

FINAL Meeting Minutes

PARK ACQUISITION CORPORATION (PAC) BOARD

Marin Valley Mobile Country Club

Novato, CA

Regular Meeting

Tuesday, June 6, 2023 6:00 P.M.

Via Zoom teleconferencing

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
- RECORDING SECRETARY: Terri Beauséjour
- OTHER: Approximately 23 other residents

CALL TO ORDER

A. APPROVAL OF FINAL AGENDA

Carol-Joy moved to approve the agenda. John Hansen proposed an addendum to the agenda, to add under New Business, “Discuss a Vote of No Confidence in City Management of MVMCC (no action needed).” The amended agenda passed 4-1.

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

Carol-Joy reported that she is in contact with Community Media Center of Marin, which is in San Rafael. They are considering broadcasting our monthly meeting. She doesn’t have a decision yet but will keep us updated.

Connie Marelich suggested term limits for the PAC Board.

C. CONSENT CALENDAR

Carol-Joy had a couple of corrections to the May 2, 2023 PAC Board meeting minutes. In the last paragraph of Page 3, which starts with “Ellen Jane expressed her approval, the words “in annual interest” should be omitted. On Page 5, in the last paragraph, which begins “as for the goats and other clearing,” it should say that Bill Davis had a lot to do with Marin Valley NOT

being on the tail end of that. Carol-Joy moved to approve the minutes to include those corrections. The motion passed 5-0.

The motion for approval of the May 16, 2023 meeting/workshop was seconded and passed 5-0.

Ellen Jane Schulz thanked the PAC Board for being on the top of things with the City. She then commented that on Page 6 of the May 16 minutes, Jay mentioned the current management company is the Helsing Group; however, the original management company was Al Frei, which came on after the delegation agreement in 1997 or 1998. When he retired, Matt started, after which the Helsing Group came on board. She asked for clarification on this. Jay clarified that when Al Frei was manager, PAC was requested to hire an on-site manager, which was Matt. When Al Frei retired, Helsing Group took over the managerial services for the Park, and Matt continued on. These further clarifications are incorporated as part of these minutes, not as an amendment to the May 16 minutes.

D. REPORTS

1. General Manager Report (Matt Greenberg)

There was no report on maintenance and capital projects except for the ongoing sewer maintenance; however, we have been instructed to pause work until we have a new budget starting July 1.

Water usage: We have averaged about 30,000 gallons per day. The last read was taken on May 16. Last year at the same time, we had averaged 39,874 gallons per day. The savings may be attributed to some repaired leaks and/or the warmer weather.

In front of the clubhouse at least 45 parking spaces of the 90 that we have are closed due to the construction project. The new pipe in the ground, but they have not begun the asphalt work yet. Several residents have had to park in the guest parking area and walk quite a way and have been asking Matt for a timeline on completion of the work. He is uncertain at this time but stated that he thought they had given us about a five-month timeline.

The gas usage went down by at least two-thirds. Electric usage is a little lower than last period at about 3375 kwh/day for the entire Park, including for the California Alternative Rate for Energy (CARE) recipients. They receive 25-30% discount for gas, electricity and also a medical baseline if they use medical services. Matt has plenty of applications in the office for this program and is happy to help residents to apply. Carol-Joy clarified that this does not cost the Park any money but is absorbed by PG&E, which Matt confirmed.

More lighting has been installed around the front of the walkways. There always seems to be more trouble with lighting around the holidays, but it is light later in the evening now, and Matt thinks that it has worked pretty well. He is hoping to be able to install more, but we need to wait for the next budget.

Carol-Joy thanked Matt for replacing the tattered flag and also for the new street signs. Matt stated that the old flag is disposed of properly, courtesy of Tom Nadolski and a specific organization, so they are not just tossed when replaced.

Michele Rodriguez pointed out that it is very important that the City of Novato is going to adopt our budget on June 27. It is important for residents with comments to review the budget by the prior Friday.

Matt announced the working meeting of the PAC Board and the City to be held on-site at the clubhouse on June 19 to discuss the budget. We are expecting a large number of residents and a long meeting. Public comments will be limited to three minutes, although Matt asked the City to perhaps extend that a bit since it is a working meeting, but he hasn't heard back. John Hansen suggested that the PAC Board and City have a format more like a round table meeting so that discussion can be better facilitated for our purposes. Matt stated that the meeting is expected to begin at 2:00 P.M., but Carol-Joy thought it may not officially start until a bit later, so that all the equipment could be set up. Matt will double-check and properly notice everyone and also put out a robocall once he confirms all the details.

Laura Kradjan-Cronin stated that she is concerned about weed-whacking before the goats come. She is concerned about fire danger, as she has been noticing overgrowth in the area of Fallen Leaf. Matt reiterated that we are unable to start any work until July 1.

John Ewing volunteered to help distribute tube flyers. He is enthusiastic and volunteered to do outreach. He believes that more participation will give us more power with the City.

Ellen Jane commented about Matt's utility usage report. She is happy that the gas usage came down by two-thirds. However, she was in the clubhouse on Friday, Saturday, and Sunday. The A/C was running; it was set on 72 degrees even though it was cool outside. She wonders if anybody is ensuring that the systems are turned off at night and if the temperatures are calibrated according to time of day. Matt said there is nothing that can be programmed, but if the Board wants to direct them to be set at different temperatures, he is willing to physically change them as appropriate. They have lockboxes on them.

Anila Manning wondered when the goats are coming, since their cost is from a grant and not dependent on the City budget. Matt stated that they are coming the third week of

June. They will start on the perimeter, but there will also be around a 5- to 10-foot area around residences that will be cut manually.

2. PAC Treasurer's Report (Steve Plocher)

The PAC bank account still has \$2,073.94.

Of the \$4,000 PAC annual budget in the Park budget, we have spent \$2,389. We don't have to spend as much if we don't need to have an election.

3. MVMCC Finance Committee Report (Steve Plocher)

The Debt Service Coverage Ratio (DSCR) through April 30 is at 1.56. That is nowhere near 2.0, but in the meeting last month with the City, they stated that they have a plan to get it up to 2.0 by the end of the year. The City staff did not disclose exactly how they were going to accomplish that.

Carol-Joy asked that Jay summarize the latest meeting with the City finance group. He stated that the City had neglected to charge us \$457,198.23 for their oversight and administrative fees over the past five years. They also stated that they had failed to include roughly \$170,000 for insurance for both Mar Val and for the club. We are not sure if this is additional money or if it is inclusive. These are what they call prior period adjustments to the fees for items for which they are either paying on our behalf or money that we are paying them for their services.

Jay also questioned why interest income was around \$4,000. The City stated that the money is in Umpqua Bank in a non-interest-bearing account. Jay asked why the money is not in treasury bills, since it is typical for cities to put money for reserves for investment funds into treasury bills, a very liquid source of funds. Today, treasury bills are up from 2 - 3%, to now over 5% for a 90-day treasury bill. Had they placed our funds in treasury bills last year, four or five months ago, we would have gained more than \$4,000 in interest income. The projected interest income, even for the first quarter of next year, would be over \$40,000. Five percent of roughly \$5 million is a quarter of a million, so spread out over four quarters, it would be more than \$45,000 for each quarter.

Carol-Joy wondered what the reason is that our funds are in a non-interest-bearing account. Jay replied that they gave no reason. Perhaps Steve Plocher can delve into this at the upcoming 2x2 meeting.

Gary Appleman reported that he had just written a letter, a request under the California Public Records Act, addressing specifically this type of issue. For example, a treasury bill is currently paying 5.25%. In a year that would have given us \$258,500 in interest. Patelco, also a Novato bank, is paying 4%, with no minimum balance nor timeframe for

leaving the money there. That would have given us over \$200,000, instead of the \$4,000 that is being reflected in the financial reports. Gary asked in the letter how the City managed the Park's \$5 million such that we only ended up with \$4,000 at the end of the year. Does the City manage our reserve funds in accounts bearing little or no interest? Doesn't the City have a fiduciary duty to manage our funds wisely and prudently to yield the highest interest rates possible? If not, why not? He also incorporated several other questions, and he wonders why the Board is not pressing the City to provide this information. We want statements, what bank account it is, where it is, and how do we know this money even exists? We need the name of bank, the interest rate it is earning, and who the City employees are who are managing this money. FDIC has a \$250,000 maximum insurance on that account. We have \$5 million, so that is 20 times what is insurable. Look how Silicon Valley Bank sweated when they went under. Although the government did bail that out, there is no guarantee of that. Umpqua Bank has us at 0.01%. Their website states that their regular passport book account pays 0.01%. Furthermore, the City has now told us they forgot to let us know that they were going to bill us for an additional \$700,000. In the monthly budget, when we are two months into it, we should have projected and actuals on a rolling basis. Say the City is going to take out \$40,000 for their fee. At the end of the first quarter, that budget should be showing the budget and the actual.

Steve replied that we do, in fact, get projections and actuals. Jay further clarified that as per the DSCR, the City is only allowed to use a certain amount in the current year budget. Any additional money that they take from us comes out of our reserves. Steve added that there are limitation on the DSCR calculation; it is a calculation that has rules. We can spend money on any item, but the rules dictate what can be kicked out and what we can use. As for how much the City takes out for their costs, we are only allowed to include \$25,000 for the purpose of our budget.

Gary wanted further clarification as to why we see some years having \$0 for fees and then the bills are more. But the actuals show up in the audited figures, in June, July, and August of the preceding year. Gary now understands that it is not on a cash basis but an accrual basis. In any event, he thought it should be around \$350,000, but it now says \$700,000.

Carol-Joy elaborated that we have asked the City over and over for an accounting line number by line number, and they continue to be unresponsive to our requests.

Gary had one more question, wondering if the City has yet reimbursed us the funds they took from our reserves to pay the contracts for Pump Stations #2 after they received a commitment of \$3,000,000 for both Pump Station #1 and Pump Station #2. Now the City has received the money, but due to some accounting snafus, they have not yet replaced the money taken from our reserves. The \$3,000,000 is supposed to be income for us, but that line item was mysteriously removed and the PAC Board doesn't know who was

responsible for removing this item. John Hansen stated that there was \$1.1 to \$1.3 million of the money that is supposed to be replaced into our reserves. There are many, many points of clarification needed that have accumulated over the years.

Laura Kradjan-Cronin shared that she is a victim of the PFI Ponzi scheme, and that money was in Umpqua Bank. She is aware that there were people at that bank who knew that it was a Ponzi scheme way before any of the investors knew, but allowed the schemers to keep their accounts there anyway. She thinks we really ought to be thinking about whether we should be keeping our money in Umpqua Bank, especially not this \$5,000,000 we are talking about.

Carol-Joy mentioned that the federal grant in question was Covid money that was allocated to municipalities specifically for infrastructure. Chris Blunk, Novato's Director of Public Works and our liaison with the City, alerted us to this grant and told us that it was as if it were written for us, it fit our project so perfectly. We had already spent \$1.5 million on Pump Station #2. It was retroactive, so we would still be eligible to get the \$1.5 million back for that one in addition to the \$1,500,000 for Pump Station #1. Matt worked with Chris Blunk to apply for and obtain the grant.

John stated that one pump station cost \$1.3 million and the other one \$1.1 million. Jay clarified that these numbers were for the contractor, but there is other work, such as the overseeing of the work, the promotion of the work by the City, and the work to put out the bid. Also, because of a delay, they had to re-engineer the work for Pump Stations #1 and #2 due to materials becoming unavailable. Jay stated that the remainder of this grant may be used to pay for the City's support on these projects. Jay and John agreed that we still do not have sufficient information to understand what is happening with that money.

Gary suggested that we make an official request under the California Public Information Act. Jay reiterated that the PAC Board has requested all of this information time and time again but agreed that if we do not receive responses on critical issues, we may need to follow Gary's lead.

Bill Davis stated that there are many moving parts right now, but he seriously questions the accounting methods and reporting by the City. He wonders what kind of oversight there is internally in the City and whether the PAC Board is, in turn, providing appropriate oversight of the City. He opined that this is embarrassing and shocking and that there is something suspicious about having this \$700,000 bill suddenly show up unexpectedly.

Carol-Joy elaborated that this is not the first time this has happened to us. Some years ago we got a bill for \$300,000 for years of back work by the City Attorney, and they just said, "Oh, sorry, we forgot to bill you for several years." They "just took it" from our

account and put it in theirs. When she got on the 2x2, one thing she brought up right away was that this type of thing is why some people in the Park do not trust the City.

Anila asked, since we have all of these different issues, if we are in arrears on anything, and how is our credit rating? Jay stated that we get invoices, which then go to the Helsing Group, which manages the finances, and then the City pays those invoices on our behalf. Matt organizes them all and provides all of the line items to the Helsing Group, which bundles them up to the City, which bundles them up and sends them to the Helsing Group in San Ramon for processing. We have no access to the banks.

The meeting on June 19 with the City is open to all residents. Jay encouraged all to come and oversee what is actually transpiring and to make your comments known to the City staff.

Carol-Joy asked if there is a planned rent increase, and if so, when. She asked Jay and Steve, who were in the recent meeting with City staff. Steve stated that there is a planned increase of 5% but doesn't know when. The City Attorney has to look into how much notice must be given to residents by law. There was a very good reason that the rent increase was set for six months after it was approved by the City Council; it may require a six-month period to let residents make comment, but there is history of this six months based upon a prior increase. Jay suspects they may be contemplating a 90-day notice instead and hopes that the City is evaluating the law on this very carefully.

Steve shared that the budgeting is an ongoing process for both the PAC Board and the City behind the scenes every day of late. For instance, liability insurance for the Park has been about \$92,000 and for Mar Val has been around \$8,000 per year, and that has been for about the past eight to ten years. That was what was in the budget that we discussed with Chris Blunk last week. Just yesterday, Chris Blunk sent an email stating that, no, the insurance for the Park is around \$200,000, and the insurance for Mar Val is around \$65,000. Mar Val has about 50 Pubs and 14 dinners, and they bring in maybe \$40,000 for the year. And we are going to pay \$65,000 for insurance? So we are going to nail these things down and push them to help us understand what is going on.

John added that this is taking all of his time, that he isn't getting anything else done, and that he is losing sleep over this, yet it seems that it would be so simple to pay off the loan, recover the remaining interest into the budget/reserves, get our money out of Umpqua, and we would then have made enough for all of our costs, would not need a DSCR, and could then do our calculations and our planning efficiently and accurately. There are "too many cooks in the kitchen and not enough kitchens." The City is micromanaging us, which is not necessary. We hired our management company to do this work, and they are very good at what they do. It makes perfect sense to pay off that loan and not have to pay the less than 3% interest on the outstanding balance on the loan. With the T-bills we would have that other 2% to use for our ongoing work, such as preparation for a fire.

What if the place burns down because he wasn't able to do necessary work because the City is not allowing us to use that money? John and Jay are spending a lot of time on this, and rather than seeing resolutions, there seem to be constant smoke screens. Some of this just doesn't make sense.

Joan Cervisi thanked the Board for all that we are doing, but she feels that since the City was potentially neglectful in managing our money, that they should put money back that is equivalent to what we should have been earning in interest on those reserves.

John Ewing reiterated that with 23 people in this meeting, he would be willing to do more outreach. If we had over 100 people, for example, it may get their attention. He is willing to put flyers in the tubes and will volunteer anything he can do, such as perhaps speaking with the press if it would be helpful. Or perhaps we should hire an attorney.

Matt commented that he has requested the use of an attorney on a number of occasions, but we don't have an attorney or a line item allowing us to retain counsel.

There is a special City Council meeting/workshop scheduled for July 12. Pre-Covid, the City Council used to meet quarterly here at the clubhouse. Carol-Joy thinks that the July 12 meeting will likely be held here and will be at 6:00 P.M., the regular City Council meeting time.

4. 2x2 Meeting Report (Carol-Joy Harris and Steve Plocher)

Carol-Joy stated that the next 2x2 meeting won't be until September. as the City cancelled our upcoming meeting.

5. Project Planning Report (John Hansen and Jay Shelfer)

Jay stated that all of our projects are currently on hold due to the budgetary implications; thus we are going to have to spend time on budget concerns at the June 19 meeting. The City was looking at budgeting for capital projects, infrastructure improvements, for the next 30 years, projecting \$40 to \$70 million needed. Now they are regrouping and scaling that down to seven to ten years. We are looking forward to those conversations as to what work would be projected for that period of time. We are very interested in having the roof done soon because it is leaking, is a fire hazard, and prevents us from heating the pool, as we need to fix the roof in order to be able to install the solar panels.

John explained that we know what we need to do but not necessarily when or how or who is going to pay for it. The City is only considering that our projects are to be paid with our reserve funds. John feels that since that money is going to be worth much less over the years than it is now, that we should do the projects now, spend those reserves, and perhaps find some soft money such as grants. He proposes a five-year budget that we

advance and revisit every year. Then we can see what work is needed and on what timeline. The City wants a “one and done” solution, and that is just not how to do projects going forward.

Jay talked about soft money and that the state and the federal government are very generous in supporting these types of funds for low-income projects. We have been told that the City is too busy to look at these. Michele Rodriguez has worked with a number of these.

6. MVEST/Firewise Committee Report (John Hansen)

On Saturday, June 24 from 11:00 A.M. to 1:00 P.M. will be an MVEST event at the clubhouse, a call for volunteers and people who are interested in what MVEST is doing. It is different than in the past; we have rewritten the plan for MVEST. Food will be served.

7. HOL Report (John Feld)

HOL has an efficient tubing system. We can usually get your tube flyers out pretty much the same day you bring them to us. John Ewing’s help is very welcome and appreciated, and we always look for more volunteers.

HOL is now recovering from the recent play and thanks everyone who came and participated. It is doable and repeatable to have another play in the future. We are taking a break for a bit, so there is no planning going on at this time.

The monthly meeting will be tomorrow, June 7, in the Fireside Room at 6:00 P.M. We are planning an ice-cream social as well as a grandparents’ day. We will be discussing a lot of events for the summer in that meeting.

We had our event to honor Pauline Hawkins for all the work she has done with the gardens. We wanted to thank her for everything she has done for our environment. Nearly 80 people showed up, so it was very successful.

8. Mar Val Report (Carolyn Corry)

Joan Cervisi reported for Carolyn Corry. Activities this month include a jazz brunch on June 17 on the clubhouse deck, featuring mimosas and many brunch favorites, along with the music of the Lee Waterman Trio. The reservation deadline is June 14.

The July 4th celebration will have pulled pork sandwiches and music by our own Brynda Foster. The reservation deadline is July 1.

July 21 is Pasta Pub night. See the *Echo* for details.

9. Rules and Regulations (Carol-Joy Harris)

It is still on Chris Blunk's desk. We have been waiting on this iteration for three years now and something like seven or ten years for our Rules and Regulations to be updated.

E. OLD BUSINESS

1. Discussion regarding MVMCC's long-term sustainability (no action needed)

This item has been covered in other areas of these minutes.

F. NEW BUSINESS

1. Discussion of Vote of No Confidence in City Management regarding MVMCC (no action needed)

John doesn't have time to go through all the issues. We went through a few of them today, but there are so many more and so many major projects that have been created based on their micromanagement. We should consider a vote of no confidence to call their attention to the fact that we only need one layer of management and a bit of oversight. We only need management to tell us what we can do. We lack leadership. Leadership is about what we can do. John thinks we need to rework the entire relationship because what we are doing right now does not work at all. So John wants to put the list together so that we can prepare a vote of no confidence for presentation to the next PAC Board meeting and also to the City at the meeting on June 19. Once we see what happens at the meeting on June 19, then we can escalate it if we don't get any satisfaction.

Carol-Joy clarified that the City does own us and that is a fact. She asked John what he wants to accomplish by this. He replied that he wants to communicate to the City that we are very dissatisfied with their handling of MVMCC. It would not be binding. John respects the City Council members and feels that they are good people, but he feels that they don't seem to know what is going on under their own roof. He believes that it would be productive to bring some things to light, and if they then don't respond accordingly, we could decide upon a next step.

Michele Rodriguez is also concerned about the outcome or results and feels that June 19 or even July may not give us enough time to consolidate a list of concerns and prepare an analysis as to what we are looking for in terms of results.

Jay feels that we really do have to find a context within which to hammer these things out. There are a lot of issues that really haven't been answered, so it seems it would be productive to air things out so that our residents can understand the various issues and concerns and to see if the City can meet some of our expectations.

John stated that with all of our issues, there is really nothing much that is new here. We have attempted to bring them to light in the past, and they are just not being addressed. For example, the Rules and Regulations are a major pain point. After years, it is still sitting on somebody's desk indefinitely, and there are new issues to address that are also not being handled. It is untenable. John isn't willing to let it go on any further without putting someone's feet to the fire.

Anila said that everyone made a great case during this whole meeting, but she believes it may not be sensible to come to the City with only problems, but instead to work collaboratively with the City, that rather than simply expressing grievances, we should come to them with formulated alternatives and solutions. John interjected, "That's what leaders do."

Bill Davis suggested we reverse the situation and think of the City Council's perspective. If we came to them with choices, for example, A, B, C, and D, they could pick one, put it on an agenda, and do whatever they want to do, because they would be presented with solutions to problems. John totally agreed with Bill, although he commented that we have presented various solutions in the past. Bill shared that while that may be the case, we have new City Council members, and it could be worth continuing to try.

Ellen Jane added several comments about a variety of the problems the City is dealing with and said that she feels the City has bigger problems and that we are just the little guys on the side. She feels we do actually need an attorney.

G. DETERMINATION OF NEXT PAC BOARD MEETING

Monday, July 3 at 6:00 P.M.

H. ADJOURNMENT

The meeting was adjourned at approximately 8:00 P.M.

Respectfully submitted,

Terri Beauséjour
Recording Secretary