

FINAL Meeting Minutes

PARK ACQUISITION CORPORATION

Regular Meeting

11:00 AM

Saturday, June 6, 2015

Fireside Room, 100 Marin Valley Drive, Novato, CA

ATTENDEES:

- Board Members: Larry Cohen, Mike Hagerty, Tom Miller, Jay Shelfer, Desiree Storch
- 34 Non-Board Residents
- Park General Manager: Matt Greenberg
- Recording Secretary: Susan Windman

CALL TO ORDER: 11:03 AM

A. APPROVAL OF FINAL AGENDA

Jay mentioned he received a letter from Desiree this morning indicating Desiree needs to resign due to personal obligations. Jay indicated two changes to the current agenda:

- An agenda item needs to be added to the current agenda about holding a special election to elect a new member to the board. Jay wants to have this discussion occur after approval of the final agenda.
- Desiree's departure from the PAC Board.

Larry indicated he wants to postpone discussion of agenda item F-6. He recently learned about a better alternative for banners. Desiree noted agenda item F-4 is not her item, but a carry-over from last month. Jay responded he recalls that the Board authorized Desiree and Larry to look into the affair and prepare a letter.

Motion was made and seconded to approve the final agenda, with two additions and one subtraction (agenda item F-6). Motion was voted on and passed 5-0.

B. PUBLIC COMMENTS (for issues not on the agenda)

No comments.

C. CONSENT CALENDAR

1. Receive approved minutes of April 1, 2015 meeting.

Motion made and seconded to receive the approved April 1, 2015 minutes, with Tom’s comments from last month incorporated. Motion voted on and passed 5-0.

2. Approve minutes of May 6, 2015 meeting.

Tom asked that the following correction be made:

- To agenda item F-1, fifth paragraph (located on page 8 and starts with “Tom asked that the...”), second sentence in that paragraph, change “City Council” to “PAC”. The sentence should now read: “Regarding the recent PAC budget meeting...”
- To agenda item F-5, fourth paragraph (located on page 12 and starts with “Tom acknowledged...”), insert the word “significantly” after “wouldn’t.” The sentence should now read: Tom acknowledged that the 2% rent increase wouldn’t *significantly* help...”
- To the same paragraph in F-5, in the last sentence of the paragraph, replace “no rent increase” with “zero.” The sentence should now read: “...but he feels the City would not accept *zero*.”

Motion made and seconded to approve the April 1, 2015 minutes, with corrections included. Motion voted on and passed 5-0.

D. REPORTS

1. PAC Treasurer’s Report (Larry Cohen)

Following is the PAC Treasurer’s report for May:

PAC Final Balance	\$5,797.38
PAC Actual Balance	\$2,257.88
Humanitarian Fund Starting and Final Balance	\$3,539.50
Total Spent Current Fiscal Year	\$2,830.42

2. MVMCC Administration and Finance Report (Desiree Storch)

The debt-to-service coverage ratio is doing fine. The long-term reserve account (for infrastructure repairs, etc.) is at \$2.1 million.

A resident asked if the \$2.1 million is broken down? Desiree responded it is listed separately on the financial statement. They also keep \$1 million in capital reserves and \$250,000 in operating reserves. The Novato City Council agenda for the upcoming budget meeting has been posted online. Attached is the entire budget, including the capital expenditures over the next five years (until 2020). It breaks down expected capital expenditures into two versions depending on if the Park gets the PG&E program or not.

Larry indicated he has the 10 year projections and he can make copies if anyone would like to see it.

Jay added that the cash reserves, which include petty cash, MVMCC's operating account and accounts payable, are close to \$4 million. \$1 million of this is set aside as long-term capital reserves. An additional \$2.2 million long-term account, gradually accumulating, is set aside for the infrastructure work. Total long term reserves is then around \$3.2 million. \$250,000 is the operating reserves for maintenance of the Park. Based on the current budget, the Park is *capable* of putting \$700,000 each year into reserves (if not making any capital improvements).

A resident asked about the MVMCC account. Is it from the rent? Desiree responded that the rent paid is the source of income for all of the expenses at Marin Valley. All of the rents are utilized for Marin Valley expenses and are not used for City expenses at all.

A resident wondered if PAC any say on how the money is used. Desiree responded that the PAC Board has influence because of being residents of both the Park and City of Novato but do not have ownership powers. Because the Park is a senior community, Desiree thinks the Park may have a little more weight in a certain way.

Larry added that each year two members of the PAC Board are elected to be part of the budget process. Al Frei makes the original budget, then the City and the PAC Board help finalize it.

Jay summarized that when the Park was being sold by the previous owner, Park residents first tried to buy it themselves but weren't able to do the financing so they approached the City of Novato. The original bond documents outline the intent of the purchase of the Park and at one point ownership passed very briefly through the PAC. Jay checked with Owen Haxton regarding his summary of Park ownership history and Owen indicated he agreed with it.

3. Maintenance and Capital Projects

Jay presented the report for Matt Greenberg.

Regarding maintenance and capital project activities:

- Clubhouse front façade, beam repair and redesign, prep work and painting have been completed. Phase two, focusing on the east side of the building and including the east wall of the Fireside Room, is in planning. This side of the building faces the weather and sun. Unfortunately, when the building was constructed the beams weren't properly sealed. Matt has already asked for a report, necessary to get a permit for the repair work.
- In the pool room, an equipment leak and broken pipes causing moisture have been repaired. Copper pipes were replaced. The equipment itself is failing, but through repair and maintenance it is still operational. The plan is to have a better re-do of the pool equipment in the fall when resident use subsides.
- The propane tank in the front that feeds the emergency generator has been enclosed.
- The siding with dry rot on the west side in the pool area has been replaced. The beams have been cut back and covered with new fascia board, prepped and painted.
- The garden and lawn at the north side of the Clubhouse have been removed. The irrigation in that area has been problematic. A new irrigation system for that area and an easier-to-maintain garden are planned.

4. City of Novato (Jay Shelter)

Jay made the following report:

- Jay indicated that last month PAC went back to the City for approval of all the items in the Wish List (accumulated from HOL, MarVal and individual residents). The City originally said that \$19,500 would be allowed and left several items off the list. The City has since come back to say they have found, within the existing budget, areas in which the rest of the Wish List items would fit. All items that made it through PAC will be handled in the coming year.
- Brian Cochran (City of Novato) will be coming to a PAC meeting to elaborate the infrastructure budget if/when the PG&E program is instituted. The Park is waiting to hear if PG&E has selected the Park for their program. Exact program details are not known at this point, but what is known so far is that the program would impact other aspects of Park infrastructure.

If the program is approved for the Park, it could encourage work to be done on other infrastructure suddenly easily accessible due to the PG&E work. The City will investigate this further. There are two proposed budgets, depending on whether or not the PG&E program occurs. The City is looking into if the bond issue would need to be increased. The City is also looking into if the City could loan the money to the Park for such infrastructure work.

- Another topic discussed by PAC, HOL and (probably) MarVal is the issue of raising the salary for Matt and the other Park workers. The City has budgeted an additional \$5000 for Matt's salary. The City cannot directly influence Al Frei, but they can ask him to consider the issues. The City is thinking of putting in a pay-performance item in their budget, of between \$2500 and \$3-5000. Larry added that PAC has to request it. Discussion of this will be continued in agenda item F-3.
- City of Novato has been able to line up grants to deal with vegetation – around \$21,500, of which MVMCC will put up \$4,500 (= \$26,000), for building of demonstration gardens, for a chipping allocation, and for vegetation management (removal of junipers, etc.) from common areas. This would be an annual occurrence, rather than a one-time event.

Jay thanked residents who worked on this, including Mike, Anila, Serena and MVEST. (Meeting attendees clapped loudly.)

Resident comments:

- A resident had a question regarding the PG&E project. Is it possible to get permission to open the back gate so residents could use it for egress/ingress? Jay will take note of this and bring it forward to the City. Another resident commented that that road is one-lane for quite a distance through a densely populated area and could be a traffic hazard. Another resident added that this access could be important if the current entrance becomes blocked.
- Anila wondered about the status of transferring the Park to the Las Gallinas Sanitary District. Jay responded that there is no new news.
- Jack sought clarification regarding the employee salary discussion. Is it going to be included in the budget? Or will PAC be given the opportunity to request that it be included? Jay responded that PAC has been given the opportunity to request the \$3-5000 for performance salary increases and the \$5000 for Matt is included in the budget. The topic will be discussed further in agenda item F-3.

John wondered about the total employee salary package, including benefits, and indicated this information is useful when making salary decisions. He agrees there should be review of performance. Jay responded that it is in the domain of Al Frei, but what is known is that housing is provided, gas and electric and Comcast are provided, and they have use of the two Park vehicles.

5. Rent Differential Committee Report (Judy Vucci)

Jay started by mentioning the Rent Differential Committee was set up over a year ago to investigate the rent differential that exists and was propagated by the previous owner, and then carried forward when the Park was purchased. The Committee is looking into ways to equalize the rents. Under the previous owner, every time someone sold a home, the rent could be raised on that home. A disparity was created between homes with frequent turnover and those with no or little turnover.

PAC had asked the Committee to look into this and then report back to the Board. When PAC Board member Tom Miller resigned from that Committee, the Committee was operating without direct supervision from someone on the PAC Board. The Committee recently took a step without first reporting back to the Board – they sent a letter seemingly from the PAC Board to all residents, detailing the rent differential that currently exists from house to house. Jay added that in part it is an invasion of privacy and is not something PAC can support. Jay discussed it with Mike Hagerty, which isn't a violation of the Brown Act, and Mike said he would assume a direct relationship between the PAC Board and the Committee going forward.

Tom provided a background about the Committee and also gave his thoughts regarding the Park rent differential. The Committee was formed August 2013. At that time, Tom had been on the PAC Board two months and in the Park six months. When Judy Vucci came to a PAC meeting and brought up the idea of rent equalization, that was the first time Tom had ever heard of it.

At a later PAC meeting, there was a motion to disband the Committee. Since Tom was new and not familiar with what was being asked to be disbanded, Tom stopped it and suggested a PAC Board representative be put on the committee to investigate it and learn what new information could be obtained. On Tom's recommendation, the Committee was formed with Judy Vucci, Owen Haxton and Ray Schneider – residents Tom was acquainted with who had been at the Park much longer than Tom and also had expertise Tom felt would be helpful in looking into the subject.

Tom then did research. He looked at the Mobile Home Residency Law (MHRL) and the City of Novato's Rent Control Ordinance. He did not look at whether Mr. Sade was legally entitled to do what he did with respect to raising rents. There is something in the MHRL that allows an owner to raise rents if in fact the raise is going towards some capital improvement within the Park, but the MHRL does not say how much an owner can raise the rent. However, the owner may petition for a rent increase, though Tom didn't know if such a petition would go to the State and/or the City. Tom had no idea what Mr. Sade did, other than every time a home sold Mr.

Sade raised the rent on the lot by \$100. If a house hadn't been sold for twenty years, the rent stayed the same.

On one hand, Tom feels an owner could do his rent control within his property provided it conformed with the MHRL and the City of Novato rent control ordinance. On the other hand, when Tom came into the Park he signed a contract in which the rent was disclosed. He knew what he was going to pay for rent for his unit. What his neighbors are paying was no concern to Tom and did not affect his decision on buying his home.

After receiving the information about Park rents, Tom doesn't think pursuing rent change is a viable thing to do. From his research, he doesn't think there is much there to push the City to go back and equalize rents, particularly when the rent control ordinance says that rents must be uniformly raised across the board. Based on his research, Tom has a hard time believing something legally could be done about the rents. Each person is entitled to petition the City, have a mediator and review their own situation. Tom didn't look at this part.

Tom came back to the PAC Board, said he doesn't think his presence is useful and asked that he be removed from the committee. After Tom ended his relationship with the Committee, he didn't consider the committee a PAC committee because of the lack of PAC representation. Jim Olson indicated to Judy that the committee would no longer be a PAC committee. People in the Park can form their own committees, but if residents want PAC Board representation, a Board member needs to be part of the committee.

Jay mentioned that if the PAC Board approves it, the committee will become a legitimate PAC Board committee again with Board member Mike Hagerty participation. Also, the PAC Board can accept the Committee's report today or wait until Mike has a chance to go over what the Committee is doing.

Mike Hagerty indicated he has already reviewed what the Committee is doing and approves it. He asked the Board to accept the report today.

Jay made a motion, which was seconded, in favor of Mike Hagerty sitting on the Rent Differential Committee. The motion was voted on and passed 5-0.

Discussion continued about the Park rent differential.

One resident asked for Tom to clarify his view regarding the legal issues involved. Another mentioned that money would be needed for legal action and wondered where it would come from. He mentioned that legal documents are put in front of each

prospective home owner and if signed the home owner agrees with the terms. He continued that there are several vehicles in place to assist residents having difficulties paying rent and if rents were lowered someone else would have to pay to cover it.

Tom voiced concern that now that the Committee has PAC authorization, with Mike Hagerty's participation, the Committee could potentially generate City fee charges against the Park through Committee activities/discussions with the City that could be assessed against the \$25,000 the City takes out of the budget annually for Park-related matters. This Committee could be adding debits from that budget item. Tom would like to ask that whenever the Committee is about to participate in such an activity that could potentially be chargeable, that the Committee first obtain approval from PAC.

Jay summarized that what needs to be addressed is the legality of the situation. He would like to invite the City Manager to come with their attorney and explain the legal situation when the Park was purchased vs. now. The Committee may then have a better foundation.

Joe DeAvila provided rent control ordinance information, including the current version of the ordinance and how the base year is determined. John voiced concern that the Committee is focused only on one solution – how rents can be equalized.

Judy Vucci mentioned she has never seen an instance at a PAC Board meeting when the entire Board is allowed to speak against issues in a committee report before the committee is allowed to give their report.

Judy also indicated that no one told the committee that when Tom resigned the committee was no longer authorized by PAC. She voiced surprise, especially since she has been communicating continuously with PAC and Jay. She's given Jay copies of reports. She was appointed liaison between the committee and the PAC Board. She gave a copy of the letter to Jay before the committee mailed it, and she received no comments back. She also gave a copy to other people.

Judy continued that the report is just a beginning report. The committee has been examining information for a year and a half and looking at different possibilities. Where the committee is at now is different from when Tom participated. The committee is not trying to equalize rents by raising the rent of this house, lowering the rent of that house. It believes there is language in the rent control ordinance that permits rent to be lowered or increases to be waived through exemptions, etc. The committee thinks they can be effective and wants to be given a chance.

Judy apologized if residents felt the committee intruded on privacy. Figures were obtained from a public source, in a notebook at the library.

Judy continued that it isn't just a legal question but a question of what is fair, what is just, what is ethical. It isn't entirely a legal matter, though the committee believes it can address the laws.

She thanked meeting attendees for coming to the meeting and allowing the committee to be heard. Judy then described the Park rent history.

The report from the Rent Differential Committee was read by a resident (see text below). Board members voiced concern about the length of the report and having it read in its entirety at the meeting. The resident read through most of the report and summarized other portions. While the report was read, a large map brought to the meeting by the Committee was not exposed to attendees to respect the privacy of homeowners, per PAC Board instruction. The report refers to the map.

Rent Differential Committee
Status Report for PAC Board Meeting, 6/6/15

The Rent Differential Committee wants to thank you all for coming today to this meeting of the PAC Board.

When Marin Valley Mobile Home Park was first established, a base rent was set for each neighborhood so that residents in the same section of the Park paid similar rent. Now there is a disparity. These differences came about during the ownership of the Park by Mr. Sade. He raised rents about \$100 every time a property was sold or transferred. This explains why some homeowners now pay much higher rent than their nearest neighbors. The Rent Differential Committee was authorized by the PAC Board to address these differences. Our goal is to eliminate these differences, and to do so without raising one person's rent to compensate for correcting another's.

We have here a map of the Park which shows the homes affected by this disparity. Jane Heaphy painstakingly color-coded each unit, and Maggie Siegfried was kind enough to have the map blown up so you could see it easily today. The homes marked red pay over \$100 more than their comparable neighbors (with a few paying \$200 more); homes marked green pay up to \$100 difference more; and yellow marked homes pay the basic fee that was established for that neighborhood when the Park was first developed. These figures account for annual Consumer Price Index (CPI) increases over the years. These affected red and green units have no special amenities or advantages compared to their neighbors; they were simply sold or transferred during Mr. Sade's ownership, some of them more than once. (You can come and look at your neighborhood on the map after the meeting.)

This policy of increasing rent upon sale or transfer of property is known as Vacancy Rent Decontrol. This just means that rent could be raised by the owner whenever a property was vacated. This policy was stopped after Mr. Sade sold the Park, and Novato's current Rent Control Ordinance took effect, but the disparities were never corrected. Furthermore, this rent gap widens every time there is a rent increase by percentage because, for example, 2% of \$900 is much greater than 2% of \$500. We believe these continuing disparities in rent are blatantly unfair! On top of that, the differences in Space Rent degrade the value of these properties because when affected owners try to sell their property, they find it necessary to list them at a lower sale price in order to compete with properties that pay lower rent.

The map shows that about 77 residents, which is about 25% of homes, in the Park are paying more than their near neighbors. When added together, the additional rent paid by the unfortunate red and green properties totals about \$7,500 extra per month. This becomes very significant for individual Senior residents like Mike Price who lives at the bottom of View Ridge. That amounts to \$2400/year, and over \$52,000 extra overall. We believe this is totally unjust, and that together we Park residents can choose to do something about it!

Our goal, as stated above, is to eliminate the rent disparity within the Park by bringing the high rent for these red and green properties back into close relationship with the rents paid by the similar yellow houses in their immediate area; that is, realigning rents to bring them in line with close neighbors, and finally eliminating the spiraling effects of Vacancy Rent Decontrol. We are now in the process of studying different ways that these adjustments may be made without raising some rents to offset lowering others. Each proposed method of adjustment must also be in alignment with Novato's current Rent Control Ordinance. Here are just a couple of ways that rents might be adjusted, and we welcome any ideas that others might have, too:

One method would be simply to lower the affected red and green rents to the same level as their comparable yellow neighbors right now. This would amount to a decrease in the rent collected by the City of Novato of about \$7500 per month, which is not a significant portion of the total monthly rent, which is \$190,000! Two successive normal annual CPI increases, applied to all residents including those who had been adjusted, would quickly make up for the City's shortfall. This would resolve the entire issue over two years' time, finally and quite painlessly, and in keeping with the City's current Rent Control Ordinance. We are also exploring the possibility of federal funding for our low income Seniors' housing to offset some of the decrease in revenue.

Another possibility would be to exempt the affected red and green properties from future cost-of-living increases until their rent is in line with comparable yellow neighbors. This would be based on the idea that these red and green properties have pre-paid those increases by paying higher rent in previous years. Novato's Rent Control Ordinance does provide for certain exemptions from rent increases as long as they result in rent that is lower, and not higher. Unfortunately, this method would require many years for some residents to come to parity with their neighbors.

We are now in the process of preparing a more detailed report with more facts and figures to submit to the PAC Board, and eventually to the City of Novato.

Respectfully,

Judith Vucci and the members of the Rent Differential Committee

Jay responded that the PAC Board does not oppose looking into the problem and promulgated the Committee for that reason. The Board is attempting to encourage and looking into the issue. PAC just voted to place Mike Hagerty on the committee. There legalities surrounding the issue. The City is now the owner. They and their legal staff are attempting to interpret this in some fashion. Jay thinks the questions can best be illuminated by having the City come to the Park to discuss them.

Owen Haxton provided comments. He came to the Park in 1991. Mr. Sade raised the rent \$50/month. He was fully aware of it and willing to pay it. Twenty years later, he's not certain he's still happy with it, but at the time he was. However, the problem is transparency. No one told Owen that the rents adjacent to him were less by \$113, \$193, \$173, \$161. This happened in 1995. The rent control ordinance didn't go into effect until 1995. At that time, the rents couldn't be raised individually. Before that time, the owner could raise the rents when there was a vacancy. This was a policy throughout California and is still done in some Parks. The point is, no one told Owen. Owen acknowledges no one had to, but he feels it just isn't right. Owen was on the committee that went to the City to say that rent control is needed. When the Park was taken over from Mr. Sade, the rent issue was going to be addressed, but other issues garnished priority.

A resident (John) would like to see the term "inequity" used in place of "injustice."

Erma Wheatley commented that it seems the issue is being enlarged. On Monday, the Council is discussing an increase to Park rents on an across the board basis, not a percent increase. Erma feels the increase should be the same for everyone (a flat fee) and not a percent increase. Mike Hagerty hopes the idea is proposed to the City Council, but he doesn't think it is legal according to the rent control ordinance.

A resident mentioned when she moved into the Park it was affordable, even though the rent was high. She moved to the Park because her friends live at the Park. Her friends pay much less rent and getting more for their money. She acknowledges she agreed to it, but maybe she won't stay at the Park. With each increase, she's paying \$200 more than her next door neighbor who has three parking spaces compared to her one space. She agreed to it when she moved in, but it now just doesn't feel right.

A resident mentioned she is unclear about the mission of the committee. She would like to hear what the mission statement is for the committee. Jay responded that his understanding is that the mission for the committee is to look into ways to equalize rents, in as much as the disparity created during the previous ownership has thrown rent differential between neighbors to the point where it's inequitable in some people's minds. Jay added that there are questions about legal issues that need to be looked into further.

Judy Vucci clarified the word "equalization." It is not about having everyone in the Park pay one rate and raising rents upward to do this. That is not what is being looked at. It means adjusting rent so that the people paying the much higher rates come down to a rate closer to their neighbors. Another resident responded that some low-income residents can't afford the increases.

Mike Hagerty asked to speak with Committee members after the meeting to plan next steps.

E. OLD BUSINESS

1. Review of the process for inclusion of budget items to the Capital and maintenance budget prepared by Management for approval to the current title holder of MVMCC (Jay)

Jay wants to initiate a process of looking at how the budget is prepared for the Park and how PAC can influence the budget and take input from residents.

The budget for the Park is created by Al Frei, who manages the Park and submits it to the City and the PAC Board, for review and for input about items PAC feels may have been excluded. The budget process is supplemented by the resident input through individual comments or through the various Park boards, such as HOL, MarVal or PAC. The Boards then create a Wish List from the input. PAC takes the Wish List, along with the budget prepared by Al Frei, to the City of Novato (the owner) and attempt to get as much of Park issues and Wish List items brought forward.

The PAC Board is the interface between the residents and the owner (City of Novato), and the residents and Al Frei.

Jay would like to write up the sequence that should occur so everyone is familiar and can contribute to it.

Larry commented that last year a PAC budget committee was formed to research and prioritize Wish List items and report their findings back to PAC. Such a committee makes the process easier. The committee last year consisted of someone from PAC, someone from HOL, someone from MarVal, and Matt.

Tom commented he is comfortable discussing budget items when there is a fully-attended meeting, the minutes have been posted, everyone sees what's going on, and there's a follow-up meeting after that.

Jay will write something up, include comments made by Tom and Larry, and bring it to next month's meeting.

A resident asked how someone gets an item onto the Wish List. Jay responded that currently a resident should complete a Resident Input form, which is then given to Matt and Matt prioritizes the request. HOL also receives copies of the Resident Input forms on a monthly basis and go over them with Matt. HOL has a list and you could appeal a decision if it didn't happen this year or next, etc. Eventually, some items end up as a budgetary item on the next year's budget.

Another resident asked if it should be assumed that items on the Wish List have been included in the budget. Jay answered "yes."

Another resident gave an example that the Resident Input system now works. He originally submitted a Resident Input form and after almost a year he heard nothing back. He recently resubmitted the form and the problem was taken care of within weeks. (Meeting attendees clapped loudly.)

F. NEW BUSINESS

1. With the new Board, consider realigning assignments on the Board.

With the election cycle over, to date there have been no changes to the Board. The results of the election were that only current members of the Board were part of the election process. Tom and Larry were reelected. (Meeting attendees clapped loudly.)

Jay mentioned there's now an opportunity to change positions on the Board, if it's so desired. Jay will take a motion from the floor if a PAC member would like a different or new Board position. If there are no motions, the Board will pass over and assume existing officers will continue.

Mike mentioned he's happy to step off as secretary, but he'll continue if no one wants to take it on.

Jay asked for a motion that the current Board officers will continue. A motion was made and seconded. The motion was voted on and passed 4-1 (Desiree abstained).

Desiree Storch announced she has to step down as a PAC Board member due to personal obligations. She would love to be on the Board, but she doesn't have time to do it right now. Jay thanked Desiree for her contributions. Meeting attendees clapped very loudly.

Jay asked for a volunteer from the PAC Board to start a process for the election of a new Board vice president. Larry volunteered. As Desiree is vice president, the Board will think about the position when PAC gets a new member for the Board. Meanwhile, it is not imperative for the Board to have a vice president.

Tom thanked Desiree very much for being on the Board. He thoroughly enjoyed working with her. Tom indicated Desiree was a big reason he came back and hopes some other resident steps up with the same representation. Residents clapped loudly.

2. Realign positions on the 2x2 meetings with the City (Mike Hagerty)

Jay mentioned that six times a year, two PAC members meet with the City to discuss issues. The City has requested primarily that the meetings occur informally (off the record, so to speak). The PAC members bring back to the Board what was discussed and requested. It gives the City an informal way to get feedback from the PAC Board and input from the residents and for the PAC Board to hear the thoughts of the City with regard to the Park.

Jay and Jim Olson were part of the 2x2 meeting, and now the PAC members are Jay and Larry. Once a year the Board is enabled to change membership in that committee. The City wants the Board president and one other member of the Board to be part of it. Jay mentioned both Larry would like to continue and Mike is also interested. Mike indicated he would like to withdraw his run.

Larry commented he was never told the 2x2 meetings were to be an off-the-record discussion. If the City mentions something that for a very good reason is to be off-the-record (personnel matter, for example), Larry understands this and agrees.

In response to a question by Tom regarding 2x2 meeting notes, Larry indicated the meetings usually last over three hours and are difficult to attend and simultaneously

take notes. In response to a question by Tom regarding a meeting agenda, Larry showed Tom a copy of the last agenda.

Tom indicated his concern is transparency back to the residents. Jay generally tries to take notes but they are the essential points not detailed. Before PAC meetings, Jay meets with Larry to review the items discussed at the 2x2 meeting. Mike Hagerty mentioned there was a concern last year that some things weren't reported and slipped through the cracks. Larry responded he can try to take better notes but it's not easy.

Anila mentioned that before there were 2x2 meetings, residents were a little miffed that the City Council comes and lays down the law, while the residents feel they need to have a dialogue and be seen/heard. That is what led to the 2x2 meetings being started.

Jack suggested that any notes are better than no notes, even if all they include is a list of topics discussed. Larry responded that both he and Jay have a list of topics discussed.

A resident indicated that the residents don't receive what is taken to the City and what the general results are. Desiree reiterated what the resident stated. Desiree is hearing from a lot of residents, and feels the same herself, that they are not getting enough input back from the 2x2 meetings. The residents want a better report.

Mike was asked if he can take better notes. Mike said he can and that he is willing to run, giving the feedback he's hearing.

Tom nominated Mike Hagerty and Jay to be on the 2x2 committee. The motion is seconded. Jay nominated Larry to continue on with him. The two 2x2 member combinations are voted on. The results are that Mike and Jay will serve on the 2x2 committee as PAC Board representatives for the coming year.

3. Add our voice to comments made by HOL Board to adjust salaries of employees at MVMCC, relying on judgment of Al Frei. (Nancy Bingham)

Jay mentioned Nancy is on vacation.

An HOL Board member wanted to clarify that the letter sent to Al Frei did not ask for adjustments, it asked for review of total compensation packages for the three staff.

Jay mentioned that at the 2x2 meeting, part of the agreed upon compensation increases include doing the landscaping outside the staff houses. The City agreed to

increase Matt's salary by \$5000, and to consider a PAC request for putting in an additional \$3-5000 budget item for Al Frei to consider performance compensation for the employees.

Jay asked the Board secretary to write a letter to that effect requesting it. Have the PAC Board approve it. The letter is to include a \$5000 total budget item for merit increases for MVMCC staff.

A resident indicated discomfort discussing performance compensation issues when the employee is present. This has happened repeatedly.

A resident mentioned earlier that there should be a way of canvassing the residents in a confidential manner about employee performance.

Another resident suggested that Matt be asked to leave the room during employee performance discussions.

A resident wanted to suggest that compensation needs to be tied to job descriptions and some basis on which each employee is going to be evaluated, and all of it needs to be clear.

Jay reiterated that it is Al Frei's responsibility to hire and assign job responsibilities to each individual. It is Matt's responsibility to comment on the people under him. It is the PAC Board's responsibility and the City of Novato to comment on the performance of Matt. It is important to have residents' opinions felt, but the proper way to do it is through the PAC. PAC doesn't have the job descriptions or performance criteria that Al Frei uses.

Tom wanted to echo HOL's position to offer a bonus plan versus a salary increase. The budget can set aside a certain amount for this. Tom thinks this would be more equitable.

Jay would like to add Tom's (and HOL's) position in the letter. PAC requests to the City a certain amount to give to Al for salary increases and bonuses for employees. Jay reiterated that PAC is not evaluating anybody, just making the funds available.

Tom's comment is for a bonus and for taking salary increase out of the equation. With the bonus, if it is not earned, it is not paid.

Jay asked Mike Hagerty to read the letter: Mike read the following: "PAC supports a \$3-5000 budget item for performance compensation, including merit and bonus."

Regarding indicating an exact figure vs. a range, Jay indicated the City Council has to decide on an exact number for performance compensation.

Jay asked for a motion and one was made and seconded. Tom commented he would feel comfortable voting for it if it were bonus only and based upon merit evaluation. Jay thought Tom's comment sounds acceptable. Mike reread the letter: "PAC supports a \$3-5000 total budget item for performance compensation, merit and bonus, based on merit evaluation."

The motion was voted on and passed 4-0 (Desiree was absent during the vote).

4. Motion: To endorse the draft letter to the City requesting a lowered rent increase of .5% (Larry)

Jay received a letter from Desiree, with input from Larry.

Tom commented that the letter is not in compliance with the agenda item. The last paragraph states not having any rent increase. That is not what is on the agenda. Also, .5% is not what PAC is suppose to be voting on.

Mike asked to formally amend the proposal to make the agenda item consistent with the letter.

Desiree returned from her absence. She indicated that at last month's meeting, Larry made a proposal to write a letter to the City asking the Council for no rent increase. Desiree offered to put together a spreadsheet and write a letter. Tom suggested a rent increase of half a percent. The letter can easily be amended to change the percent amount.

Desiree read the letter, which is copied below:

Novato City Council
75 Rowland Way #200
Novato, CA 94945

Re: MVMCC Proposed Budget 2015-2016

Subj: Proposed Rent Increase

Dear Councilmembers,

Subsequent to the recession in 2008, the City of Novato decided to suspend rent increases at MVMCC, which lasted until the most current budget year 2014-2015, whereupon a 2% rent increase went into effect January 1, 2015. Despite the relatively low dollar amount, it was nevertheless quite upsetting to some of our less economically secure residents.

The reason for the rent increase seems to be that MVMCC faces some large repair and replacement costs that relate primarily to the utilities infrastructure, and that a projected \$10 Million needs to be accumulated to cover these costs. Despite having accumulated long-term reserves as of April 30, 2015 of almost \$2.2 Million, it is clear that a loan will need to be obtained at some point to pay for the balance of the infrastructure repairs and replacements.

We would like to remind you of the age and income status of many of our residents. Some amazing people have lived here more than 40 years and are in their 90's. Many are on fixed incomes that receive little or no annual increases. Every little increase in expenses can add stress, and thus reduce quality of life.

PAC has reviewed the City of Novato Housing Element Update adopted November 18, 2014, in depth and we direct you to Page 131:

HO Policy 5.5 (which says). . . . The City will strive to protect mobilehomes, mobilehome parks, and manufactured housing as an important source of affordable housing in Novato. The City will work with residents, property owners, agencies and non-profit groups to *seek ways to assist in the long-term protection and affordability of this unique source of housing, especially for seniors*, in the community.

PAC has also reviewed past, current and proposed budgets. We have attached a spreadsheet that reflects each household currently pays an average annual rent of \$7,430. The average cost per household to operate the park including project fees, but not including capital expenditures, is projected at \$3,726. Current debt service is \$2,067 per household annually. This leaves an additional \$2,487 per household (or \$783,000) available annually for capital expenditures and/or additional debt service.

A review of the 2015-2020 Proposed Capital Improvement Budget, both with and without PG&E's near-term involvement in infrastructure upgrades, does not indicate an immediate need for more than the existing Long-Term reserves. And no matter how much is saved each year, a loan will be needed to pay for the anticipated repairs.

We are therefore requesting that the burden of paying for the infrastructure repair and replacement be placed on those who will be living here then by not having rent increases currently.

We appreciate you listening to our concerns.

Sincerely,
PAC Board
MVMCC

Jay indicated that the only decision the PAC Board has to make is amount of the percent increase (no increase, one-half percent increase, one percent increase, one and one-half percent, or two percent increase). The CPI which the rent is tied to may not exceed more than one and one-half percent, and the City is not able to raise the rent any more than one and one-half percent (depending on the CPI).

Jay opened discussion to PAC as to the percent number to send to the City. Mike and Larry concluded there is no need for a rent increase. Jay indicated he is for a 0% increase. Tom voiced two concerns – the impact on the residents and impact on the City. Tom doesn't think the City would agree to 0% so he feels PAC should ask for one-half of a percent. Desiree indicated she would abstain until after she hears resident comments.

Regarding resident comments, one resident didn't feel rents should be raised now on something nebulous. Another resident wondered if PG&E accepts the Park into their program does that mitigate the City's rent increase. Desiree responded that the overall infrastructure expenses would be less, but work would need to be started sooner and would require a loan (possibly from the City).

A resident asked how much a 2% rent increase would bring in. Desiree responded that last year's increase brought an additional \$48,000 into the budget (per year). The same resident indicated that what is being talked about is peanuts in terms of the amount brought in. She continued that it's such a huge infrastructure cost. It doesn't matter how much is collected by these little increases for the overall total. But for each resident it is huge.

Jay responded that there is inflation and what the City is looking at is to pay for the inflation increase, not necessarily for infrastructure and other expenses.

A resident indicated the financial difficulties of a rent increase, especially with increased cable costs, Las Gallinas sewer increases, etc. These increases could amount to an additional \$50, in addition to any rent increase. Other residents commented on increased savings or expenditures from other activities (such as from the Comcast contract ending).

Jay mentioned that by dropping the Comcast contract, the Park will be gaining \$60,000, the amount the Park had to pay in its bulk rate program with Comcast to make up for the residents not participating with Comcast.

Tom commented he wants to change his opinion to zero rent increase now given this new information by Jay. Tom hadn't thought about the Comcast contract. He feels it is an excellent point and thinks it should be mentioned in the letter going to the City as a source of income the City can direct.

A resident commented that the Park saves \$60,000 by terminating its Comcast contract, but there are a lot of residents whose costs are going to go up because they don't have that subsidy anymore. Some depend on television for their news, their company, and their life. These people should be considered. They will have a substantial cost if they want to continue with their television. It's part of a cost of living increase for some people in the Park.

Jay asked Board members to come up with the percent number to include in the letter. PAC Board members indicated, unanimously, they support a zero rent increase.

5. Motion: To request that the City add to their study: To retain city ownership of MVMCC, but to grant us a 99-year lease or similar security as another option. (Mike Hagerty)

Mike indicated that if the City does their ownership study, the City has promised to look at several ways for the residents to take ownership. A number of residents in the Park want to consider staying with the City because it can be less risky in some ways. Mike's motion is ask the City to consider retaining ownership of MVMCC, but to grant the Park a 99 year lease as security so the Park isn't sold the next year.

Jay summarized that what the City is being asked is to add to the study.

Jay asked for a motion to be made. The motion was seconded.

Bill Davis commented that this is an important issue in his opinion. Regarding the long term ownership that the City was willing to undertake, the City understands something Bill doesn't think the Park understands completely. Bill asked the City attorney at a City Council meeting the question: Who actually owns the Park? Does the City Council, as an entity, own the Park? She said yes. Bill then asked if the City Council then has the authority to sell the Park. The answer to that was yes. Bill next asked that if the majority of people on the City Council own the Park, could the Park be put on the agenda for sale, and could the Council then sell it? She said yes.

Bill added it would take only three Council members to sell the Park. He feels it is a tenuous situation to be in, especially when looking at his contract that states a 30 day notice, etc. Bill thinks there needs to be something stronger and more secure. A 99 year lease, or anything else that can be negotiated, is very important for the security, longevity and future of the residents. (Residents clapped.)

John Hanson agreed but wonders if there's a numerical value onto doing the added study. What's the cost/benefit here? John feels he needs more information.

Judy Vucci suggested looking into additional ideas, such as 30 year lease amendments for all residents.

A resident wanted clarification about the 99 year lease. If there's a 99 year lease implemented, could there also be ownership. Board members indicated ownership would not be possible.

Mike added that what is being asked is just for the City to also study that 99 year lease alternative. The City is just starting the study.

A Board member asked Mike to add "as another option" to the end of his motion.

Mike reread his motion:

"To request that the City add to their study: To retain city ownership of MVMCC, but to grant us a 99-year lease or similar security as another option."

The motion was voted on and passed 5-0.

6. Motion: Allocate \$150 for new banners for PAC and City meetings here. (Larry)

The agenda item has been postponed by Larry. See agenda item "A" for additional details.

7. Determination of next meeting date

The next meeting will be: **Wednesday, July 1, 2015, 7 pm.**

G. REPORTS FROM OTHER BOARDS

1. HOL

- HOL has a new president: Carolyn Corry. She introduced herself to the PAC Board. (Residents clapped!)
- A membership drive will start in July.

2. MAR VAL

Carolyn Corry also spoke for Mar Val. A jazz brunch, with music on the patio, will be held Saturday at 11 am. The deadline is this Friday for the July 4. There will be a luau in August.

3. MVSC

No report.

H. ADJOURNMENT

Motion was made and seconded to adjourn the meeting. Motion passed 5-0.

Meeting adjourned at 2:07 PM.