portion of the attorney fees.
- The attorney wrote the Management Agreements.

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Who Created the Management Agreement?

- Chronology;
 - 2006 United hired attorney to represent the Mutual in negotiating the Management Contract.
 - Attorney began modifying existent document to update it with additional safeguards for the residents.
 - Other Mutuals agreed to using the attorney for their Management Agreements and share the attorney cost.

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Final Outcome

- Attorney went through several versions (up to version 4) of the Management Agreement ending with document number **OC 026052251v4**
- Attorney was then released and terminated further work with the Mutuals.

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Attorney hired
for
the Residents
by United Board.

Wow!
Contract
not favored
for PCM!



GET RID OF
ATTORNEY
AND President
of United

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Signature page for Third Mutual Doc # OC 286052251v4
[Mgmt Agmt Third 2007 OC 286052251v4 signed 13.pdf](#)

Page 8 for United Mutual Doc # OC 286052251v4
[Mgmt Agmt United 2007-OC 286052251v4 7-13-6 8.pdf](#)

Page 8 for Third Mutual ... Doc # OC 286052251v4
[Mgmt Agmt Third 2007 OC 286052251v4 signed 8.pdf](#)

Third Directors signed a document that was modified by someone other than the attorney. PCM says, “Was Not us!”

Then, “Who Was It?”

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Conclusion

- After the attorney was released, someone (GRF or PCM) modified the version 4 document.
- GRF would not have been capable so it probably was done by PCM staff.
- Could have been done under the direction of one or more Directors, but, highly unlikely that the GM was not aware of, or involved in the changes.

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Conclusion (cont)

- The final document that was created by the attorney is different than the same document number that was signed by the Mutual.
- Someone (not the attorney) modified the signed document.

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Composting

PCM Wants to Lease Property

- PCM arranged for a Compost Contractor to lease 3 acres of our 23 acre property for their use;
 - Who was the contractor – **GRF didn't know!**
 - What was the anticipated truck traffic – **GRF didn't know!**
 - What kind of environmental impact would it have on our property near the compost facility
 - **GRF didn't know!**

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Compost Results

- A number of Board Members agreed that these questions must be discussed and answered before there is any consideration of leasing our property for this purpose.

• **THANK YOU GRF!**

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GRF & PCM Survey

Survey – Review & Update

- A contractor (GHS Consulting) became aware of a planned survey when she met PCM representative at a Trade Association breakfast in 2007.
- GHS contacted PCM Purchasing Agent and asked if they could submit a bid.
- PCM gave GHS the O.K. to do so.

Background!

- Contractor was a recent Board Member of the Trade Association.
- The Trade Association has a home address in Lake Forest on Bircher Street (home of PCM, INC. and PCM of CA.)
- This Trade Association included members; Mayer Corp, Standard Pacific, American Living Services, GHS & PCM.

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The Saga continued

- As you are aware from the ads; GHS is conducting a survey to evaluate the operation of the Boards and PCM.
- 2500 random surveys were sent out.
- Not one survey was mailed to a valid address. Every addressee was incorrect.

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What Came To Light?

- General Manager said it was not ***their*** fault and contractor agreed to repeat the mailing which will be included in the original cost of \$9,500.
- Questions on the survey were created with the assistance of PCM staff.

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What GRF Doesn't Understand!

- You don't ask the fox to control access to the hen house!
- Questions should be asked to reflect the measurements of the Residents, not PCM Staff.
- The Survey will only measure the effectiveness of GRF & PCM access to the Globe and Channel 6.

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What PCM Doesn't Understand!

- An “arms length,” as referenced in the Management Agreements is, greater than the distance between GHS and PCM!
- Membership in a Trade Association is valid and useful, until, one member is asked to critique or evaluate another member.

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What The GM Doesn't Understand!

- The appearance of impropriety is often as bad as outright fraud.
- He is losing the Trust of the owners as he continues to run roughshod over the Boards of Directors.
- His directing of the GRF President at the GRF Board meeting was despicable and unfortunately evidence of who is running the Board.

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The End

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