

FINAL Meeting Minutes

**PARK ACQUISITION CORPORATION (PAC) BOARD**

**Marin Valley Mobile Country Club**

Novato, CA

Special Meeting: Tuesday, June 13, 2023, 1:00 PM

Via Zoom Teleconference

ATTENDEES

- BOARD MEMBERS: Jay Shelfer (President), John Hansen (Vice President), Carol-Joy Harris (Secretary), Steve Plocher (Treasurer and Chairman of the Finance Committee), Joan Cervisi (At Large)
- PARK GENERAL MANAGER: Matt Greenberg [Absent]
- RECORDING SECRETARY: Terri Beauséjour [Absent]
- OTHER: Approximately 60 other residents

CALL TO ORDER

Jay Shelfer called the meeting to order at 1:00 PM and announced that this is a special meeting of the Park Acquisition Corporation Board.

A. APPROVAL OF FINAL AGENDA

John Hansen moved for approval of the agenda and Carol-Joy seconded with a correction: The next PAC Board meeting will be on Monday, July 19. This will be a workshop meeting with the City to discuss the capital budget and is scheduled to be from 2:00 P.M. to 6:00 P.M. in the ballroom of the clubhouse. The agenda was approved as amended, 5-0.

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

Anila Manning proposed that we add to the duties of the PAC Board someone to look out for Novato City Council agendas since they do not necessarily notify us about their agendas beforehand. She requested that someone keep an eye out for those notices and let everyone know a little more ahead of time.

Michele Rodriguez expressed her appreciation for the preparatory meeting opportunity and suggested that everyone read all of the public works capital improvement reports and try to get organized around priorities for infrastructure and associated costs. If anyone wishes to review

these reports, they may contact any of the PAC Board members. Erma Wheatley and Steve Plocher will also coordinate posting them to the website.

Ellen Jane emphasized that all residents should read the Grand Jury report. The pages addressing our Park are Pages 11 and 12. Erma confirmed that pages 11 and 12 are already on our website.

#### C. CONSENT CALENDAR

There was no consent calendar.

#### D. REPORTS

There were no reports.

#### E. OLD BUSINESS

There was no old business.

#### F. NEW BUSINESS

1. Discuss and prepare response to Marin County Civil Grand Jury report, "Novato's Chronic Fiscal Deficits: A Call to Action."

Jay stated that this report by the Grand Jury was released on June 8, he found out about it on June 9, and he immediately alerted the PAC Board. He decided to call this general meeting in hopes that MVMCC can get ahead of it, now that it has been released to the public and made available to the City Staff and City Council. He wanted the Board and the residents to have time to think about and prepare a response to the Grand Jury and to the City. At the outset, we were not contacted about this investigation as it was underway. The information we received as a result of their report and their recommendations, does not seem to be justifiable. Much of the information set forth in that report was very one-sided, and furthermore, it appears that much of it is not factual.

Steve Plocher has been diligently reviewing the information in that report as to whether various aspects of it are a factual representation. The report notes that the City of Novato has not had an audited financial statement for three years, and four years back, their financial statements are still under review. Therefore, it is very difficult to factually understand what is being said. The accurate information that is necessary for our operation has not been made completely available to us in a timely fashion.

In general, we need to listen to the people who have carefully analyzed this report and gain a better understanding of what is in it and how MVMCC is being categorized and described. We need to determine what makes sense to us. We have been part of the City

of Novato since around 1997, when we arranged the purchase of the Park from the previous owner. It was set up as a nonprofit to benefit low- and moderate-income individuals. Since then, over a period of 11 or 12 years, we have contributed around \$500,000 in fees and oversight payments to the City of Novato, including such items as owner's expense, taxes, in-lieu-of taxes, and the monitoring of the rents that we pay. The City has an ordinance to ensure that our rents are not raised by more than the Consumer Price Index (CPI), and the City charges us over \$18,000 per year to oversee their own approach to mobile home parks.

John noted that there is a lot of misinformation within the report. We don't know the origin of that misinformation, which makes the entire report rather suspect. We don't know if the Grand Jury misunderstood what the City staff said, or if the City misrepresented the information, or something in between. If we know with respect to MVMCC that there is misinformation, how do we know what elements of the overall report may or may not be accurate?

Carol-Joy elaborated that even within the report, the Grand Jury states that the City Council often disregards recommendations from certain commissions. Even given just a read of the newspapers, one can find reporting that the Grand Jury's recommendations are disregarded at times. The report does say that City staff and Councilmembers were interviewed; however, nowhere in the report does it state that PAC Board members were interviewed, nor was Matt Greenberg. Thus, the Grand Jury was apparently operating under limited information in her view.

Jan Thomas stated that she feels that we can respond to their claims and discredit them, for example, their claim that we are not really a low-income community, that the people here have money and that our homes are not affordable. They are saying that we are costing the City a lot of money and that the City should consider selling us. She shared a document stating what low and moderate income is in Novato. They are talking about an income of \$60,000 or \$70,000 to fit the low- to moderate-income level. So many of us are relying on our savings. We find Marin County very hospitable and have invested our savings and are relying on income from Social Security. Each year is a drain on our savings. The argument that we are not the right demographic is incorrect. We are retired and are relying on our savings and reduced income.

Mary Currie feels that the process as to how the PAC Board moves forward is important. A Grand Jury is made up of citizens of the County of Marin, set up by the Board of Supervisors to investigate municipalities, special districts, and such, as a volunteer organization. Mary has been asked to serve on it in the past. During her 22-year career as a spokesperson for the Golden Gate Bridge District, the district was the subject of two Grand Jury reports.

It is the jurisdiction that will respond to the report. However, it is very important that the PAC Board and the community create a detailed, specific written response, as we are highlighted on Pages 11 and 12. It should be a very formal, well-thought-out process. She encourages us to go forward with that very formal, detailed, strategic response addressing those issues in that report, which contains a number of inaccuracies. She believes that the City has 90 days to respond to the report, so the PAC Board should provide a detailed response to the City within about 30 days. She offered to help with the process.

Marshall Krantz, who has been in the Park for a couple of years, wants to know what we are looking to accomplish tonight. He would like to delve into the Grand Jury report and wondered if we would be able to address what our response should be to the report. Marshall informed us that there is a mechanism for public comment on the City website and that the deadline for such comment is 3:00 P.M. today. The Grand Jury report contests the basic position of the community here that it is a self-sustaining community. He thinks we need to show that we are a completely independent community and that we are independent of local government.

A couple of other things don't have to do with the budget particularly but instead are about the residents and the prices of the homes. They say that just 41% of the rented spaces are required to be occupied by low- to moderate-income residents. He is wondering about the demographics of the residents who are here, not the spaces that are required to be occupied. It makes it sound like 59% or 60% are above that. He thinks the qualifying income should be compared to the median income in Marin, which is something around \$130,000 according to the Census Bureau. The last bullet point in the report about MVMCC talks about home prices. The median price of a home here is quoted as \$347,000, which is about 1/5 of the median price of a home in Marin County, which means that even the highest-priced home here is less than half of the median.

Pat Higgins stated that she thinks that we must point out that we are self-sustaining and that even the electrical is in the black. It is disconcerting that the City's accounting is backlogged.

Jan Thomas stated that the City is having a retreat in August to strategically determine what to do about certain properties that they are considering selling. She feels it is important for us to put our information together and submit it well before that time, since having that information and our perspective will likely affect their decision-making and that they may make decisions in August. She can help us develop a survey or questionnaire to help us gather our demographics. The City is not into sentimentality; they don't want to hear from each one of us as to how the rent increases or selling the Park will impact our lives. They are bean counters, so we need to present them with a report and accurate data. Jan is willing to help.

Laura Kradjan-Cronin said she received an email that stated that the report was attached but that it did not contain the attachment. Jay responded that the report is now on our website.

Carol-Joy stated that the City Council directed City staff to revise the budget for MVMCC and to work with the residents here, not just the PAC Board, and that the workshops are to address the long-term sustainability of the Park. The first one is Tuesday, June 19 at the clubhouse.

Jay called upon Steve Plocher to go over the financial aspects of the report and to report on the legitimacy and veracity of the figures in the report. Steve stated that the report reads like a tabloid newspaper, from his point of view, in that almost everything about it is negative and untrue, except for perhaps the last paragraph where the City admits that they need to tighten up. It is a critique of our community and our financial position that is almost totally incorrect. He does not know why that is, but his first concern is that we somehow need to form a more productive relationship with the City staff, because right now, it is not working. We don't want to go to battle with them because we cannot win that battle. We need to do something about improving the working relationship. As he goes through the report, all will see why.

The first paragraph states that the Park is neither self-sustaining nor is it independent of local funds. Both of these ideas are wrong: We are self-sustaining, and we are totally independent of local government funds. We are what is called an enterprise fund. An enterprise fund is like the university press for a university or the water department for a city or a county. It is a separate department that is expected to pay for itself. The city does not want to have to support that department. It is not a legal entity, nor is it a corporation. It is an accounting concept, but it is used for situations like ours. We are described as an enterprise fund in the annual audit of the City of Novato, and that is the only place to which that designation is referred. There is only one enterprise fund within that annual City budget, and that is in the form of MVMCC. We are an organization that will not put a financial burden on the City. There is a reason that the City is the owner, but we must collect our own income and pay all of our own expenses. The City has never put a penny into the Park. One could argue that the recent grant of \$3 million dollars is from the City; however, that is money they put toward doing work on the two pump stations, for which they will bill us, and furthermore, they are receiving a federal grant to fully recover that \$3 million. We are an organization that has not, does not, and will not put a financial burden on the City. We have to maintain ourselves, but there is a reason that the City is the owner.

The report goes on to say that MVMCC's expenses have exceeded revenues by a total of more than \$3.6 million. That is just blatantly false. Steve doesn't know where they get their numbers. He has all of the financial statements for the Park. They are the same financial statements that we go through with Chris Blunk, our liaison with the City, every

year. There is not a separate set of financial that they have. He thinks they may not know what income and expense means. Maybe they don't know how to read them. He doesn't know who came up with this comment. He can show any of you and any of them at any moment that we actually had profits in all of those years. Profits are the income less the expenses. The expenses do not include paying the principal on a mortgage or making capital investments in the Park. Those are not expenses. Expenses are those items you go through in one year, such as supplies, telephone expense, insurance, things that just come along all the time. On the other hand, capital investments are expenditures such as building a retaining wall that is going to last for 50 years. Our income before capital expenditures and paying the bank loan is generally around \$1 million every year. Even after paying the bank loan and making our annual capital expenditures, we have an average of around \$460,000 left over in each of those four years, which goes into our reserves. That is not a lot when you look at the future projects we have planned; however, it is not zero, and it certainly is not a \$3.6 million deficit. This is the kind of stuff that is throughout this report. It is shocking. He doesn't know what kind of accounting they are using, but we really must work on our relationship with the City staff because this is intolerable. This is a failure to communicate, a failure to share information.

Jay stated that there is an insurance ledger that the City says they have been paying for us without letting us know that these have been getting paid by the City, so now they have sent us a bill for several hundred thousand dollars and are looking for a lump sum payment. For example, if we did not know about an expense, how can we possibly include it in our accounting?

Steve reiterated that we must somehow revive our relationship with the City with regard to the financials and with regard to timeliness. There is \$900,000 of insurance billings that they have not submitted to us over the past five years. Steve sent them an email a few days ago about this asking, "How could you do this?" We are supposed to be participating in a budgetary process every year so that we can avoid showing a loss, and they are withholding this kind of expense from us. We could have changed a lot of things. We may have tried to arrange the budget differently, or we may have suggested a rent increase sooner. It is unconscionable that they would behave that way.

John Hansen stated that at this point there is nothing to say that these figures are correct and they may not have any meaning. There could be other errors that the City just may not know about.

Steve stated that the report says that over \$200,000 per year in utility costs are not covered via pass-through charges. We do not have water meters. We bill for electricity and gas because we can measure those things. Our water bill is about \$110,000 per year, of which about 90% is for the residences; however, we cannot bill for the common areas such as the clubhouse, the pool, and the bathrooms. The Park pays the water from the

general fund and doesn't bill through for that. In order to do so, we would have to install some sort of metering, which is a very expensive investment, so that is probably not going to happen anytime soon. The remainder of that \$200,000 is simply the Park's share of the electricity, which is quite a lot because that takes care of the clubhouse, the pool, all the lights throughout the Park, the common spaces, the laundromat, the air conditioning, and more. So there is no mystery here. This is not a problem. It is a fact of life for the Park, but they are trying to say that it is a major problem.

The report says that since 1997 the City has relinquished the bulk of oversight and decision-making to the PAC Board. Nothing could be further from the truth. The City has relinquished nothing. There is almost no element of our existence at MVMCC where the PAC Board makes anything close to a final decision. We are volunteers; we are not paid; we don't have an office or a phone number. We are strictly advisory and a liaison between the City and the residents. We can't be in charge of anything like that. The City owns the Park. They have final say on everything. Our biggest role is to contribute our opinion and our advice when they call upon us, which happens every year with the budget and oftentimes during the year if there are changes to the budget or larger items that occur and which need to be dealt with. They will solicit our input because we live in the Park and there can be significant factors, such as if they are going to be digging up the ground or closing up streets and such. They have never relinquished any of that to us.

The report states that the Delegation Agreement assigns responsibilities to the PAC Board, such as hiring a park management company. Actually, the City does the hiring; they do most of the investigating and inquiry and discuss the money that is going to be paid to the management company. The report states that the PAC Board is supposed to be preparing the annual budget. That is not true. The management company prepares the budget, reviews it with the City, and then it finally comes to the PAC Board for review and comment. Then the report goes on to say that PAC is responsible for accumulating reserve funds for future projects. This is untrue. The PAC Board has no access to the reserve funds, and generally, we do not know where those funds are or what they are earning, and we don't put deposits into them; only the management company or the City can do that. We have no access to those funds nor control over them. We are not signatories to those accounts.

The report goes on to claim that the PAC Board is responsible for submitting financial reports to the City. On the contrary, we don't have a bookkeeper nor a hired accountant, and we don't have access to the checkbook nor to making deposits, so how could we make financial reports? The management company does that. Finally, the report states that the City defers to the PAC Board regarding rental increases. There have been two times over the past seven years where the PAC Board has presented protests against rental increases before the City Council. In all other years, Jay and Steve would meet with Chris Blunk, and Chris would say, "We're not proposing any rent increases this year." We would not really argue that point; for example, we would not claim that there

is weakness in the reserves and so we want to put more money in there. As a controller I might do that, but I am representing 425 people in the Park, and a regular rent increase is going to be difficult for a lot of people. We are not anxious to push that side of it. The City has never deferred to the PAC Board with respect to rental increases, although they may have acquiesced to our protests in a few years. He doesn't think that is the same thing.

The report states that the City intended the MVMCC to be self-sufficient, with revenues coming entirely from tenant-paid rental fees. Yet, "at PAC'S request, the City has not increased rental fees since 2016, freezing rental income, despite increasing Park expenses." No, PAC has never requested that rental fees not be increased. Even in the instance of those two years where there were protests made to the City Council, those would have been individual residents, not the PAC Board.

Jay commented on the budget procedure. The management company prepares the budget based upon the information they have. So if the City withheld those insurance policy premiums and the management company didn't know about them, it could skew the budget. Once the management company submits the budget to the City, the City potentially amends it and sends it to the PAC Board for us to review. Finally, the budget goes to the City Council, who approves it or not. Then they send it back to the PAC Board. We review it and write a letter to the City stating either that we accept the budget or would like to see amendments, such as a rent increase. So we can comment after they have approved it, but once it is approved, there is no guarantee that any of our comments will impact the budget itself.

Carol-Joy suggested that since there is a City Council meeting tonight with only the budget on the agenda, not the Grand Jury report, that we should perhaps focus on the budget discussion. She explained that if comments were brought up regarding the Grand Jury report at tonight's meeting, those comments may not be heard. Jay interjected that nonetheless, some of the information is quite damning toward us and that the inaccuracies could adversely impact the City's decision-making concerning the budget. We are going to respond to these items after all of the information is on the table.

Steve continued reviewing the report. It discusses the cost of the houses in Marin Valley, and he stated that there is a lot of copy in there that feels like they have some sort of attitude, as if they are unhappy with what we are doing in Marin Valley. For example, "In a recent three-year period, 28 houses sold in the range between \$110,000 to \$717,000, with a median of \$347,000." Steve does not understand their point nor concern; why is this relevant?

Reading on, the report claims that even if enacted immediately, the incremental rental fee increases provided for by the rent control guidelines would not provide the revenue needed for MVMCC's projected financial needs. It is simply too little too late. This is



somebody's opinion. That is why Steve is very disappointed in the City staff. Why don't they talk to us if they have these feelings? So much of this report seems like anger and criticism and is not based upon solid financial data.

After reading all of this, Steve talked to Jay, and they thought they should make a response at tonight's City Council meeting. Steve prepared a document that addresses each one of the paragraphs in the report. He prepared it in four different pieces because one can only talk for three minutes during the public comment section of the meeting. Our plan is to essentially speak for 12 minutes, rebutting the document. Steve then talked with Mary Currie, who emphasized that tonight's meeting is really only about the budget. The staff and the City Council are really anxious to resolve the overall City of Novato budget issues and to continue working on it, because it's a very hot item with the City, along with our budget component, which is only a piece of that. Steve concluded that throwing our critique of this document at them tonight, when they are so intent on resolving the significant overall City of Novato budget issues, would perhaps not be heard in a way that would be productive. He suggested for tonight that we just make a brief statement that we are not very happy with the Grand Jury report and leave it at that. We should wish them well on their budget deliberations. We were prepared to address this tonight, but we are rethinking it and will plan to bring up this Grand Jury review and comment at another time. We should focus now on finding a better mode of sharing and collaborating with the City on the future of MVMCC.

John Hansen applauded Steve for all of the work he has done on this. He thinks we do need to present something on this tonight, albeit within public comment. The City has a lot on their plate, but they need to understand that we have some very, very grave concerns about that report, including the accuracy of it, the meaning of it, and the origin of it. We should let them know that we are very disturbed by the report. Then we can get on to the budget, but it does put a light on that budget as well. We need to tell them, politely, that it appears to us to be a bunch of bunk. That report raises a valid question as to whether the budget is correctly composed.

The budget that is presented to City Council is not for approval. Tonight they are going to look at the budget to see if we have achieved the targeted debt service coverage ratio (DSCR) of 2.1. Then they will look at the capital budget at a later date.

Mary wanted to follow up on a few things, first thanking Steve for all of his work. She believes that strategic thinking might be responding to the Grand Jury report as soon as possible. Having been a public servant for her entire career, she is not unfamiliar with being on the receiving end of sometimes angry emails from the public related to issues such as this. She has found what works best is if one helps the staff do their job. Rather than sending them a negative barrage, you want to, yes, make the response to the Grand Jury report, but also perhaps create a fact sheet that they can use to work with that contains accurate information that can be used to help them.

Mary also suggested that we be careful of the timing of going to the media. Once all of our preparations are made, go to the Editorial Board of the Marin Independent Journal and share with them our prepared, well-organized formal response and remarks.

Kamala Allen commented that it seems to her that somebody has a foregone conclusion about our situation here. She suggested that we find the appropriate person with whom we can cooperate and who we can educate as to the inaccuracies and our objectives and plan. Since the budget is somewhat based upon this, they need to know that it is totally wrong.

Jay stated that the report has both untruths and half-truths and that there are conclusions based on these. They are incorrect and not complete, so how can one draw conclusions from that? We are certainly going to prepare a response to the Grand Jury report, and from this meeting we want to have a plan as to how we should approach the City Council.

Dave Tetta stated that he thinks that we should work with the press on this. He said it seems to him that the City does not have any respect for us in some significant ways. We don't really have a collaborative relationship. We need to do something to address this kind of egregious behavior. Dave worked with the government and did a lot of public outreach related to Superfund sites. They need to know that we will take whatever measures we need to in order to address what actually seems like an abusive relationship.

Bill Davis thinks we need to address tonight's City Council agenda and their need to have this budget in place by July 1. The other part is related to the July 19 workshop meeting, at which time we can talk about the improprieties and errors in the Grand Jury report. Let's not confuse the two. Today we need to comment on the budget that they are putting forward, as that is what they are going to vote on.

Jay reiterated that the meeting tonight will just be to accept the City staff's revised figures for the budget. We are definitely going to prepare for the June 19 meeting and are going to further consider what kind of response we are going to have for the Grand Jury. We need to let the City Council know that we are not in accord with the facts and the conclusions of that Grand Jury report and that it is not, in our belief, reflective of reality.

Jan stated that she thinks we need to have as many people from MVMCC as possible attend the meeting. She also noted that Al Frei, the Park manager who predated the Helsing Group, used to attend the City Council meetings and would speak on our behalf about the budget.

Carol-Joy referenced her background in marketing and suggested that anyone who can go should go and let them know that we are, in fact, self-sustaining. She suggested that

repetition is what works. Come in person or phone in and say the same thing over and over again, because we have all reiterated that we do not cost the City a cent. Carol-Joy suggested that everyone should confirm their understanding of that from having attended the PAC Board meetings. We should say that we are disappointed with the Grand Jury report, that we believe it has many inaccuracies, and that we look forward to working with the City staff and City Council going forward. Steve said that the City Councilmembers just need to know the true facts.

Michele reiterated that a simple statement, not a diatribe, is more appropriate for tonight. Jay recapped that we need to let them know that we know this is incorrect and that we just want to establish a clear understanding going forward.

Jay asked Steve and Mary to draft a report that the PAC Board can present as a response. Steve stated that he and Mary had already started on that report.

Gail Roberts thanked everyone and stated that she is indeed disturbed by the information that she and her husband had received. She is worried about what Ellen Jane said about our \$5 million being kept in a non-interest bearing account at Umpqua Bank, which is now under investigation for fraud. Steve stated that we will get to this as part of the budget discussion.

Getting back to addressing the Council about the Grand Jury report, Marshall stated that they should know that the report is incomplete in that there were no interviews of the City Manager nor MVMCC Management nor the PAC Board Treasurer. It doesn't need to be a direct criticism of City staff, just that the Grand Jury was not provided complete and accurate information.

Mary stated that a Grand Jury would only be talking with a public agency, that they would not be communicating with anyone from MVMCC, but apparently the City did not provide accurate information.

Jay proposed that we vote to have Steve Plocher and Mary Currie prepare a comment for the City Council, and Steve would introduce himself as the Treasurer of the PAC Board. If you go in person, you can hand ten copies of your comment to the City Clerk to be distributed to the Councilmembers.

Carol-Joy asked how we get the questions and comments to the City Council or to the City Clerk so that they can be provided to the Councilmembers. Mary suggested that we should submit one comment with everyone's questions and comments incorporated. She suggested submitting copies to the City Clerk and that they legally have to consider the comments. Then the comments will be shared with everyone after the public meeting, and we will ask for them to be submitted to the record for consideration.

Michele clarified that the purpose of tonight's meeting regarding the budget is to gather public comments for the Council to consider and then for the Council to direct staff as to whether there

is any action to take. If you submit questions that the Council is not in a position to review, they may not direct the Clerk to allow for their being addressed. They have to consider our comments, for example, “We don’t like that the fire abatement line item is being reduced by \$100,000.”

Steve interjected that the fire abatement budget is being reduced because much of what we paid for last year will now be borne by the Marin Wildfire Prevention Authority (MWPA), including our part of the Greater Novato Shaded Fuel Break. They will be paying for the goats and for hacking down the brush and limbing the trees in our defensible space.

Carol-Joy asked about the huge increase in insurance, and Steve reiterated that he had sent the City a scathing email about four days ago. In the new budget was \$200,000 for general liability and \$65,000 for Mar Val insurance. In previous years, the budget was around \$90,000 for general liability and \$8,500 for Mar Val. Chris Blunk stated that there are 11 insurance policies for MVMCC and that the City has been paying for this insurance but has neglected to inform us of this.

John Hansen noted that the City has said that certain books are closed, but now they are opening the books again. John cannot trust the City staff because they provide different information, or he gets responses like, “We own you, so we can do what we want.” He wonders how a Grand Jury could have such inaccurate information and does not trust the City staff at this point.

Steve repeated that we cannot fire them, nor can we go to war with them. We need to find some path to a working relationship.

Jay called for a five-minute break, then called the meeting back to order.

Jay had fielded a call from Chris Blunk during the break and wanted to be read in to the June 19 meeting so that he may prepare for the discussion and present his information. He also reiterated that the City Council will not be voting on the budget tonight but will simply take comments.

2. Review and discuss draft MVMCC budget to be presented to Novato City Council at their June 13, 6:00 P.M. meeting.

John Hansen feels that first of all, they want to increase the rents, which may or may not be justified because there are too many numbers in the budget that are suspect, the insurance being just one of them. So in projecting the raise in rents right now, he would like to see a satisfactory budget in order to determine whether this is needed and justified. It is just not based upon good information. The first thing the City said was that they want to raise the rents, but we don’t have enough information to know why.

As for paying rent toward capital improvements, he stated that is likened to “paying it forward.” He believes that should be evaluated on a much shorter timeframe. We have two years to pay on

the loan and have to consider paying that off. Many current residents may no longer be living here and therefore would not benefit. We have plenty of time to do it; we just have to have the will. We should consider loans, soft money, and grants. We could, if we were a 501(c)3, rather than a 501(c)4, consider grants. There are many grants available to low-income-oriented projects. We should put together a program ourselves to research that. He thinks we can be much more creative with the City to see how we could pay for things.

Jay suggested detailing John's ideas for the June 19 meeting, if appropriate. In answer to Mary's query, Jay explained that the budget is on the website. In summary, tonight the City Council will be discussing a 5.7% rent increase on July 1 and another 5% increase on January 1. Jay is uncertain as to the legality of those timeframes. In the past there has been a six-month noticing of rent increases. He speculated that Proposition 218 may come into play in terms of noticing requirements. Carol-Joy stated that the HCD requirements for mobile home parks provide that rent increases must be noticed at least 90 days in advance of the increase. Carol-Joy was at the City Council meeting when City staff was directed to implement the rent increase, and she stated that the vote was taken just before midnight and that the City Attorney had already left the meeting. Otherwise, she presumed that he would have stated that the rent increase would not legally be able to take effect on July 1. John also recalled from the HCD that the rents can't be increased twice within a 12-month period.

Jay continued reporting on potential increases proposed by City staff. He stated that they are proposing an increase in the budget for garbage, electricity, and gas. He thinks there is an assumption that these increases could be passed through to the residents, which he states is not the case at all. The residents are not billed for the water, but he does not understand how the residents could be further billed for the electricity, for example. He suggested that this is a question that could potentially be posed to the City Council as part of the consideration of the budget tonight.

John stated that if the City had enterprises other than MVMCC, they would be enterprises within the City. He conjectured that perhaps some of the City staff have worked in other cities where this may have been a practice; however, this is not applicable to MVMCC because the City of Novato has nothing to do with our utilities. Simply stated, they cannot charge for utilities.

Jay stated that they are going to look at the budget tonight, but we really need to focus on the legalities or illegalities of what they are proposing to do during the meeting on June 19. He believes that the main objective of City staff is to maneuver things around in order to get to a DSCR that is over 2.1, which he believes was dictated to the City Staff, although the requirement of the bank loan is simply 2.0. He does believe that these items must be hammered out prior to our June 19 meeting and that we should make a list of these items such that the City staff and the City Attorney will need to address these items during that meeting.

Laura stated that the Mobile Home Residency Law Protection Program came in with her Department of Housing and Community Development (HCD) bill. Everyone gets this bill to pay

something like \$69 at the end of June. She stated that the information provided in this insert to some degree addresses several of the issues under discussion.

Jan Thomas confirmed that all residents get that bill at various times. She further stated that we already have a 501(c)3 entitled Marin Valley Senior Community, which was established long ago, but it has not taken ownership of the Park because the residents voted in favor of the City acquiring the Park. She believes that the decision to form the 501(c)3 was made in 2006 and that the City acquired the Park in 2008. She elaborated that she doesn't feel like this is an appropriate discussion at this time, especially since back then the issue divided the whole Park, and "we were at civil war." She stated that right now we need to be united as we deal with the City.

Carol-Joy clarified that her memory is that it was not a vote of the Park residents, that residents did not vote for the City to take title of the Park, but that instead it was a vote of the City Council and that the City simply took title because of the disbanding of the Novato Redevelopment Agency, which held partial title at the time.

Jay stated that forming or reviving a 501(c)3 is not on the table today. He called for comments concerning the budget that is being presented by the City staff as a preliminary budget for consideration by the City Council. We need to say that there are some inconsistencies and perhaps factual errors in the proposed budget, and while the City Council may accept the proposed budget, on June 19 we need to go over some items and hopefully shed some light and truth onto the budget during the workshop we will be conducting at that time with City staff and Councilmembers.

Carol-Joy interjected that the June 19 meeting is not to talk about the budget but instead is to talk about the long-term sustainability of the Park. Jay elaborated that it is also about the capital aspect of the budget. He added that the PAC Board is creating the agenda for that meeting and that the City Council will not be approving the budget until after that meeting, on June 27.

John mentioned that the City is still under the impression that our reserves are going to be paying for everything in the future; however, that is not our only option to pay for capital improvements. John feels that they need to know tonight that there are other options.

Jay stated that the capital budget is not going to be massaged until we have the meeting on June 19, and that gives us the opportunity to talk about the operating budget because the operating budget has been massaged by the City staff in order to come up with a DSCR of at least 2.0, and that massaging may not meet our needs.

Bill Davis asked Mary Currie, given her understanding of the mechanics of the process at the city and county levels, to comment on how we should move forward tonight. She stated that there are two things to do: One, have Steve make a statement at the beginning under public comments regarding the Grand Jury report, that in general, we don't like it, and we need to work

with you on your response. Secondly, as to the budget, we should submit one document from the PAC Board and the community as our comments from the community. She feels it would be good to verbalize the top concerns, such as the rent issues, the lack of an interest-bearing account, and so forth.

In summary, Steve and Mary are preparing a statement that Steve will present tonight, and Steve is preparing comments concerning the budget that will be before them tonight in a general format and which may create agenda items for the June 19 meeting/workshop.

Susan, no last name given, asked via chat: If residents show up at the meeting tonight, what shall we say? Carol-Joy clarified that one person, Steve Plocher, would present a brief statement during opening comments from the public. Residents do not need to speak, but if they do have something of personal concern, they are welcome to speak.

John stated that there is still a lot of work to do on the budget, and although someone has apparently worked with their red pen on it to try and balance it, there are still items, such as maintenance things like road work, which still need to be addressed, and he would think that an engineer would understand that. For example, if potholes are not filled in, they turn into black holes for cars. When someone “has a gun to their head” to lower the line items in the budget, they may not be too discriminatory in how they do it. He also mentioned cancelling the humanitarian services fund, stating that, to him, this is very telltale. Humanitarian services are for the most vulnerable among us. To scratch off that line item tells him that there is no concern for our most vulnerable residents. John states that he has some real concerns about a lot of the cuts.

Jay reiterated that we are going to put these items on the agenda for June 19 and hope to then get some clarity and solutions. For example, the big elephant in the room is the fact that there is suddenly, unbeknownst to us, a huge insurance bill to be paid out of our reserves, which rightly should have been paid from our operating budget, yet it hasn't been paid. All of our accounts are thrown into disarray due to this lack of transparency. It makes our review of the budgets rather perfunctory in that we are approving something that does not have all of the information incorporated. We definitely need to work together to help the City staff come up with real numbers for us to deal with going forward. To have to “take the axe to” our yearly expenses is likely to negatively impact our residents. We must address this during the meeting on June 19.

Mary stated that perhaps they are putting the road maintenance work in the capital budget for depreciation or other purposes. She also stated she will not be here on June 19 but that she looks forward to helping to strategize on the agenda and to helping the PAC Board get through the Grand Jury report response formally.

Anila asked how the insurance was paid previously. Jay stated that we have no idea whether we have ever paid it. As far as the City is concerned, they paid it, but they never told us they were

paying it nor even that the policies existed, but now they are clawing that money back out of our reserve fund.

Carol-Joy elaborated that this is much like when they took \$457,000 from our reserve funds, and maybe more that we don't know about yet, going back to 2017 or 2018. They just said that they had omitted billing us for something, and we don't even know exactly for what, because they have provided us with no detail as to what resulted in our owing them this amount. We have asked and asked for these details, but to no avail. The City's finance department has very few employees, and they are trying to catch up on a huge backlog of years. They are very understaffed.

John's concern is that when books do not balance, you never know what errors are there. They think they can just take the money out, but it seems that they should not be able to do that because we are an enterprise account.

Mary stated that looking at the big picture and being part of the City of Novato and with the City of Novato facing the terrible Grand Jury report, it seems that we should try to help them with increasing the sales tax, helping to figure out what has occurred that has messed up the property tax flowing to them, since they have the lowest percentage of any city in Marin. This is where we could be supportive of the City. We are saying, "Look, we are part of the City, and we want to help you with bigger fish." We're not a big fish, just a little minnow. So that can be part of the response to the Grand Jury.

John stated that although we may be considered a "little fish," we do have that \$5 million account there that sticks out like a sore thumb, especially to someone with a huge budget deficit going into their next fiscal year.

Anila and Carol-Joy remembered that there was some restriction on the City whereby they could not keep our reserve funds in an interest-bearing account. Jay clarified that a municipality or government agency cannot borrow money and then invest that money into an interest-bearing account. However, our enterprise account can invest and earn interest income. John interjected that it does have to be a conservative investment but that they haven't even done that.

Carol-Joy stated that all residents who have shared their email addresses are going to be included in the PAC agendas and minutes email list. In the past this was an opt-in situation, but now it will be on an opt-out basis.

#### G. DETERMINATION OF NEXT PAC BOARD MEETING

The PAC Board meeting/workshop with City staff will be on Monday, June 19 from 2:00 P.M. to 6:00 P.M. in the clubhouse ballroom.

The next regular PAC Board meeting will be on Monday, July 3 at 6:00 P.M.



## H. ADJOURNMENT

The meeting was adjourned at approximately 3:15 P.M.

Respectfully submitted,

Terri Beauséjour  
Recording Secretary