

Eastern Gardens

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November 6, 2015

ELECTION RESULTS

ARROWHEAD50 YES VOTES; 32 NO VOTES

We needed 56 votes to approve Arrowhead and even with the fact there were 4 yes votes, 2 no votes cast that were not able to be counted we failed to approve our interim management company.

Many of our Members did not vote even those who had reported excellent service by Arrowhead. Our HUD project manager in San Francisco provided proof to Members Arrowhead would stay at \$2800 month (about half of the going rate). He cautioned some of us that HUD will not send a company to keep HUD Regulatory agreement in compliance required by our loan to manage our property. We risk default on our loan. He said once Members understood they would confirm a vetted, HUD approved company.

The Board of Directors held an Emergency Executive meeting last night with a quorum present to discuss the options of not having a Management company. This was our fiduciary duty as protecting the corporation is and has been the number one priority of the Board of Directors.

The office will be closed as far as the Board knows. This is NOT Arrowhead's problem. They have been responsive and earned us a 97% REAC score that is a big deal for our cooperative. They have saved us money and have had to continue to work on their own money reconstructing our records as FPI did not turn over the software that is like not having a computer with vital information or other vital information.

This is **SERIOUS** fellow members. Your dedicated Board of Directors will continue to give you updates as we have them.

Some may have felt we will show the "New Board", instead it hurt the corporation and places our Cooperative at risk without an easy fix. This action will cost Eastern Gardens more money no matter what. Have some of you been misled? Remember the attorney on June 29, 2015 came to answer all Member questions and after reading all documents, Bylaws and been given privileged information as to the specifics of personnel exposures and lack of communication with FPI said we had no choice if we did our fiduciary duty to cut FPI loose. The Court upheld that opinion on June 18, 2015.
Board of Directors