

Blind Trust + Motivation Could Spell Disaster

Due to our method of governance, it is critical that the Mutual Boards develop continuity from year to year via the one common element which could ensure a smooth running operation. That element is PCM, and the critical ingredient is trust. Most Directors are limited in their knowledge of running a \$90 million corporation and PCM is hired to provide the operating expertise that is in *our* best interest. As a result, the Boards rely on “Blind Trust” in the operation by our Managing Agent.

As children, we place our trust in our parents because the motivation of the parent is in the best interest of the child and is usually based on love and the willingness to sacrifice for our offspring. In the business world, a for-profit company like PCM does not consider *love* or *sacrifice* as a factor in their decisions. What then, drives and motivates a for-profit corporation? It is MONEY! Not money in *our* pocket, but, money in *their* pocket.

To ensure a profit, PCM looks toward the Management Contract, alternative wages/bonuses, minimum job requirements for their employees, and weak Boards.

From 2006 to 2007 the Management Fee went up 54% (see adjacent chart) thru trust. Most Directors, to this day, have no idea of the justification for this increase.

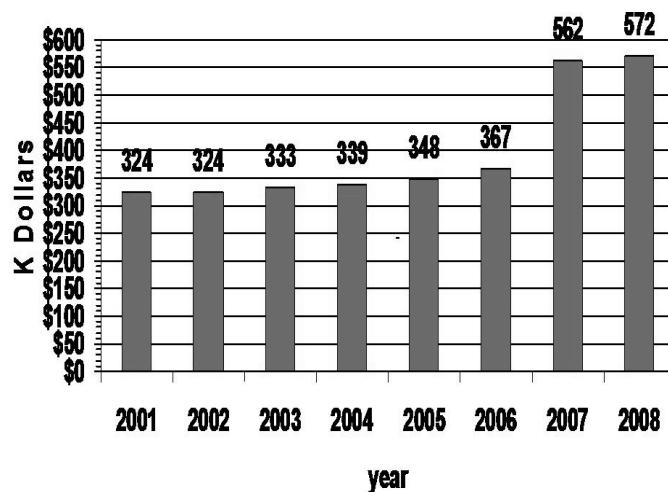
Employee bonuses reached the millions of dollars between 2000 and 2007. These bo-

nuses were defined by the Managing Agent without the knowledge of, or, input by the Directors thru trust.

Non-union employees have “Job Descriptions” to define their job and provide a measurement of their performance. Most job descriptions for staff employees will assume implementation of creative cost savings. Bonuses are a separate issue and dependent upon corporate policy. Our Boards had no Bonus Policy. The Managing Agent implemented his own *Bonus Plan* without knowledge, or, approval by the Boards, who relied on trust.

The Managing Agent is motivated to have as high a budget as possible. Why,? - to ensure that his employees will always be under budget, and thus deserving of bonuses! Performing under budget that was too high to begin with equals happy employees, and we get there thru blind trust. “It’s time to take the blindfolds off!”

Yearly Management Fee - K Dollars



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Residents Voice

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