




Laguna Woods Village

MEMORANDUM

To: All Boards, All Directors
From: Milt Johns, General Manager 
Date: May 21, 2009
Re: Michael Curtis – OC Register Articles and Blog

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United Director Michael Curtis has once again sent out a viral e-mail, which has been editorialized and published by the OC Register, accusing PCM and the corporation Boards of wrongdoing, apparently precipitated by barring him from PCM's offices on the second floor. A confidential, privileged email between Janet Price and Cris Trapp was provided to the OC Register by Director Curtis. The email had been given to Mr. Curtis by the Board's attorneys, HKC pursuant to a request he made in his role as a United Director. Mr. Curtis had agreed that these documents would remain confidential.

Mr. Curtis proclaims that the Boards and PCM are blocking his access to records, have engaged in illegal and secret bonus plans, and have defamed his character. All of these allegations are false. Although these issues have been responded to multiple times, the purpose of this memo is to provide a response to Mr. Curtis' false accusations and the OC Register's articles.

The OC Register published an article in yesterday's edition entitled: "Management Company Bans Community Director" and a second article is set to come out on Friday regarding the Incentive Plan.

Mr. Curtis claims in these articles that the Board's decision to block his access to the second floor is "just one more attempt by PCM to keep me from obtaining accounting books and records I am entitled to as a director." This is false. The United Board has consistently provided Mr. Curtis with many documents he has requested. PCM made this decision in the interest of maintaining a work atmosphere that is conducive to the efficient conduct of business on the second floor.

Over the past nine months, there have been multiple instances where Mr. Curtis' behavior toward PCM staff has been perceived as threatening and has interfered with individuals' ability to perform their jobs. This has been particularly true with female PCM staff members. Employees have made multiple complaints to PCM;

they are serious allegations, and PCM had no choice but to insure the safety of their employees by separating them from Mr. Curtis.

Mr. Curtis once again alleges that PCM has "paid out millions of dollars to themselves from our treasuries since 1996 with no board knowledge or approvals." The terms of the plan were negotiated and set forth in the Management Agreement between each of the corporations (GRF, United and Third) and PCM. The incentive plan was in existence for a dozen years and its results were reported to the Boards and in more detail to Board presidents every year since its inception in 1996; record of this can be found in the closed session meeting minutes of each Board. The Plan's results were also audited each year by an independent public accounting firm -most recently KPMG. Although now discontinued, the program helped save Laguna Woods Village millions of dollars since 1996.

Two emails have been received from Teri Sforza, a reporter for the OC Register, asking for staff input on the second floor access issue, as well as the incentive plan. Staff has engaged this reporter in the past in an effort to provide factual information, which she has misrepresented and editorialized. Staff will not reply to her due to her biased reporting that results in articles based on self-serving accusations and misrepresentations.

The details of the savings realized by Laguna Woods Village and explanation of the incentive plan have been publicized multiple times and can be found on the Community website under "Setting the Record Straight." Documentation that has been written on this subject over the past two years is as follows:

- Setting the Record Straight: The Employee Incentive Plan
- Response to Mike Curtis Directors Corner -United
- Third Directors Corner -Employee Incentive Plan
- Excerpted Management Agreement Language specific to Incentive Plan

Ms. Sforza has a basic misunderstanding of the managing agent relationship with the corporations of the Village. She argues that "it did not disclose (the amount of payouts) to all board members; and it could be argued that, therefore, it breached its fiduciary obligation for full disclosure." The existence of the incentive plan and annual savings achieved for the community have always been disclosed to the Boards, since the Plan's inception in 1996. The exact amount ultimately paid to each PCM employee has always been regarded as confidential information between employer and employee.

Each of the corporations' Management Agreements protects the corporations and Boards from the liability that comes from being an employer. This liability is assumed by PCM. Publicizing an employee's private compensation information would create the potential for employee lawsuits against the corporations and Boards.

