

FINAL Meeting Minutes

PARK ACQUISITION CORPORATION

Annual Meeting

11:00 AM

Saturday, June 7, 2014

Fireside Room, 100 Marin Valley Drive, Novato, CA

ATTENDEES:

- Board Members, 2013-2014: Jack Brandon, Larry Cohen, Tom Miller, Jim Olson, Jay Shelfer
- Board Members, 2014-2015: Larry Cohen, Mike Hagerty, Tom Miller, Jay Shelfer, Desiree Storch
- 27 Non-Board Residents
- Recording Secretary: Susan Windman

NOTES:

- Regular PAC Board meetings are typically held the first Wednesday of each month. The meeting for June, however, is held the first Saturday of the month.
- The newly-elected PAC Board members for 2014-2015 were seated at today's meeting towards the end of the meeting (see agenda item F-3).

A. CALL TO ORDER: 11:05 PM

B. APPROVAL OF FINAL AGENDA

Motion was made and seconded to approve the final agenda. Motion passed 5-0.

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

- Owen mentioned that several months ago he spoke before the Board about the inequities of rent within the Park and the need to try and help low to moderate income families. Today, Owen commented on statements made about rent reductions/rent increases over the last six years. Owen reviewed his own rent situation for the last six years and found he has had no rent increase for four, not six, years. He wondered about the possibility there have been rent "adjustments" in the Park, about which members of the community are unaware of. Owen thought this topic should be addressed, if this is the case. He would like to request the new Board implement an audit of the rent roll to ensure that rents have not been adjusted to meet specific

situations and that all rents have been raised 41% from the time of transfer of title (since when Owen's rent has been increased).

D. CONSENT CALENDAR

1. Receive approved minutes of April 2 meeting.
2. Approve Minutes of April 23, 2014 meeting.
3. Approve Minutes of May 7, 2014 meeting.

Motion made and seconded to approve the April 23 and May 7 minutes. Motion passed 4-1 (4 ayes, 1 abstention from Jack. Jack mentioned he has not had a chance to review the minutes from April 23 and May 7.)

E. REPORTS

1. PAC Treasurer's Report (Larry Cohen):

PAC Final Balance	\$5,448.22
PAC Actual Balance	\$2,158.72
Humanitarian Fund Starting and Final Balance	\$3,289.50
Total Spent Current Fiscal Year	\$3429.89

2. MVMCC Administration and Finance Report (Jay Shelfer)

Jay mentioned that the Debt to Service ratio year-to-date is currently at 2.8, well above the required 2. Jay also made the following comments about the packet of information received from the City during the June 3 meeting:

- Over the course of the month, the Board has been told the medium and long term investments are bringing around .81% in yearly income (less than 1%).
- The debt coverage ratio does not include contributions made to the capital improvement money.

City statements were made during the June 3 meeting detailing rent increases over the last four/five years. In 2009, there was a .13% rent increase. In 2010-2013, there were no rent increases.

Tom commented that he noticed in the financial report that Matt's salary is still being paid by the Park while Matt is out. Tom felt that if Matt's absence is due to a preexisting injury, Matt's full salary should not be the responsibility of the Park.

Tom continued that if this is a preexisting condition causing Matt to be out this length of time, that Al Frei knew about it or should have been aware of it before hiring Matt. As a good manager, Al Frei should be carrying disability income, as well as workers comp, for his employees.

Tom reviewed the management agreement and delegation agreement and sees no such provision that requires the property manager to carry such coverage. Tom commented that the Park therefore has no recourse. When an employee goes down, the Park pays full salary instead of being covered by insurance. Tom further commented he doesn't believe this is the way to run a business. Tom requested that the new Board put the topic on the agenda for next month and, in the interim, research why the coverage (disability income) is not enforced at this time.

Jim responded that in conversations he had with Al Frei, Al had expressed he thought he would carry Matt for a couple of months and after that didn't think he would. Jim suggested that the new Board contact Al for clarification now that Matt's been out for more than that.

Tom responded that Al is not carrying Matt, the Park is. Another Board member commented that Matt is now doing work for the Park and Jim acknowledged there are some emails coming back and forth. Jim continued he feels it would be good for the new Board to work with Al and clarify the situation.

Jack indicated he believes there is a broader issue facing the new Board. Both the management agreement and delegation agreement need further conversations with the City. There is no job description or qualifications. The Park is locked into a five-year agreement with Frei Management, which should be reviewed. There's an opportunity for amendment, or there should be. Jack thinks if the new Boards reviews the documents in detail, the documents (and others) should raise a lot of questions.

Jim responded he doesn't think the Park is locked in to the five years and that both parties have a sixty day walk clause. But the agreement lasts five years, assuming neither party fires the other one.

3. Maintenance and Capital Projects (Jim Olson)

Matt Greenberg is out for a while longer, so Jim provided the report. Jim mentioned the report focuses on one item – the generator.

Regarding the generator -- It was purchased, ordered and delivered. A contractor was hired. The pads are already in place for the generator and tank. However, the

contractor felt the delivered generator was not what the Park ordered. The company that sent the generator (from back East) was contacted and it responded that if the Park wants to send the generator back, the money for the generator would be returned minus a large (around \$2500) restocking fee.

The generator topic was discussed at the June 3 meeting. At that time, City staff was just getting involved with their legal team, as well as the contractor and their legal team. The generator issue is the reason why the generator expenditure was moved from last year's expenditure to this coming year's budget. Jim added that the budget being approved later in this meeting is the revised budget, which includes the change.

Comments/Questions:

A resident asked the purpose of the generator during emergencies. Jim responded it would supply power to the clubhouse and also allow refrigeration for resident medications.

Another resident asked if the Board had looked into the legal ramifications of storing medications, during emergencies, in the clubhouse refrigerator. Jim responded that the Board hadn't looked in to it and that it would be a good topic for the new Board.

Resident Juliette MacLam mentioned that in the Ladies Room – in the bathroom stall at the right-hand-side, closest to the wall where there is moisture outside (like from a faucet) – she noticed that in the corner there is termite infestation. Jim responded that Juliette should complete a resident input form and submit it to management.

4. City of Novato (Jim Olson)

Jim provided the following report regarding the City of Novato:

- The City (on Tuesday night, June 3) approved the budget, subject to revisions concerning the generator and the expenditures moved from last year to this coming year.
- There is a V-ditch that exists for water drainage, from where Jay lives out to the fields. The ditch is overgrown and Jay called attention to it for the City. Turns out, the Park has an easement for maintaining it through the TPL land (now City land, not Park land). The City is working on getting a permit from Fish and Wildlife for the Park to clear out the ditch. The City already has a standard Fish and Wildlife permit for other areas, but this ditch is something new. Once the permit goes through, the ditch will get cleaned out.
- FEMA meetings will be coming up regarding new flood designation areas. On June 17, a meeting will be held in Novato at the Hill Education Center, 6:30 pm to 8 pm. Jim thought someone from PAC should attend.
- The City is getting rid of their old computers and has offered some to the Park.

- Veronica and Cathy have invited the new members of the PAC Board to meet with them to become acquainted and also review the Brown Act.

5. Input for next 2x2 meeting (Jim Olson)

Jim briefly summarized what the 2x2 meeting is – Two PAC Board members (currently, the President and Vice-President) meet with two City staff and discuss issues each has on their agenda. At each PAC Board meeting, Jim asks for suggestions from other Board members and residents for topics to discuss at the next 2x2 meeting with the City.

The following topics were suggested at today’s PAC meeting:

- Jay suggested discussing Tom’s earlier point regarding Matt’s salary and preexisting conditions, and Jack’s earlier point about the management delegation agreement.
- Tom would like to receive input from the City about the order of priority they feel exists among the delegation agreement, management agreement, and PAC Bylaws. Tom noticed contradictions in all of them. Tom would like to know from the City, in very simple terms, what the mission and purpose of PAC is. There are six defined in the Bylaws. One is to keep the Park affordable. If PAC has no oversight or input in to the day-to-day operations of the business, hence cost control, how can it do its job to keep the Park affordable. Another one relates to item D that says that PAC will negotiate all contracts. Tom assumes this refers to management contracts, not contractor contracts, but Tom would like it spelled out better. Tom would like to know what PAC can and cannot do, on a day-to-day basis. If PAC is to represent the residents and keep the Park affordable, Tom feels PAC needs input in to day-to-day operations (and spending).

6. Report: Clubhouse Event Policy Committee (Jim Olson)

The process for developing and approving Park policies has become lengthy. It now involves approval by the various Park boards (including PAC) and then approval by City staff and the City Council. The Clubhouse Event Policy Committee has been pursuing the recent policy changes for around six months. Currently, the policy proposal is being reviewed by the HOL Board.

Comments:

Peggy Hill mentioned she is aware that the Fireside Room would no longer be allowed to be used for private/semi-private parties, especially after the elevator is in. She noted there are many residents who would like to continue to use the room for parties (as long as they have insurance).

7. Report: Tree/Shrub Policy Committee (Jim Olson)

See agenda item E-6, directly above.

8. Report: PAC Board Election (Larry Cohen)

- Ballot results are as follows:
Accepted ballots: 233
Rejected ballot: 7
- Votes received:
Jack Brandon: 112
Mike Hagerty: 202
Jay Shelfer: 154
Desiree Storch: 157
- Election results:
Mike Hagerty, Jay Shelfer and Desiree Storch have been elected to serve two-year PAC Board terms, starting today.

Larry thanked everyone who voted. And he thanked Peggy Hill for all of her work with the election, especially Meet the Candidates Night. And he thanked Peggy, Jim, Ray Schneider, Jessa Gabriel, John Feld and Bob Thiercof for helping count, yesterday.

Resident Questions/Comments:

- Cheryl Rebuschung thanked those Board members leaving the Board for their years of service. In response to Cheryl's comments, meeting attendees clapped loudly.
- Kay mentioned how much fun it was to participate with the Election Committee and help out.

F. GENERAL BUSINESS

1. Approval of Final 2014-15 Budget (Jim Olson)

From the Delegation Agreement –

By June 15 each year during the term of the agreement, PAC Board is required to approve an operating budget, previously approved by the owner. PAC may state its objections, concerns or comments to changes to the operating budget required by the owner.

Jim made a motion, which was seconded, to approve the budget which includes the change for the generator.

Jack submitted the following motion to reject the budget:

“That the PAC Board rejects the proposed 2014-2015 budget for the following reason:

At the City Council meeting of June 3rd, 2014, held at the MVMCC, Assistant City Manager, Cathy Capriola made an excellent presentation and explanation of this budget proposal.

She very specifically stated that the RENT INCREASE would be governed by and would NOT exceed the CPI (consumer price index) figure for the preceding year.

Therefore, since the SOCIAL SECURITY/CPI Index for this year was 1.5%, the rent increase proposed for fiscal year 2014-1015 at an increase of 2% is inappropriate. Since many of our residents are on a very limited budget and any increase at all inflicts a financial hardship, we respectfully request that the City Council reconsider the matter of the amount of this rent increase.”

Jack asked that his motion be handled as an amendment to the existing motion. Jim accepted a motion, which was seconded, to accept the amendment.

Jay mentioned that during the meeting, Cathy pointed out that the amount of the rent increase wouldn't be decided until the end of the year because the CPI for this year is still a work in progress. Jay felt it is difficult to support or deny the budget until more is actually known, and he felt it's probably inappropriate to reject the budget because of an unknown. Jay also spoke about the various current and future Park expenditures (infrastructure work, ADA work, Clubhouse remodel), that the Park needs to accumulate funds to do the work, and that PAC would have a better handle next year.

Jack indicated he would be in favor of attaching a comment that the PAC Board is concerned about the rent because of the conditions at the Park with a lot of the residents and that the City make note of that when adjusting rent increases.

Jim commented that the PAC Board is the organization that recommended the 2% increase in the first place and that it would look bad to go back on it now. He mentioned that the PAC Board knew the CPI would not be final until after the contract and that the CPI for Marin could be more/less than that, but also that the Novato rent control laws don't allow increases over 100% of CPI. That is why Cathy made the explanation that if the CPI for the year turns out to be less than 2%, the Park has to adjust the rent increase down. Jim concluded that the Park already has what Jack is asking for.

Jack's motion for the amendment was voted on and failed: 1 aye, 4 nos.

Original motion to approve the budget, with generator change, was voted on and passed: 4 ayes, 1 no.

2. Discussion/Action: All Board members to receive Draft Minutes from the Recording Secretary at the same time instead of forwarded first to the PAC Board Secretary (Jack Brandon).

Jack asked that the Board consider the following motion:

That all Board members receive draft minutes from the Recording Secretary at the same time instead of the minutes being forwarded first to the PAC Board Secretary.

The motion was made and seconded.

The Recording Secretary summarized the current process involved with drafting and submitting the minutes.

Jay asked questions regarding whether the Recording Secretary should be the party to distribute the draft minutes to Board members or if instead the Board Secretary should receive the completed minutes from the Recording Secretary and then distribute it to the other members.

Tom brought up a concern that distributing the minutes by a Board officer to other Board members could be construed under the Brown Act as a serial meeting, Tom suggested that the topic be raised at a 2x2 meeting.

Jim responded it wouldn't be serial communication for anyone, particularly the Board Secretary or President, to do this. Jim commented that currently the minutes are always posted at least three or four days before a meeting – on the board and electronically. Jim commented that the topic probably should be left to the new Board.

Peggy Hill wondered what the City of Novato does regarding its minutes. She also commented that the topic should be tabled until the next meeting, if the next Board wants to agendaize it.

The motion was voted on and failed: 4 nos, 1 abstention

3. Seating of new Board Members (Jim Olson)

At this point in the meeting, Jay, as vice president of the Board, is the most senior officer present (with the departure of President Jim Olson). Jay temporarily took over leadership of the meeting from Jim. Both Jim and Jack then departed from the Board table. Meeting attendees loudly clapped.

Jay welcomed Mike and Desiree to the 2014-2015 PAC Board and thanked both Jack Brandon and Jim Olson for their service in the last PAC Board. Meeting attendees loudly clapped.

4. Action: PAC Board determination of Officers

Jay indicated the first order of business is the election of officers. Tom mentioned he is currently unavailable to take on an officer role.

Jay then called for nominations for President. Jay was nominated and the nomination seconded. A vote was taken: 4 ayes, 1 abstention (Tom).

Jay called for nominations for Vice President. Desiree was nominated and the nomination seconded. A vote was taken: 5 ayes, 0 noes.

Jay called for nominations for Treasurer. Larry was nominated and the nomination seconded. A vote was taken: 5 ayes, 0 noes.

Jay called for nominations for Secretary. Mike was nominated and the nomination seconded. A vote was taken: 5 ayes, 0 noes.

5. Determination of next meeting date

The next meeting will be Wednesday, July 2, 2014 at 7:00 pm.

G. REPORTS FROM OTHER BOARDS

1. HOL

No report.

2. MAR VAL

Mar Val presented PAC with an egg timer to help PAC shorten its meetings.

3. MVSC

A resident mentioned that a non-resident currently is a member of MVSC. Jay responded that MVSC has several members who live outside and that outside members are allowed if qualified. Jay added that this could be a topic for the Board to address.

H. PAC BOARD MEMBER COMMENTS

The current Board gave a gift to Jim Olson for his long service. Jim was originally asked what he would like, but Jim responded that he has everything he wants. So, what do you give someone who has everything he wants!?: MarVal lottery tickets !

I. ADJOURNMENT: 12:11 PM