

Via Facsimile & Regular Mail

July 20, 2004

Mr. Patrick K. Loo
President
UFCW Local No. 480
2305 South Beretania Street
Suite #103
Honolulu HI 96826-1432

Dear Brother Loo:

In response to your request for further information on Honolulu's mayoral candidate Duke Bainum and his business dealings, my findings are included below. In particular, the nursing home Green Valley Terrace, which is owned by the Bainum family, has a food service bargaining unit represented by UFCW Local No. 27. This is the only Duke Bainum-owned business that appears to have had any union activity.

Mark Duke Bainum was born in Arkansas to Irvin and Evea Bainum. He has one brother, Timothy. Irvin Bainum passed away in 1999. In the 1940's Irvin and Evea Bainum founded a business partnership in their names. Their sons later became partners in this family business. The Bainum family's business partnership, consisting of Evea, Duke and Timothy Bainum, continues to this day and is involved in several companies.

The partnership has holdings in the following businesses:

- C Berlin Nursing and Rehabilitation Center, Berlin, Maryland
- C Millsboro Nursing Home (d.b.a. Green Valley Terrace), Millsboro, Delaware
- C Boardwalk Inn, Inc., Ocean City, Maryland
- C Atlantic Pharmacies, Inc., Berlin, Maryland
- C Glenwood Country Club, Inc., Glenwood, Arkansas
- C Razorback Investments, Little Rock, Arkansas (a 36 percent interest)

The partnership owns Green Valley Terrace (formerly Millsboro Nursing and Rehabilitation), a nursing home located at 231 South Washington Street, Millsboro, Delaware 19966-1236, (302) 934-7300. UFCW Local No. 27 won an election to represent 82 food service workers at the Home in 1999. There were two ULPs filed in 1997 by the UFCW against the Nursing Home. A record of these ULPs is enclosed. A report, including quality

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and staffing measures, on the Home from the government agency that regulates nursing homes can be found at <http://www.medicare.gov/NHCompare> by entering the name or city and state of the home.

The partnership also owns the Berlin Nursing and Rehabilitation Center located at 9715 Healthway Drive, Berlin, Maryland 21811, (410) 641-4400. A search in National Labor Relations Board (NLRB) and Federal Mediation and Conciliation Service (FMCS) records shows no evidence of any previous union activity at the Home. Similarly, a report, including quality and staffing measures on the 176 resident homes from the government agency that regulates nursing homes can be found at <http://www.medicare.gov/NHCompare>. The Atlantic Pharmacies, Inc. mentioned above operates as a pharmacy at the Berlin location.

Bainum is also an Executive Officer in the above-mentioned Ocean City Hotel owned by the Bainum family located at 3301 Atlantic Avenue, Ocean City, Maryland 21842.

The family owns the Glenwood Country Club, Inc. located at 584 Highway 70 East, Glenwood, Arkansas 71943. Details on the property, which includes a guest lodge, can be found at www.glenwoodcountryclub.com.

In addition to these business holdings, the family also has a not-for-profit foundation, the Irvin C. and Eeva J. Bainum Foundation, Inc., of which Eeva, Duke and Timothy are the sole officers (an annual tax return of the foundation is enclosed here). The recipients of the Foundations donations in 2002, the most recent tax return available, were two local Arkansas churches and a university, Eeva's alma mater.

In holdings separate from the family partnership, Duke Bainum is also the Chairman of the Murfreesboro, Arkansas-based Diamond State Bank, a small regional bank with six branches. He also sits on the Board of Directors of the Arkansas Diamond Bank, another small Arkansas bank chaired by his brother Timothy. Duke and his brother also appear to have business holdings through the real estate management company, Timothy Mark Corporation, however details on this business were not available.

Mark Duke Bainum is part of the larger Bainum clan, originally based in Arkansas. His cousin Stuart Bainum's branch of the family founded Manor Care, now one of the nation's largest independent nursing home companies. Stuart Bainum was formerly Chairman of Manor Care, but no longer serves on the Company's Board of Directors. He appears to have largely divested himself of his corporate holdings with the Company, although he does still have ownership in a few individual nursing homes in Maryland and Ohio. A location list for Manor Care is enclosed. The information in this list includes organized status for each separate operation, in addition to other information. The data is derived from the AFL-CIO's Unicore database. That database matches company records from a business

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database of nine million records with union information from the National Labor Relations Board (NLRB), Federal Mediation and Conciliation Service (FMCS), and affiliated unions. While the information is not 100 percent accurate, it provides a useful starting reference. Double counting of locations may occur, especially if the parent has subsidiaries of a different name. Please note that the most unreliable part of the data is the employee counts.

Stuart Bainum, who was a former Maryland State Senator, is currently Chairman of Choice Hotels. Choice Hotels owns the franchise for Comfort Inn, Clarion Inn, and Econo Lodge hotel brands. According to NLRB and FMCS records, none of the 70 Choice Hotels-held has any history of union activity.

If you have any questions, or require any additional information, please feel free to contact me in the Research Office.

In solidarity,

Barbara M. Gilbert-Chen
Senior Research Associate
Research Office

Enclosures

cc: McDonough
Barclay
Wilson
Powell

BGC:sv

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