

FINAL Meeting Minutes

PARK ACQUISITION CORPORATION

Regular Meeting

7:00 PM

Wednesday, January 7, 2015

Fireside Room, 100 Marin Valley Drive, Novato, CA

ATTENDEES:

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

CALL TO ORDER: 7:07 PM

A. APPROVAL OF FINAL AGENDA

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

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

- Bill Davis provided comments about ownership of the Park. Bill has been a resident for around 8-1/2 years. He is the president of MVSC, a Marin Valley Mobile Country Club 501(c)(3) tax exempt corporation formed in 1997 to assume title to Marin Valley Mobile Country Club. The corporation's integrity with the IRS is in perfect shape, and the same applies with the State Department of Corporations.

Bill indicated his deep concern about affordable rents at the Park and also the (ownership) security of the long-term residents. Bill mentioned there is currently movement to study ownership of the Park. He reminded PAC Board members that they have been elected to represent the residents.

Bill urged Board members to make a decision during the evening Board meeting to tell the City: (1) to provide details (including an accounting) about what the City has done so far in Phase 2 of the long term study, and (2) that PAC is not interested in spending any more of their fixed-income on the project AT THIS TIME and that the project should be suspended.

- Jack Brandon made the following statement and also provided a written copy of his statement:

“At the meeting of 12/3/2014, in praising the accuracy of the minutes of the meeting of Nov. 4th, 2014, I referenced the fact that while a Board Member I felt that my comments were frequently censored and distorted. At the conclusion of that meeting, Peggy Hill approached me and was concerned that she felt I had impugned her integrity while she served that Board in the dual capacity of both a Board Member and Recording Secretary. I would like to publically state and have it noted that at no time did I ever feel that she acted in any manner with intention to alter any of my comments and I apologize if I gave that impression.”

- Owen Haxton spoke about a new book written by Michael Casey, someone Owen knows, about Casey’s great-grandfather, Henry Bothin (steel industry baron). Owen made a request to the Board that the book be added to the Clubhouse library.

Owen also mentioned he posted a form on the Clubhouse board for applying to join the Marin County Civil Grand Jury. He also requested the topic be included on the website and agreed that The Echo would also be a good place for it to appear.

- Gary Appleman mentioned how wonderful it is to see Matt Greenberg at the meeting (residents clapped) and that the Park is really fortunate to have such a professional. Gary commented that every day looking around he sees new Park improvements.
- John Hansen spoke about the Napa earthquake and the City of Novato’s proposal at that time to partially fund (via a long term loan) the installation of excess-flow gas valves at people’s homes. The program ended up not happening. John wonders if the program can be reinvigorated.

Jay responded that Ray Schneider also asked Jay to present a similar issue to the City regarding the gas shutoff valves. At the 2x2 meeting in December, PAC spoke with the City about the issue. The City and Matt are working at installing gas shutoff valves, but in order for this to occur funds need to be shifted around in the budget (requiring City Council discussion). What the City is planning regarding installation is in accordance with what Matt has suggested. Jay asked Matt to provide further details.

Matt indicated that Park management will be hiring the Park’s utility maintenance company. Around \$35,000 will be moved from the paving budget this year for this, though Matt expects the cost to be around \$30,000. A lot of the shut-off valves are currently too low and will be raised up to knee level. The current valves would be replaced with ball valves which don’t require wrenches for turning on/off. The City

has said “yes” and Matt feels confident the City Council will vote to support the transfer of funds. Matt anticipates doing the work in February. Matt mentioned the valves are manual ball valves with a yellow rubber handle.

John responded that these valves are not automatic shut-off valves – they are not safety valves but service valves. John thought excess flow valves (safety valves) should be installed. If a pipe breaks, this type of valve automatically closes. The safety valve is installed upstream of the meter, with the service valve located downstream. Jay responded that the homeowner, not the City, is responsible for everything past the meter.

John added that the City proposal he spoke earlier about was for the City to extend a long-term loan (up to ten years) to mobile home residents for the installation of the safety excess flow valve. John added that new flex hose is also needed. He also affirmed he is referring to downstream of the meter. Jay responded he would bring up the issue at the next 2x2 meeting.

Nancy Bingham mentioned that at some mobile home parks, residents can install the valves themselves. Matt indicated that Park homeowners don’t need management permission to install the valves, but that they should at least look at the website so they take the appropriate measures that are recommended and know the right type of flex line.

C. CONSENT CALENDAR

1. Receive approved minutes of November 4, 2014 meeting.

Motion made and seconded to receive the approved November 4, 2014 minutes.
Motion voted on and passed 5:0.

2. Approve minutes of December 3, 2014 meeting.

Motion made and seconded to approve the December 3, 2014 minutes. Motion voted on and passed 5:0.

D. REPORTS

1. PAC Treasurer's Report for January 7, 2015 (Larry Cohen):

PAC Final Balance	\$5,905.18
PAC Actual Balance	\$2,365.68
Humanitarian Fund Starting and Final Balance	\$3,539.50
Total Spent Current Fiscal Year	\$1,316.93

In response to a question, Larry mentioned the Humanitarian fund helps residents having difficulties making payments (rent and possibly utility). Residents seeking help need to go through Al Frei. Jay wondered how much of the fund has been used last year. Desiree mentioned it appears around \$2500 has been used over the calendar year and that \$1000 per month goes into the fund.

2. MVMCC Administration and Finance Report (Desiree Storch)

Desiree indicated the financial statements are looking normal and are posted on the Clubhouse board. The debt-to-service coverage ratio is currently at 2.78.

3. Maintenance and Capital Projects (Matt Greenberg)

Matt presented the following report:

- Quite a number of trees have been removed or pruned around the Park prior to the storm that was coming. He has come up to the end of the budget for tree line items.
- Trees have been removed or pruned at 10-15 residences since last month.
- Eight different residences have had French drain systems installed, with sump pumps and/or driveway tracks to divert water flooding around the homes.
- In anticipation of moving most of the paving budget, three driveways have been repaired in need of pretty severe concrete work.
- Windows coverings have been purchased for the Fireside Room and the Ballroom, and will be installed in a week.
- A damaged electrical line has been repaired that runs from the main transformer to pump house #1.

A resident thanked Matt for his tree trimming work last year around his residence.

4. City of Novato (Jay Shelfer)

2 x 2 MEETING --

Jay recounted the last 2x2 meeting that Jay and Larry had with the City – with Cathy Capriola and City Attorney Veronica – and Matt. The City focused entirely on PAC agenda items. They said they would have a further meeting with Jay and Larry in January (this month) to discuss those topics they want to be brought forward. Jay mentioned it is an additional opportunity for PAC and residents to speak further about issues.

At the 2x2 meeting, the following was discussed:

- Asked for Brian Cochrane, City financial person, to advise PAC about his projections regarding what is needed to meet Park needs. PAC had been told the City planned to raise rents 2% a year to meet the goal of \$10-12 million in 15 years. He is hopefully going to give his report in January, but the date has been put off several times previously.
- Asked that PAC be included in the engineering and planning for any Park projects involving spending of Park funds. Jay mentioned the City indicated that probably in the very early planning stages they wouldn't be able to bring PAC into it, but they would be better able to ask for PAC input as the plans became more concrete.
- Matt brought forward the immediate need for replacement of a portion of the sewage pump station infrastructure. Jay understands the request is currently under consideration.
- Jay/Larry asked that the fees the City is charging (\$25,000) the Park for the City's advisory services be more transparent. PAC wants to know what the funds are being spent on and would like to see a break-down of the fees, at the end of the year. Cathy is assigning a member of her staff to comply with that. She indicated that in January information and access to the person would be available.
- Jay hopes the ownership issue would be brought up in April.
- Jay asked about the potential noise from the Smart Train (blowing horn, etc.). Jay was told that the St. Vincent (private) crossing will be further down and should not impact the Park.

Comments/Questions from residents:

- Owen Haxton delivered the following comments orally and in writing:

“Good evening. My name is Owen Haxton. I live at 172 Marin Valley Drive, Novato.

In open comment time during recent meetings, I have brought to your attention what I believe to be substantive information regarding the anticipated return of the title of Marin Valley Mobile Country Club to a resident controlled 501(c)(3) nonprofit, IRS approved, tax exempt corporation. I have tried not to repeat myself.

In 1996, the City Council by resolution recognized that the Financing Authority anticipates transferring all of its right, title and interest in the Project after the bonds are issued to a yet-to-to-be incorporated 501(c)(3) corporation to be formed by or at the direction of the Financing Authority, the City or the Agency, at which time such corporation may be the operator of the Project.

In 1997, the City Council determined that and the Redevelopment Agency found and determined that the Project is of benefit to the City and the Novato Redevelopment Project Area, as it promotes and enhances economic development and preserves land and mobile home sites for low and moderate income residents within the City.

The OFFERING STATEMENT for the Senior Bonds under the Introductory Statement includes the following: The Owner anticipates transferring at a future date all of its right, title and interest in the Project to a yet-to-be-incorporated 501(c)(3) corporation (the "Corporation") subject to the consent of Financial Security (as defined herein); however, no assurance can be given as to when or if such a transfer will take place. The Owner currently expects to make such a transfer when there are no Subordinate Bonds Outstanding under the Indenture.

When the public purchased the Senior bonds, it was with the expectation that the title would be transferred.

When the experienced and knowledgeable investor purchased the entire issue of Subordinate bonds, it was with the expectation that the title would be transferred.

When Finance Security Assurance Inc. agreed to insure the Senior Bonds, it was with the expectation that the title would be transferred.

When the Bond rating agencies rated the Senior bonds as triple A, it was with the expectation that the title would be transferred.

When the California Local Government Finance Authority issued the bonds and facilitated the purchase of Marin Valley Mobile Country Club, it was with the expectation that the title would be transferred.

When the City Council in 1997 approved participation of city agencies in the Project, it was, I believed, with the expectation that the title would be transferred.

And more importantly, at least to me, in 1997 when the residents of Marin Valley Mobile Country Club voted by more than 66 & 2/3% to approve participation in the Project and also to approve a self inflicted 5.8% rent increase, based upon my assurances and in the final meeting of residents before the vote, the assurances of the Assistant City Manager, they did so with the full expectation that we were in the loop and our assurances could be relied upon.

The events from June 2005 until now bring those assurances into doubt.

As I am sure you recall, I suggested the Council form a Body to develop a "Transfer of Title Plan" for your consideration to pay off the subordinate bonds and enable the transfer of title by October of this year. I urge you to place consideration of that suggestion on an agenda in the immediate future.

Thank you for listening and for granting me additional time.”

Owen ended by mentioning he has heard discussion in the Park about whether the residents could manage the project. Owen responds to this by saying that when the older residents were in charge, the residents paid the City \$302,000 (their expenses), the financial adviser \$320,000 (his expenses), the attorney \$199,000 (his expenses), Two Type Rock in Colorado \$25,000, and the electrical outage response \$650,000. Owen indicated that the Park still had enough funds in 2012 to redeem the subordinate and pay off some of the senior debt.

- Regarding the 2x2 meeting, a resident asked what is happening with Autopay for paying rent. She has been asking about it for four years. Jay responded that he believes it is a management/Al Frei topic. Jay will refer it to Matt.
- Gary Appleman commented that the City has an obligation, as a government entity, to share the billing information and capital improvement plans it has with the residents. These are public records. Jay agreed. He mentioned that PAC has tried to obtain the information through informal means, and the City now says they are going to be providing PAC with the information, which they haven't done other times.

UPDATE RECEIVED FROM THE CITY --

Jay mentioned that just before this evening's PAC Board meeting, he received an update from Cathy Capriola. According to the report, City staff members, Tony Williams and Julian Skinner, have been working on these various projects, many in coordination with Frei management, PAC and residents.

- Slope Stability

Cathy Capriola wrote the following:

“If you recall, we did a slope stability study with Miller Pacific in 2011. Staff has done a review of those sites and added a few new sites for consideration based on Matt Greenberg's review and a few changing conditions. Earlier this year, Miller Pacific performed detailed geotechnical investigations, including soil borings at three priority sites (99 Panorama, 3 Wild Oak Drive, and 17 Marin Valley Drive). Based on this investigation, staff is moving forward with the design of drainage improvements at each site with a retaining wall/debris catchment alternative at 17 Marin Valley. Because these planned improvements are significantly less costly than full slope re-constructions and stabilization as previously anticipated, staff recommends completing the drainage improvement designs and then shifting \$85,000 from the slope stability budget to the elevator/vertical lift project (see more information below).”

A resident asked if any of the Smart Train environmental impact reports examined the impacts on the Park from having 70 trains going by within a half mile of the Park every week (which could be similar to having 70 mini-quakes). The resident asked this question to Cathy and didn't receive a response. The resident voiced concern about the impacts on the stability of the steep slopes around the Park, that already have a history of slides. Jay responded that he will bring it up at the next 2x2 meeting.

- Clubhouse ADA Project

Cathy Capriola wrote the following about this topic:

“Tony has been working with the architect and a group of residents to review the prior ADA study and determine priorities and a plan for phased implementation. There seems to be growing agreement that an elevator/vertical lift to access the bottom floor of the Clubhouse is important and the first priority.

The Capital Improvement budget for MVMCC had a budget of \$105,000 for the Americans with Disabilities Act (ADA) Club house improvements. Over the past six months, City engineering staff have been working with an ADA consultant and a sub-committee of residents at MVMCC to review the ADA needs of the

facility and determine a plan with priorities based on the prior ADA Clubhouse study that was completed in January 2012. As you may be aware, the Americans with Disabilities Act does not mandate immediate retrofitting or changes to make a public facility fully accessible. However, a public agency does need to be moving forward and making progress to improve the accessibility of a facility. With this in mind, staff is bringing forward recommendations to focus the FY 14/15 expenditures and create longer term plan for the ADA issues for the Clubhouse.

One of the larger ADA expenditure items for the Clubhouse was for an elevator to connect the floors (a total of 3 levels).” [Jay stopped reading the report at this point.]

Jack Brandon made the following comment:

He urges the Board to ask questions concerning ADA work pushed for by the City. ADA is not a law but mostly a list of suggestions and is open to interpretation. Jay responded he will do it. Jay also forwarded a response by Desiree that one of the points made by Jack was mentioned in Cathy’s report – in the part where Cathy indicates that City staff and Cathy would be interested in PAC’s opinion, as well as residents, about how and what things should go forward.

Jay indicated that instead of reading the rest of the report, the Board would review the details, contact Jay with comments, and Jay will bring up the above issue(s) with Cathy at the 2x2 meeting.

- PG&E Easement for Gas Line Maintenance (Top of View Ridge)
The easement involves Mike Hagerty’s home and Jay asked Mike to comment. Mike summarized what Cathy wrote – that after extensive discussions with PG&E and a final resolution agreed upon, a carport and front office will need to be relocated at 21 View Ridge, and a carport will need to be relocated at 22 View Ridge.
- Revised Clubhouse Event Policy and Tree Policy
Jay mentioned that both policies have been reviewed by the City and City lawyers, and will be forwarded to MarVal and HOL, and then brought to PAC hopefully the next month.
- Mobile Home Park Utility Upgrade Program
Jay mentioned some good news, introduced to Jay by Matt. The California Public Utilities Commission (CPUC) has a pilot program in which PG&E will replace the current aging utility infrastructure (new meters, new gas lines, new electrical

lines, etc.) in mobile home parks and provide services directly to park residents (in place of the current privately-operated, master-metered service). 30-50% of the Park's total infrastructure replacement needs the next 10-15 years would be covered by this. Matt has prepared a report to the City about the program and the City is reviewing it. The application to PG&E needs to be in by March, after which it would be reviewed by CPUC. This will be examined further at the January 2x2 meeting.

A Board member asked if the contract would be with PG&E and Jay said yes. The Board member wondered if PG&E has been to the Park to prepare an estimate and Jay said no, not to his knowledge.

E. OLD BUSINESS

1. City's report on Ownership issues (Mike, Tom)

The City's report on Ownership is expected in April. Mike and Tom wish to discuss the sequential process whereby Park residents make any decision about ownership. Specifically, they want: (a) the City's report to include preliminary estimates of additional monthly cost to each resident, including cost of refinancing the mortgage and of any new property taxes, (b) a "town hall" meeting to explain the report and answer questions, (c) a poll of all residents on any ownership decisions, and (d) discuss a "cease and desist" point to prevent spending more money on the next phase of the study if residents choose to end the process.

Mike mentioned that six residents have contacted him over the last month regarding the ownership issue because they are worried they won't get enough input over the decision-making for resident ownership or continued City of Novato ownership. In Spring, there will be a report which will include preliminary estimates of additional costs to residents, and whether the financing of the Park will allow it. Mike proposes that a town meeting be held when the report comes out to discuss it and for there to be a poll, eventually, to obtain the opinions of the residents regarding the ownership issue.

Tom suggests that before the City goes forward into Step 3 (of a 5 step process), a poll or resident survey be taken to count the number of residents who would like ownership to occur. If a sufficient number of residents say "no," it makes no sense to go further with the 5-step process. Step 3, the next step, requires a budget of \$20,000. Step 4 has a budget of \$200,000. This is an investigatory process of the City to pay City staff to see if it is feasible to transfer ownership.

Tom referred to a copy of an agenda he has from a City Council meeting held July 9, 2012. One of the meeting topics, under “General Business,” focused on options for long-term ownership of Marin Valley Mobile Country Club. A second item considered looking at if there is a majority interest in discussing the alternatives and options for long term ownership for MVMCC and, if so, direct staff to develop a work plan, budget, etc. Tom thinks a poll or survey could/should have been taken then to determine interest. If there was no interest, processes stop.

Tom would like the 2x2 committee to get clarification about this and obtain the City’s opinion about the following: (a) does the City feel it is in their interest to transfer, (b) do they want to transfer, and (c) if there are a certain number of residents (a majority) who do not want to transfer, will they stop the process.

Discussion:

Linda Jones provided comments about Park ownership. Linda has a long history with the Park. She stated that at no time was there an enthusiastic desire for residents to own the Park. Linda indicated the following questions need to be answered: How much is it going to cost each person for it to happen? Property taxes will need to be paid – how much will it be? What is the individual cost going to be?

Linda would like every person who votes on this issue to look very carefully at the 501(c)(3) rules, which clearly state that once a 501(c)(3) organization gains ownership, the Board has total decision-making and there will be no participation with the residents. If residents own the property and something goes wrong, the residents pay the assessment. Linda emphasized she has lived at the Park 24 years and has never had an assessment. Ownership of the Park sounds great, but what are the responsibilities that go along with it. Linda agrees there should be another survey, but that facts are needed before such a survey is done.

Jay responded that the survey will be a very fair survey which will lay out the facts, and that all sides will have input into it. What is important is that Tom’s previous comments/questions resulted in the City report by Cathy. There will be a town-hall meeting when the results from Step 2 are received. PAC will give input to the City along the way.

Mike made a motion, which was later seconded, for a town hall meeting to be held after the report comes out and for there to be a formal poll of residents after that. Desiree responded that in a previous meeting with the City, the City mentioned that when the report is presented, the City would be bringing the report to the City Council meeting held at the Park. Larry also asked about this at the last 2x2 meeting and was told the same. Mike withdrew his motion.

Rick Oltman commented that residents have done everything the City has wanted them to do. All that remains is the final vote for transfer of ownership, which is the final step of the process. Rick mentioned that, as Owen previously indicated, the votes taken showed a supermajority want the transfer to the Park. The residents did what the City asked. A 501(c)(3) was created (the proper receptacle to hold the title). Rick mentioned that the Park could not be sold (later) unless a majority of residents

agreed. Rick summarized the wealth of experience held by Park residents and spoke strongly that the residents had the expertise to run the Park well, and also reminded everyone that the residents ran the Park for years before Al Frei. Rick spoke about the slope and slide repair work, and the retirement of the Park bonds, and that only after the residents told the City what they planned to do about them did the City stop talking with the residents about ownership transfer.

A resident asked what the benefits would be for residents to own the Park. Rick Oltman responded that the residents have proven they can run the Park, and also that the debt could be retired and rents frozen.

Henry Frummer urged residents not to argue about the past because we have various views of what happened in the past, but instead to focus on what's happening now.

Gary Appleman mentioned that in California, there are tens of thousands of homeowner associations. If the Park becomes resident owned, it's like any other homeowner association that is under the Davis Sterling Act (under the Civil Act). The Act controls what the Board can do that controls the Park.

F. NEW BUSINESS

1. Determination of next meeting date

The next meeting will be: **Wednesday, February 4, 2015, 7 pm.**

G. REPORTS FROM OTHER BOARDS

1. HOL

Nancy indicated there will be a meeting in two weeks.

2. MAR VAL

No report.

3. MVSC

No report.

H. ADJOURNMENT

Mike Hagerty mentioned he has not seen any of the previous polls. If anyone has copies of the previous polls and forwards them to Mike, Mike will make copies for the next meeting.

Motion made and seconded to adjourn the meeting. Motion voted on and passed 5:0.

Meeting adjourned at 8:22 PM.