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Formation of Ad Hoc Committee to Consider Management Company Proposals1 message

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Dear Members of the Board,

After reviewing the Open Board Session held on April 22, 2026, I would like to express concerns regarding the recently announced formation of an ad hoc committee to evaluate management company proposals.

My concerns center on the composition of the committee and the lack of a clearly defined scope, process, and intended outcomes.

Under California law, while the Board may establish committees, it may not delegate decision-making authority on matters such as vendor selection to a body that is not properly constituted, and it must ensure that any advisory process is conducted with appropriate oversight and transparency. Given these deficiencies, the current structure creates a reasonable perception of bias and procedural irregularity, which exposes the Board to legitimate challenge by the membership.

During the Open Board meeting, it was not explained how the two community members were selected to serve on this committee, nor whether their backgrounds and prior involvement in similar matters were considered. For example, clarification would be helpful regarding whether all Board members were aware of prior participation in past RFP processes, and whether any formal vetting process was conducted for all appointees.

Without this level of transparency, there is a risk that the process may be perceived as lacking objectivity. Given the importance of selecting a management company, it is critical that the review process be, and be seen as, fair, balanced, and beyond reproach.

To help strengthen confidence in this effort, I respectfully suggest the following options for the Board's consideration:

1. Provide committee members the opportunity to voluntarily recuse themselves if any potential conflicts or prior involvement could be perceived as influencing their objectivity;
2. Alternatively, allow each Board member to appoint one representative to the committee to ensure broader balance and transparency in the review process.

Additionally, given the financial and operational impact of prior agreements, I strongly encourage all Board members to review the following documents before proceeding (on file with the General Manager):

- Analysis of the Morrison/CCL Agreement (March 25, 2025)

▪ Management Company RFP Review and Recommendation Report (April 9, 2026)

These materials may provide valuable context as the Board determines the most appropriate path forward. Was it not for a member of the previous board, Mr. Ganino, eventually being authorized to renegotiate elements of the Morrison/CCL agreement (August, 2025) excess losses (above the established amenity subsidy) would have most likely exceeded \$1,000,000.00. As it is, the actual excess loss incurred is approximately \$700,000.00. Where would our cash on hand be, if that money remained in the bank?

Thank you for your time and consideration of these concerns. Your efforts on behalf of the community and your attention to maintaining a fair and transparent process will be appreciated.

Respectfully;

Robert Hix