

Inside this issue:

PAUL SPENCER OUR 10 YEAR VISION PG. 2&3

JENNIFER ALLEN JANICE ASLIN LYNNA QUINN PG. 4&5

ACCOUNTING TIP MARKETING TIP INK CARTRIDGE TIP

GATOR BAGS AVAIL. MEADOWBROOK

MED. EMERGENCY DEBBIE GASSON PG. 6

PICTURES ANNUAL EMPLOYEE RECOG. & APPRE. PG. 7

VALENTINES DAY PG. 8



Annual Employee Recognition & Appreciation Event!!

Over 460 KMG team members attended the Annual Employee Recognition and Appreciation event held at the Comfort Inn in Mt. Pleasant on Friday, February 16, 2007. One of the many highlights of the day included the presentation of the KMG Prestige 10 Year Vision.

Congratulations to Savannah Trace who received the 2006 Newsletter of the Year Award. A lot of you participated in the Beautification Contest this year, thank you for your efforts and the wonderful displays you brought for us to enjoy. Votes were cast by your peers, and the winners of the beautification contest were, Emerson Manor, Fairfax and Parkway Meadows. Ray Jeschke was presented with the prestigious Safety Award for outstanding safety practices during the year.

Criteria for the new Meaningful Contribution Award include:
 Hold yourself to a high standard
 Identify needs and generate win/win solutions
 Generate positive energy

The following individuals met the criteria and were awarded this years Meaningful Contribution Award: Annette Bailey, Jeannine Baker, Carmen Bassage, Amanda Beaver, Christine Bracken, Tanya Cline, Renae Crawford, Tricia DePlanty, Christine Detzler, Karena Frazier, Barb Frost, Mike Garry, Robin Gilbert, Danielle Green, Charles Green, David Grinzinger, Gail Kenworthy, Autumn Koppers, Daniel Lin, Marty Loose, Louan Malloy, Jill Munk, Michael Nowasad, Lynna Quinn, Cindy Rauscher, Dennis Roush, Brian Scherdt, Donna Theolet-Cox, Leigh Wallace, Jeff Weldon, Charlie Williams and Trudi Winn. Congratulations to all of you for your outstanding service and commitment to KMG.



Recipients of the Meaningful Contribution Award

Look for a survey coming out in the next week so you can share your feedback with us.

Additional Pictures from the Annual Employees Recognition & Appreciation Event on pg.7

Our 10 Year Vision

I am very excited to share with all of you the vision for our organization that has been developed by the partners of KMG Prestige. As you know our long standing goal is "To Become the Best Most Respected Property Management Company in Our Markets." Toward the end of last year we decided that in order to truly be the best that we should not limit ourselves to our local markets, but instead we should push the bar higher and change our goal to "Become the Best Most Respected Property Management Company in the Industry." I truly believe in the power of goal setting and one of the fundamental precepts of goal setting is that your goals must be measurable. At a gut level our stated organizational goal is understood by most people, but the difficulty that we have is really understanding where we need to go, what we need to do and who we need to become to accomplish our goal. Our 10 year vision will paint a picture of what the best, most respected property management company in the industry looks like. Our vision is designed to provide a glimpse of the incredible opportunities that will be available to each of you over the next 10 years. I firmly believe that if you all know what we are trying to accomplish, why we are trying to accomplish it and if you fully understand the role that you play in helping us achieve our goal; then there is no stopping us.

The first step in putting together our vision was to honestly assess our current organizational strengths and weaknesses. I would like to take this opportunity to thank the almost 200 people who, over the last three months, have shared their opinions and respectfully shared their opinions regarding our current state of affairs. I had the pleasure of meeting with many of our clients, support center employees, regional managers and field employees to discuss their ideas on what would make us the best in the industry and many of the thoughts and ideas that were passed along to me have been incorporated into our ten year vision. I want to encourage each of you to continue to offer your feedback on the direction of our organization.



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Currently we operate 282 communities, comprising 14,792 units in three states. No later than December 31, 2016 we will manage a minimum of 40,000 units. A portfolio this size solely in the state of Michigan is not feasible nor is it necessarily wise because we could find ourselves competing against ourselves in many markets in order to achieve this unit count. In order to achieve this goal, we will need to expand into other states and we are committed to doing so only when we have developed and refined the systems that will allow us to painlessly expand nationally. Our out of state expansion will commence once there is a sufficient critical mass of sites that will fully support the highest quality of operations. In some ways we are being held hostage by a one economy portfolio and all of us know just how challenging the Michigan economy has been over the last few years. It is essential that we diversify the geography in which we operate as this will help us to develop a stronger corporate financial foundation. We have not identified specific states for expansion, but we are currently engaged in conversations with our current clients and strategic partners to determine current synergies for out of state expansion. These early discussions have uncovered a strong possibility for opportunities in Illinois, Ohio, Florida, Texas and California. Sorry nothing appears imminent for expansion to Hawaii. Nonetheless, we are fully committed to becoming a national organization.

In order to successfully expand to 40,000 units, we have determined that we need to make some strategic adjustments to our business model. If we were to duplicate our current portfolio, it would require us to approach 1,000 communities under management, a level which would strain any organizations resources to manage. We will continue and are fully committed to managing and acquiring Tax Credit, Section 8, Conventional and Rural Development assets for both families and seniors. One strategic change will be to actively pursue larger conventional communities. This decision was easy as the efficiencies of scale are tremendous. All of you know just how difficult it is to manage a small portfolio of 700 units comprising 30 sites.

A single site of 700 units is far easier to manage and the flow through profit is significantly higher. This increase in profitability will allow us to build a better infrastructure that more effectively supports our entire portfolio. One of our goals is to increase the average size property in our M2 portfolio from our current average size of 85 units to 110 units.

The fee managed business is always difficult because our portfolio can be changed dramatically by decisions made by our clients. Over the past few years our portfolio went through some significant changes due to clients forming their own management companies. We believe that we can provide a more stable portfolio and thus a more stable and secure working environment for our entire team by becoming owners of a larger percentage of assets under management. Our goal is to have an ownership interest in at least 25% of the assets acquired over the next 10 years. This will not only ensure greater stability, but it gives us the opportunity to provide other benefits to our team. One of the hardest things to do in this business is to convince an owner that it is prudent to engage in investment spending. We have the opportunity to become model owners and can show our clients the benefits of investment spending and the creative use of employee incentive programs on the properties that we own.

So how will we acquire these assets and won't that be competing with our clients? One of our biggest challenges over the next ten years will be to develop a branding strategy for conventional and senior housing. Branding is developing a product line that has a strong identity and consumer loyalty. Think of it in the same way as a franchise. We feel that the Prestige name gives us the opportunity to develop our brand. The benefits of branding are numerous and have incredible potential. Establishing a brand allows us to go to property owners and show them a way to increase their cash flow and asset value by changing to the Prestige brand, which in turn enables us to build our management business and gives us additional ownership opportunities. Branding allows us to tap into huge capital markets by approaching institutional investors about partnering the Prestige brand. Again, think of the premise of franchising and you can understand the possibilities.

We have an incredible team of service coordinators led by Kelly Green whose talents can be leveraged in the senior housing sector and to build a senior housing brand. All of us who have been fortunate enough to work with the service coordinator program understand its value. The aging of our population creates incredible opportunities for providing quality senior housing and for us to demonstrate our commitment to "Do the Right Thing."

Acquiring ownership in at least 25% of the assets we manage over the next 10 years will also mean that we must become developers. We will focus on the non-competitive tax credit process, preservation and pass through programs, rural development rehab opportunities and conventional development. To do this requires that we establish our own internal development department. Becoming a developer also brings with it the responsibility to avoid directly competing with our clients.

All of the ownership possibilities are really exciting, but the bread and butter of our organization will continue to be fee managed communities. We will



department and you can expect it to this year. We have identified an the most important aspect of our ment in the next 3 months. It is dedicated to our future growth. strategy that we implement will owners to Wall Street institutional cutting edge technology, including ties.

As we execute our growth strate- corporate housing and assisted living, but only when they leverage our current strengths and only when we are capable of handling the diversification.

gies we will also look at other opportunities such as

None of our goals can be accomplished unless we have a talented team poised to assume the responsibility that comes with this growth. Earlier I mentioned that there would be incredible opportunities associated with this growth. Currently we have 1 Regional Vice President and 13 Regional Managers. Our needs based on our goal of 40,000 units are 1 Vice President and Chief Operating Officer, 7 Regional Vice Presidents and 40 Regional Managers. This does not even take into account all of the associated support center leadership roles that will be created. Is everybody up to the challenge?

Accounting TIP!

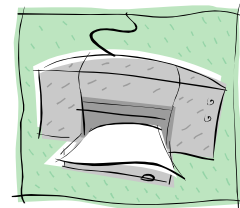
- Payments from residents need to be posted as soon as possible (within 24 hours).
 - Never accept CASH.
 - Fill out your deposit slip listing each resident's name or unit number.
 - Make sure the deposit ticket you fill out and the journal in power-site match. If they do not match, do not post the journal until you correct the error.
- Every time you make a deposit, please fax to your Property Accountant the following: the validation slip from the bank, the bank deposit summary from power-site or the monthly deposit recap.



Written By: Jennifer Allen

Ink Cartridge TIP

For those printers that have ink cartridges, if you shake them you can get almost 2 more weeks of use out of them. That is quite a savings.



Written By: Janice Aslin

MARKETING TIP!

Need a penny, take a penny!! permission of the local merchant or card shop.. Take petty cash and place them make a sign out of card stock that reads.. Need a penny take a penny compliments of _____ Apartments. Place some business cards next to the display. Leave it up for about a month then rotate to another location. Make sure you go back and check to put in more pennies and put out more cards. Freshen up your sign if you need to.



For this you would need change be it a gas station some pennies from your in an attractive dish..

Written By: Lynna Quinn Site Support/Site Manager

GATOR BAGS AVAILABLE

Last year when we did our landscaping improvements we purchased 30 gator bags for our new trees. , if another property can use them we would be willing to sell them for \$10.00-\$12.00 each. They cost \$25.99 each. It's a good time of year to start thinking about trees. If you are interested please contact Cheryl at Meadowbrook Commons. 248-305-8646



Submitted By: Cheryl

Medical Emergency

The residents of Avery Square Apartments show care and concern for their neighbors every day. They send cards on holidays and birthdays, visit neighbors when one has been sick or had a hospital stay. It is their camaraderie that is endearing. After an incident in which one of our residents was taken to the hospital by ambulance, a concerned resident wanted to know whom their immediate family or emergency contact was to notify them of the situation.

Because of this situation, Avery Square staff held discussions with a few residents. Ideas were talked about on what could be done so that if another resident had a medical emergency their neighbor, emergency services, etc. would have access on what prescriptions were being taken, emergency contact people, etc. It was thought that if this information was located on residents' refrigerators, attached with a magnet, that it would be ideal.

One of our residents had a plastic covered sleeve attached with a magnet that had a card inside with this information. The resident talked to the doctor's office where they had received this holder and told them how this would be beneficial for the residents of Avery Square. The doctor's office was generous enough to supply us with a 100 of these holders at no charge. These holders will be presented at the next Avery Square Resident Association and all current residents will be provided with them. The extra ones will be kept by Avery Square staff and given to our new move-ins.

FILE OF LIFE	
	Name: _____ Date of Birth: _____
	Address: _____
Doctor: _____	
Pharmacy: _____	
EMERGENCY CONTACTS	
Name: _____	Phone #: _____
Address: _____	
Name: _____	Phone #: _____
Address: _____	
 MARQUETTE GENERAL HEALTH SYSTEM	24-HOUR EMERGENCY ROOM (906) 225-3560

Written By: Debbie Giasson, Site
Manager at Avery Square Apart-
ments



BEAUTIFICATION WINNER



CHICKEN OR FISH?



KEY CARDS



BEAUTIFICATION WINNERS



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Valentines Day

There are different ideas as to where or how the celebration of **Valentine's Day** began.

The Roman's celebrated a festival called Lupercalia on February 15. This festival was held to ward off the danger of wolves to their flocks and honored their God Lupercalia. This is one idea.

The Christian Church had two Saints named Valentine and two other ideas center around them. The

Roman Emperor, Claudius the II forbade young men to marry in 200 A.D. He believed single men made better soldiers, free of family concerns. A priest named Valentine disobeyed the Emperor and married couples in secret. The next Saint Valentine was a lover of children but, was imprisoned when he would not honor other gods. The children missed him and wrote messages of affection to him. They threw their notes through the bars of his cell. This may have been the beginning of exchanging messages. He was executed on February 14, 269 A.D. Pope Gelasius in 496 A.D. named February 14th, **Valentine's Day**, after him. The fourth idea concerning the celebration of **Valentine's Day** is based on the belief that birds or fowl pick their mates on February 14th. It was believed love birds in particular, chose this day to begin mating.

The modern day celebration of **Valentine's Day** seems to have begun in France and England. On Valentines Eve young people would gather and pick names becoming a valentine to whose ever name they chose.

