

FINAL Meeting Minutes

PARK ACQUISITION CORPORATION (PAC) BOARD

Marin Valley Mobile Country Club
100 Marin Valley Drive
Novato, CA

Closed Session Meeting: Monday, July 3, 2023, 5:00 PM

ATTENDEES

- BOARD MEMBERS: Jay Shelfer (President), John Hansen (Vice President), Carol-Joy Harris (Secretary), Steve Plocher (Treasurer and Chair of the Finance Committee), Joan Cervisi (At Large)
- PARK GENERAL MANAGER: Matt Greenberg [absent]
- RECORDING SECRETARY: Terri Beauséjour [absent]
- OTHER: Approximately 20 other residents

CALL TO ORDER

Jay called the meeting to order and explained that this is a special meeting of the Park Acquisition Corporation (PAC) of the Marin Valley Mobile Country Club (MVMCC) and that following the closed session, the regular monthly PAC Board meeting will be conducted beginning at 6:00 P.M.

A. APPROVAL OF FINAL AGENDA

The final agenda was approved by motion, second, and 5-0 vote.

B. PUBLIC COMMENTS (only on Closed Session item)

The closed session item is to take action to continue to be prepared to hire legal counsel.

Michele Rodriguez stated that during the various recent meetings with PAC, she has been accumulating comments and questions from resident attendees and has sent them to the PAC Board such that the Board may utilize them as appropriate. She is also working on a comparison between the Delegation Agreement and the Management Agreement in order to better understand the expectations of PAC vs. Management vs. outside entities. It will take her a few days to complete this exercise. Finally, she expressed concerns about the hiring of legal counsel and managing the overall process with respect to issues requiring the guidance of counsel. She wondered who would be the point of contact for residents. She pointed out that she understands if the PAC Board cannot answer that right now but wanted to express her concern and hope that

this becomes addressed as part of the overall preparation for identifying and engaging with counsel.

Susan Meyer would like to have a better understanding of the relationship with the City, the relationship with someone who might buy the Park, and what our rights are, and suggests that we not simply go over one particular scenario but all scenarios, in terms of rights and protections, such that the anxiety level of residents can be lowered by way of the residents having solid information rather than speculation.

Tom Weeden said that we need to have clear objectives. First, we don't know all of the issues around how the Park was originally structured. As the closed door meeting begins, we really need to have a clear mission because during the past several meetings, he heard a whole host of objectives and possible outcomes with which legal counsel may be able to help us. For instance, he has heard some residents express interest in owning the Park, and immediately some other residents say no. So there is disagreement there. There is the desire to keep the City as the owner. There is the prospect that maybe the potential buyer isn't that bad, given the other options. There is the mention of a nonprofit or maybe a sale with contingencies. So Tom's hope is that when we come to the meeting at City Hall, we can glean a better understanding of how to proceed.

Mary Currie stated that she wanted to remind everyone that in seeking legal counsel, we are initially looking for advice on how to best proceed. We don't yet have all of the answers, but her understanding is that thus far we are looking to hire someone who can look at all of the aspects in front of us and tell us what we need to do. She thinks that is going to be difficult for everyone, including the PAC Board, because the PAC Board will be in contract with that legal person or company who will tell us, based upon the law, what we can do.

Suzann Osborne said that the only thing that would give her any peace of mind is if the residents owned the Park. If anybody else owns it, we are constantly in jeopardy of them selling it. And why wouldn't they? Look where we live. So if we are considering any legal advice, it should be ownership for us only; otherwise we are just kicking the can down the road, waiting for the next person to buy it.

Todd Rogers thanked Steve for sharing the financials with him, side by side, year by year, balance sheets, profit and loss statements, all next to each other. He wants to caution the PAC Board to ensure that any attorney we seek is fully aware of all the information: what the City has done or not done, what we did catch or did not catch, what our audit caught or didn't catch, in light of what we are facing now in terms of the insurance business, credit for investment income, and so forth. He wants to ensure that we are giving a full picture to the attorneys, not just how bad the City was, but anything we may have missed on our side as well.

Seeing no further public comment, Jay stated that the comments have been noted and that the PAC Board will review and contemplate them and hopefully be able to settle the circumstances and satisfy the questions very soon.

With the conclusion of public comments, the PAC Board adjourned at 5:15 P.M. to the closed session in the library.

C. CLOSED SESSION

D. ADJOURNMENT

The closed session adjourned at approximately 5:40 P.M.

PARK ACQUISITION CORPORATION (PAC) BOARD

Marin Valley Mobile Country Club
100 Marin Valley Drive
Novato, CA

Regular Monthly Meeting: Monday, July 3, 2023, 6:00 PM
Hybrid: MVMCC Clubhouse Ballroom or 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 [absent]
- RECORDING SECRETARY: Terri Beauséjour [absent]
- OTHER: Approximately 50 other residents in person and 20 via Zoom

A. CALL TO ORDER

Jay called the meeting to order at approximately 6:00 P.M.

B. REPORT ON CLOSED SESSION

Jay reported the result of the closed session, that the PAC Board voted to be prepared to hire legal counsel. We will continue our investigations and will report back with our results as soon as possible.

C. APPROVAL OF FINAL AGENDA

The final agenda was approved by motion, second, and 5-0 vote.

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

Kevin Mulvany expressed his concern that residents are leaving the pool area gate open as they are leaving the area. One of the primary reasons that small children drown is because gates are not properly closed. We see it all the time. He just wanted to remind everyone that

whoever left that gate open is on camera and may be held liable. It is very simple to run that camera recording and determine which person was the last one through and left it open. That gate should be closed every single time you go in and out. If you need a key, get a key. We frequently have small children in the Park. Kevin has been to a lot of drownings. Everyone is sitting there crying, and then the lawyers show up and it gets really interesting. So please just close the gate every time, and get a key if you need one.

Kathryn McMudie, who has lived in the Park since 2006, has wanted to bring something up for years. She would like to have Gay Day here in the Park. Novato honors the gay flag. She would like us to honor the gay flag for the month of June. She would also like to have a Gay Day Parade, where anybody who supports anybody who is LGBTQIA could come walk together down Marin Valley Drive.

Adrienne Ames stated that though she has lived in the Park for 24 years, she has never had much curiosity about how things go. However, she would now like to know where the money goes. And where is the money? When we pay rent, to whom does it go? The City or Helsing?

Jay replied that the Board is not going to answer her right away but that it will come up.

David Gray stated that he is curious as to whether the lift pump station work is running on schedule and still expected to be completed on July 31. He asked the Board to please ask Matt if we are still on target. Having all of this heavy equipment go away would be awesome.

John Feld stated that he had heard secondhand that someone had spoken to the people who were there on site just the other day, and they were told that the work will resume on July 10.

Michele Rivers stated that a gay friend of hers came over last week, and when she said that we ought to have a gay celebration in the Park, he would volunteer next year if we did so. He's a flagger, with these beautiful flags, with music. It's brilliant, so creative and artistic and lovely.

Michele also pointed out that she often tidies up around the clubhouse, putting the chairs back, watering the plants outside on the deck, and things like that. Recently, some rather unattractive office furniture has appeared around the back, and she wondered if it is something that we really do need or whether it should go into the Breezeway Boutique. Failing that, could the person who left it take it away, like we typically do with everything else.

Juliette MacLam wanted to add some insight as to the work on Marin Valley Drive. Her husband David, who has worked for 45 years in heavy construction and has done a lot of concrete work, has stated that when you pour concrete, you need around 28 days for it to cure before you can walk on it, other than perhaps carving a heart or your name in it, but it has to fully cure before one can do any really sound structural work.

Martina Koeckritz stated that in one of the articles in the Marin Independent Journal it was not mentioned that in about 2015 we were asked to give \$250,000 to the City, and she

thought that money was to be for preserving land in order for it to remain natural. She believes that it was then residentially zoned by the City and that they did make quite a bit of money, which was confirmed by our management. There was no thank you, no gratitude expressed by the City, which she is missing.

E. CONSENT CALENDAR

1. Approve minutes of the June 3, 2023 annual meeting.

Approved by motion, second, and 5-0 vote.

2. Approve minutes of the June 6, 2023 regular meeting:

Approved by motion, second, and 5-0 vote.

3. Approve minutes of the June 13, 2023 special meeting:

Carol-Joy reminded everyone that the meeting agenda and minutes were previously distributed on an opt-in basis but that now they will be distributed on an opt-out basis; therefore, all of those on Carol-Joy's list will continue to receive these mailings along with any other residents who have ever shared their email address with the PAC Board or for the Park Directory. If anyone does not wish to receive these mailings, they should please email Carol-Joy, the Board Secretary, and ask to be taken off of the list. Once the minutes are finalized, they are also uploaded to the MVMCC website, marinvalley.net, by Erma Wheatley. So if you or your neighbors are unable to attend the meetings, please look for the minutes in your emails or on the website. The videos of the meetings can also be found on the website, usually a day or two after the meetings.

Karin Mortensen asked about the production of the minutes. Carol-Joy replied that once the meetings have been recorded on video, the video is shared with the recording secretary, Terri Beauséjour, who spends many hours going over the recordings of the meetings and making the minutes. Then Carol-Joy edits them.

Approved by motion, second, and 5-0 vote.

F. REPORTS

1. Capital Improvements and Maintenance Report (Matt Greenberg)

Matt Greenberg is not in attendance but doesn't have a report other than that the goats are now on site, and it is estimated that there are about twice as many as last year and that they will be on site for twice as long. John Hansen pointed out that this does not cost us a cent, and neither is there any cost to the City. This is all provided by the Marin Wildfire Prevention Authority and the Novato Fire District.

Jay pointed out that this is good timing, as the rains have stopped, the grass has grown rapidly, and now it is going to get mowed down before the drought hits and everything dries out and presents a bad fire hazard.

Janet Shouldis commented that she has a six-foot fence behind her property, and the grass comes down to the street, and they never go past the fence. Jay stated that we will hire people to cut around a five-foot clearance around the fences, whereas the goats will be behind the electric fences, set back from the cleared area adjacent to the fences.

2. Treasurer's Report (Steve Plocher)

This report will be for the end of May, as we do not yet have the accounting for June. The petty cash bank account stands at \$2,074. As for the PAC budget account that is a line item in our budget within the City account, with an annual budget of \$4,000, as of the end of May we had used \$2,879 of that budget. That will be renewed to another \$4,000 at the beginning of this fiscal year. Actually, this year it will be \$2,000, as it was reduced, as were many other things in the budget this year.

3. MVMCC Finance Committee Report (Steve Plocher)

Steve reported that the Debt Service Coverage Ratio (DSCR) through the end of May is at 1.69. Steve thinks that a lot of changes will happen in June so that it will be closer to 2.0 by the end of our fiscal year on June 30. He is uncertain if we will make that target; however, the budget for the coming year is designed to come in at 2.0.

Steve explained that a DSCR of 2.0 means that we have to have enough profit at the bottom of our profit and loss statement to cover twice the amount of our annual debt payments. Our annual debt payments amount to around \$651,000 per year. Twice that is \$1.3 million, so that is what we need for the bottom line. Historically, we have always come in under that; however, the last couple of years have been getting tighter and profits have been coming down because, as we all know, expenses were growing while the rents were not growing. This situation should be improving since there is a rent increase at hand for the coming year. We now also have a very much tightened budget.

The budget for last year doesn't pencil out properly for a DSCR of 2.0, and we are not sure how that happened because Jay and Steve met with Chris Blunk, our City liaison, over a year ago, as we do at the end of every year, to ensure that it does. However, it appears that there were some adjustments made during the year that made the budget go out of balance. Steve thinks that we will be very wary of that in the future and must pay more attention to this factor.

Jay commented with regard to the DSCR and interest on the debt still outstanding and repayment of that portion of the loan that will be retired at whatever the term is. We are asked to maintain a DSCR of 2.0, meaning that the half that does not get applied to our interest goes straight into our reserves. Therefore, it is a built-in reserve builder.

Meg Jordan commented about the DSCR being in better shape next year. The City Council passed their budget, which contained a rent increase for MVMCC. The date in the budget was July 1. We know they can't do that because they have to give us 90 days, but she asked if anyone on the Board has a sense of when that rent increase will be.

Carol-Joy conveyed that she had spoken to Matt recently, who told her that he had been given no direction in this regard and thus has no idea. Meg finds it concerning that

they have apparently passed a rent increase but that nobody so far has informed the PAC Board nor the Park Management as to when it will take effect.

David Tetta asked Steve if he could share what the average DSCR has been over the past three or four years. Steve replied that it has probably ranged between 2.1 and 2.3. He didn't have the figures in front of him but recalled that we are usually in the area of 2.2, either a little lower or a little above. It would be very difficult to come out around 2.5 or 2.3. We just don't have that level of income, and our expenses aren't low enough.

Susan Meyer commented that her understanding is that if the DSCR is not 2.0 that the bank could recall the loan at the end of the fiscal year. She asked for confirmation that this is correct and wondered if that would come into play on July 1 and whether the 1.69 that Steve cited is something that the bank would be looking at for that fiscal year. Jay clarified that the figures would have to be audited by an auditor and that the City hasn't even had an audited financial statement for themselves for five years. Furthermore, we haven't had an audited financial statement for their figures for the same period of time. Our accountant at the Helsing Group reports our accounts and figures to us every year, so we do have a feeling for what our figures look like; however, we are in a way at the mercy of the accounting of the City for those audited figures.

Jay stated further that he and Steve asked that the \$125,000 for brush clearing to reduce the fire danger on the newly acquired land, which was agreed upon, would not be reflected in our operating budget but instead in our capital budget. For some reason, the accounting department, seeing the label that it was for brush clearing, decided to put it into our operating accounts. This would automatically decrease the DSCR. They have been playing catch-up regarding the past three or four years, and we have been getting bills, just using rough numbers, in the neighborhood of \$558,000 to \$700,000 for items that may not even have been budgeted. How they account for that certainly distorts our DSCR. They obviously don't want the bank, in Jay's estimation, to recall our loan. Because of the accounting that has been going on at the City of Novato, we are all scratching our heads trying to figure out what's going on.

Susan Meyer continued her comments, that considering that the fiscal year starts on July 1, and if we have this rent increase within the next three months and we get back to 2.0, then what happens?

Steve explained that the bank loan reads that the DSCR is calculated based upon the figures in the audited financial statements. Until we have audited financial statements, there is going to be no calculation.

Janet Shouldis asked if we were going to hire an independent auditor, and Jay responded that we don't have the resources to do so. Janet then asked whether we are going to sue the City of Novato for their accounting mistakes. Jay stated that the Board is not in a position to comment on that at this time. However, it could be seen in the special meeting agenda that we are in the process of preparing to take legal counsel, and we are expecting that legal counsel to advise us.

Steve addressed a prior question about the rent and what happens to our rent checks. He explained that this property is owned by the City of Novato. They are the landlord,

and we are tenants. Our rent checks are collected by Matt, and then they are forwarded to the Helsing Group, Inc., who manages the bank accounts, which belong to the City. The Helsing Group deposits the checks, and they pay the bills, so all of the money goes through them, but the accounts they are managing belong to the City of Novato. All of the money belongs to the City of Novato, including the reserve funds.

John Hansen added that from his perspective, he does not necessarily care about the DSCR not meeting the 2.0 target. He has been trying to get the City to pay off the loan for years, so from his perspective, that would be a benefit.

Steve agreed that they would not foreclose, that we would just pay off the loan. Carol-Joy clarified that the bank would “call” the loan, and we would pay it off.

Michele Rivers suggested getting our representative on the Board of Supervisors involved, and also suggested a GoFundMe campaign. She believes that many Marin residents would support us, and that would provide proof of that level of support to the Novato City Council.

Turning back to the Finance Committee report, Martina Koeckritz commented that she recalls that the last time there was an audit of the City’s finances, they were warned that they needed to improve. It was very clear that they were already, even before Covid, in a very difficult position. So remaining calm is important, and she doesn’t think we have much influence on what the City is going to do

Michele Rodriguez commented that she read about the budget that the City Council passed included a rent increase of 5% in July and another possible rent increase at a later date, which would be based upon the cost of living or something like that. She wanted confirmation that there is currently a plan for two upcoming rent increases during this fiscal year.

Jay clarified that his understanding is that there is only one rent increase of 5% and that they are still figuring out when they can actually ask the residents to pay that 5% increase.

Carol-Joy, who was in attendance at the deciding meeting, stated that the City Councilmember who made the motion directed that it be considered again on January 1, 2024.

Steve elaborated that the City staff did want two rent increases; however, the City Council only approved one but would consider it again on January 1.

4. 2X2 Meetings (Carol-Joy Harris and Steve Plocher)

There is no report, as the City has canceled the 2X2 meetings until further notice. They just don’t know who would meet with us, so we are just waiting to hear.

Steve added that Chris Blunk was our liaison with the City, and he was in charge of the Public Works Department, and managing MVMCC goes along with that position. Now he has left employment with the City of Novato. As a consequence, the position of the person who had been working with us is vacant right now. That is the person with

whom the 2x2 meetings typically happen. Therefore, until they find a replacement, we will not be having those meetings, nor much going on with the City.

Maggie Siegfried asked if it would be a conflict of interest for a person in the Park to be that person in the 2x2.

Carol-Joy explained that the 2x2 was set up because if there is a meeting with more than two PAC Board members, it becomes a PAC Board meeting because of the Brown Act, passed in 1953 for the purpose of transparency. The same applies with City Councilmembers. The 2x2 meeting was set up so that two PAC Board members and two City staff can meet on a more informal basis to discuss and strategize more openly about issues, without the context of an official meeting coming into play. The meetings are scheduled on a quarterly basis.

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

Apparently the pump station hiatus situation has been resolved, and John agreed that, yes, it is probably a good idea to cure the concrete.

John added that other projects we want to try to take on this year are:

1) to replace the clubhouse roof before it rains again. As John F. Kennedy once said, the time to repair the roof is when the sun is shining.

2) our high-power switch stations are antiques and need to be replaced as soon as possible.

Neither of these projects are on the budget currently; however, there are other items in the budget that need to be discussed with the City, so we will address these items as part of the overall amendments to the budget. John will ensure that those two items do become reflected in the budget so that we can stay dry in the clubhouse this winter.

Jay clarified that we are unable to amend the budget ourselves. We presented a budget that was amended by the City staff, who prepared what they wanted approved by the City Council. Now our only opportunity is, within the next couple of weeks, to request an amendment to that, and we are preparing that and will try to get those things back into the budget.

Kathryn McMudie asked if, when we next meet with the City, may we request that we be assigned a new City staff person who can serve as our liaison. Jay acknowledged in the affirmative.

Mary Currie stated that she finds it very interesting that the roof is not in the fiscal year budget starting today. Steve stated that it is, and John added that it was in there last year as well. Mary stated that Matt had told her in January that he had the money to replace it and that he would replace it in the spring. She feels that the Helsing Group did not follow through.

Alan Gump asked if there will be a tree service on site to clear out dead and dying trees this summer.

John Hansen confirmed, yes, and expanded that there is a major project, about five years and \$21 million in magnitude in Novato, called the Greater Novato Shaded Fuel Break. The Novato Fire District and the Marin Wildfire Prevention Authority are handling that. They are starting in several places, including here this year. John mentioned, as he has previously, that we have Bill Davis to thank for that, because MVMCC was on the tail end of their calendar and somehow managed to get moved to the front. That is going to happen here in a big way, much bigger and much broader and much better than it has been in the past, and at no cost to us.

Serena Fisher said that she has lost touch with PG&E regarding their potential support for upgrading and construction and was wondering if that is in the cards. She knows that it was a large grant and requested an update.

Mary Currie interjected to revisit a previous topic as to the lack of coordination, in her view, between the Helsing Group and the City. Drawing upon her extensive experience in government, typically one spends what is in the budget before the fiscal year ends. She is upset that this coordination did not occur with the City in order to get the job done.

Jay clarified that we have been pushing for a number of items that had been budgeted for, but what we have been told is that because according to the Delegation Agreement, the City must take control of any spending over \$30,000, and because the roof project is likely to cost over \$100,000, that must be attended to by the City engineering staff and approved and carried forward. So that has been on the budget for a while, and we have been denied that project by them, with them stating that they just don't have the time to do it.

John Ewing stated that he is also concerned about the Helsing Group and wondered why Matt is not required to be at this meeting, with everything that is going on. Jay replied that it is a holiday and that we talk with Matt all the time, but he basically has been put in the "back seat" because of what is happening with the City. He reports on projects and doesn't have any projects working right now because he's looking to the budget for funding, and the budget has not yet been finalized. Jay reassured everyone that Matt is around, he is involved, and he is working.

Back to the PG&E question, Jay stated that when he was on the 2x2 committee, they were arguing that we cannot move forward on a plan until they have a project plan which is developed with Seigel Electric, who would normally do the work along with the planning chief of PG&E. That project planning would probably cost in the neighborhood of \$50,000, which has to be authorized by the owner, and Chris Blunk had said that he doesn't have that authorization and thus he would have to take it to the City Council. He also came up with an excuse that he wasn't sure if they would be on board to pay for the entire project or whether PG&E just needed that in order to do the planning. Numerous times we told them that the planning is necessary before the project can be considered by PG&E and the PUC and that the \$50,000 or so that is necessary in order to do that planning isn't to be paid by the owner, or by the City, or by us, until the project actually begins. The project is slated to cost in excess of \$20 million, so the cost to us of \$50,000 seems to be something that we should push forward, which we did. However, they just kept the argument going, that is, that they thought it was too expensive, that they didn't have the money budgeted for this \$20 million, and they did not authorize the project plan.

6. MVEST/Firewise Committee (John Hansen)

John stated that MVEST has been working for years to get on top of and stay in front of threats to the Park. Sadly, we missed one, and we are sorry about that, but we are trying to address it now.

John Feld added that MVEST had planned for additional training and such, but with the recent developments with the City and the potential for a sale of the Park, we felt that we were too distracted and the residents would probably be too distracted as well at this time. Although this is quite disappointing to our committee, as soon as some level of normality returns, we will reinstate our training. Rest assured that it is all planned and ready to resume.

7. HOL (John Feld)

The HOL monthly meeting will be July 5 in the Fireside Room. Please come; we would love for you to be there. Of course, like with everything else we normally do, the current time-sensitive issues are taking priority, and while the regular things like yoga and water aerobics continue, we are not at the moment planning any new things.

We will be having a kids and grandkids day soon.

8. MARVAL (Carolyn Corry)

In Carolyn's absence, Joan reported that Mar Val will have their annual Pasta Pub Night on July 21, and the Director of Hospitality, Larry Moore, will be preparing pasta with a choice of pesto or meat sauce. That will be \$10 per person, and the deadline for signing up is July 18.

Tomorrow, July 4, Mar Val will be hosting the 4th of July celebration on the back deck of the clubhouse. There are over 90 people signed up. Brynda Foster and Company will be the entertainment.

Mary Currie pointed out that there is a gentleman that Charlotte Kells brings every year who will be singing and playing guitar on July 16 from 3:00 P.M. to 5:00 P.M. in the Ballroom. John Feld confirmed that Bill Hartwell is always wonderful and that all are invited to come and enjoy it. There is no charge. John characterized Bill as an amazing musical talent and said that everyone just loves him and also that he has a new record out.

9. Rules and Regulations (Carol-Joy Harris)

Carol-Joy stated that during the recent meeting here with City staff on June 19, she had commented that the proposed updated Rules and Regulations had been at the City for quite some time. She felt that it may have sounded as if she were criticizing Chris Blunk personally because the Rules and Regulations have been on his desk for some months. After the meeting, Chris approached her and said that he had thought it would be best to deal with the issues currently at hand before dealing with the Rules and Regulations. Carol-Joy replied that his point made sense but that it did not explain the past three years

in which they have been with the City, nor the seven years before that. At that point Chris slunk away. So as to Rules and Regulations, there is no report.

E. OLD BUSINESS

There was no old business.

F. NEW BUSINESS

1. Discussion and possible solicitation of funds in anticipation of possible retention of legal counsel, including the creation and management of said fund.

Jay stated that the discussion and anticipation of possible retention of legal counsel has been caused by the actions of the City over the past six months, which came to a head when the City reported to the Marin County Civil Grand Jury as to why they have not been able to balance their budget and what they were proposing to do about it. Apparently, the City supplied figures related to MVMCC to the Grand Jury that portrayed MVMCC as if we had been in the red for many years.

Jay continued by saying that when Steve learned of and read through the report, entitled “Novato’s Chronic Fiscal Deficits: A Call to Action,” dated June 8, 2023, and specifically, Pages 11 and 12, which specifically address MVMCC, he was aghast. Steve has since done a lot of work in proving that this, in reality, is not the case. In the subsequent City Council meeting, a gentleman from Novato who had been in this Park on three previous occasions, stood up and offered to solve all the City’s financial problems by taking MVMCC off their hands for approximately \$30 million.

Jay went on to recount that the Park Acquisition Corporation (PAC) was formed in 1988 by citizens of Novato who were living in MVMCC who wanted to preserve affordable housing for themselves and similarly situated people. These citizens were in negotiations for a long period of time with the owner of the Park. These negotiations culminated in 1997 with the owner approaching the PAC and saying, “I’m getting ready to sell; would you like to buy it?” The negotiations progressed further to a point where the residents couldn’t come up with appropriate financing. Consequently, the residents approached the City of Novato, who at the time thought that it was a wonderful idea to provide some affordable housing to residents of Novato, and they agreed to arrange financing. However, because they could not use public funds to benefit the residents of MVMCC, the title needed to pass through a financing authority.

When the state’s redevelopment agencies were retired by government action in Sacramento, the quick and easy path was to just pass the title to MVMCC to the City. So the City helped us at that time, in a certain way, by taking title, in order that the project would not need to be sold. In taking title away from the financing authority, they removed a lot of the structural safeguards that had been instituted in that bond agreement that were intended to protect the bond holders. There had been a lot of checks and

balances and oversight, which were removed from the subsequent loan from the Bank of Marin, who then picked up the financing.

Jay went on to say that he personally stood up at that time and stated that he did not like this direction for a number of reasons, one of which was the fact that they were taking away these safeguards for the residents. He also did not like the fact that they were taking away our 6.5% interest-bearing account with the State Bank of Germany. His reservations were not taken into account at that time, and they passed the debt over to the Bank of Marin. Basically, that is where we are at now, and the loan is going to be retired in three more years.

The subsequent action of the City in portraying us as a delinquent financial institution which creates a drain on their finances and which has an even worse problem with our ability to renew our infrastructure, has already essentially been neutralized by our own Steve Plocher, who developed balance sheets and spreadsheets showing that this does not necessarily have to be the case and that we could finance our own long-term needs without any problem. Nonetheless, they are threatening us by considering selling the Park to a private party, who, as I understand it, could, for one thing, change the rents right away to whatever they felt like upon change of ownership, and apparently a change of ownership is the only time one can do that.

Many years ago, we were advised this by the City when we tried to establish more equitable rents for people who were paying considerably more than their neighbors simply because the previous Park owner had raised the rent every time someone moved out. Jay stated that he doesn't know if legally that is totally true, but that is what we were told by the City at the time.

We are all very interested in protecting the affordable housing here in MVMCC, an action that began in 1988 by way of the PAC coming into play. This partnership with the City, whereby they agreed to help us create a vehicle to allow for affordable housing, is now in jeopardy. We really need to stand up and invest in our future because those of us who live here and have invested our life savings or a considerable portion of our life savings into developing, maintaining, and improving our homes, is being threatened. We now seem to be asking the Board to create a fund to which residents can contribute in order to protect and preserve our interests.

Steve added, "If you are like me, every morning you wake up here, you are glad that you live here." It is a wonderful place for us to be, and it is a wonderful community. We want to do all that we can to keep this going, far into the future. The City didn't really buy this place in a conventional way, by putting up a large down payment, nor by it becoming an intimate part of their operations. Their role was more as a fiduciary, that is, they signed on so that we could be here, pay off the loan, and continue to provide low- and moderate-income housing. It seems as if they are at a point where they are ready to throw us under the bus, so to speak, in order to have a nice big capital gain. This seems

rather strange, because they cannot really invest in real estate, generally. A city is only allowed very conservative investments.

Steve continued by saying that now they seem to have come up with a real estate investment that they may be able to cash in on. We, of course, would like to prevent that from happening, or at least, to pursue all avenues to see what can be done to maintain the situation we have. That is why we are meeting with and will probably hire legal counsel very soon. This is going to cost some money. We do not have it in our treasury, in our small bank account. We are very likely looking at a retainer of \$10,000, and down the road, if the attorneys succeed, possibly \$50,000 or \$60,000 or more. If you look at \$60,000 and divide that by \$400, you get \$150 per person. That's not too bad. But what if you don't have that at this time? Then we ask you to contribute this amount over three or maybe four payments, that is, four payments of \$37.50. So we are trying to help you see how you can contribute.

Steve continued by stating that this is not meant to be a demand. You can still live here and not contribute, but we do need help from as many people as possible. Some people will give more, and some people will give a lot. Steve does taxes for a lot of people in this Park, and he knows that we have the money. He can't name any names, but you know who you are. He doesn't think we will have trouble coming up with the \$10,000. We have heard that a lot of people are already ready to contribute. That's wonderful. You don't have to write a check tomorrow, but we would like something soon. We will be putting a box on the counter that is labeled, and you can put checks in it. If you have a larger check and you are nervous about that, get it directly to Steve or his wife Tara. Steve will be making the deposits and maintaining a spreadsheet of every donor and the amount donated. If it turns out that we don't need all of the money, the remainder will be returned in proportion to your contribution. We are not going to hang onto this money nor spend it for anything else. We don't want loans. This is about handing over money to help with the costs. Steve will provide you with a receipt. He will be backing up his computer to ensure that this information does not become lost.

Steve concluded by saying that essentially, we are doing a fundraiser, and it is not just today or this week, but this will be going on for a while. He said he hopes that every resident will think of this not just as a passing wrinkle, something that is just going to go away. No, this is our future here, our homes in this Park. He added that he is not saying that we know exactly which direction we are going to take. There are a lot of ideas floating around out there, and we will be working on this with legal counsel.

John Hansen offered another perspective. The City appears to view this as a \$30 million dollar gain for themselves, or actually a \$38 million dollar gain if our reserve has not already been plundered, which it probably has by now, although we don't know that. Nonetheless, this is big money for the City, which means that, for us, we need big guns to address the high stakes. That is why we are looking for \$10,000 for a retainer, pocket change, really, in order to engage a law firm. Then, if we succeed by investing \$50,000

to \$60,000, as Steve mentioned, that would be great. It will, however, take a very good firm to be able to do so.

Jay added that we, the residents, or at least most of us, plan to stay here for the rest of our lives. We have invested a lot of money and have fixed up our homes for that purpose. The proposed new owner has stated that he is expecting to take \$750,000 per year in profit. That amount exceeds the amount needed for redoing the infrastructure. In this scenario, the new owner could collect his profit, then additionally pass through the infrastructure improvement funding to us, over and above our rents. In addition, raising our rents because of a new owner and then 5% per year beyond that, \$150, \$300, \$400, \$500, \$600 or much more than that each year is what you are going to need to pay out to a new owner, which may happen. What we want to do is to try to ensure that this does not happen. We need your support in order to move quickly, before this approaching avalanche in the form of the City and the new potential owner rolls over us.

Joan, who had been monitoring the Zoom chat line, stated that people are asking to whom the checks should be made out, and if they wish to mail them, where to mail them.

Steve stated that the checks may be made out to PAC, all capital letters. That is the simplest way to do it. He added that we are opening a new bank account this week. Meanwhile, Steve will hang onto the checks, or if we need to, we will deposit them into the existing bank account and then transfer the funds over to the new account once it has been established. We will probably have the box set up by tomorrow morning. Also, residents may just drop off checks to Steve at 51 Club View Drive.

Carol-Joy stated that she is aware that a lot of people have very strong feelings against the City and the way they are treating us and feel that they want to go a different direction. Some people are saying, well, maybe this new owner will not be so bad as compared to other possible options. Other people are very adamant that they want the Park to be resident-owned. She wants to reassure everyone that all options are being explored. Some things may not be possible, however. She said that her husband and she have been doing the same thing with respect to different scenarios, speculating about this, or what about that. If we hire legal counsel, which we may very well do, we will be waiting for them to give us direction as to what is possible, what is probable, what it may cost, and how to go about it.

In the meantime, she would just hope that for herself and for the people in the room now and for those residents on Zoom now and for those who are just reading about this in the minutes, just to remind everyone to keep calm and carry on. Please rest assured, it is all being explored, and we have to put one foot in front of the other. The PAC Board will keep residents informed. As was said in the last meeting, the Board will also let you know if and when we need to go to the media, if and when we want you to write letters, and if and when we want you to pony up some money. And here we are saying that today. So we will let you know about what we need and when we need it. We do know that everybody is very concerned.

John pointed out that PAC stands for Park Acquisition Corporation. It is a 501(c)4 California Corporation. PAC is independent, not associated with the City nor with Management. We have our own bank account.

Dave Tetta commented that he has heard that several people have offered to contribute \$1,000 to the fund. He was wondering about whether there is a suggested range. Steve replied that any amount that works for an individual is appreciated, whether it be \$50, \$500, \$1,000, or \$10,000. Whatever it may be, we will probably need it. Steve reiterated that if we don't use all of it, it will be returned to the donor. David then asked for confirmation that it has been decided that the PAC Board will be managing this fund. Steve confirmed that this would be the simplest way to do it. David then wondered if there would be any legal issues with the Delegation Agreement or any other understandings we have with the City. Steve replied, "No, as John just said, we operate as independent from the City. We are a mutual benefit corporation. As such, although we are a nonprofit, we are not a charitable organization. Therefore, contributions to us are not tax-deductible. We do not have to incorporate, and we do not have to pay taxes as if it is taxable income. We will file tax returns when the contributions reach a certain level, but there will be no tax to pay."

David asked for further confirmation as to whether there is any potential conflict of interest with the Delegation Agreement or anything else, given that the City's point of view is that the City Attorney is actually our attorney. Steve stated that we will consult with the attorney we hire as to those details.

Serena Fisher said that she is curious about the status, in that PAC is a nonprofit, though not quite a normal nonprofit, and not a charitable organization. She wondered whether if PAC's fund were to use a fiscal sponsor, would that enable people to receive a tax benefit for their donation. Steve said no, because this is not a charitable purpose, and this is not of public benefit. Carol-Joy reiterated that it is classified as mutual benefit because the only individuals that stand to benefit are the residents here. If it were of public benefit, it would be a different case.

Serena pointed out that this is an interesting argument, given that the City has characterized us as a cost to the greater community, but Carol-Joy clarified that it is not an argument but a legal status.

Serena continued, if the City owns us, isn't it a conflict of interest if we were to use or request their attorney, in which case couldn't we ask the City to provide funds so that we can hire our own attorney? Jay stated that he has asked that question of the City and has received no answer. Serena asked if it is on record anywhere that we had asked the City about their providing us with legal counsel and received no response. Jay responded that it is a legal question and that we will have to wait until such time as we identify appropriate legal counsel in order to obtain that answer.

Joan, reading from the Zoom chat, said that Ron Roberts and Deborah Boyer asked whether we have someone well suited to interview attorneys. Steve stated that the

committee to interview attorneys consists of Jay, Steve, and Mary Currie. Thus far, the committee has met with one attorney, who is part of a big firm. The committee was very impressed with this person thus far and plans to meet with two more attorneys before deciding. We can't take a long time interviewing a lot of law firms.

Juliette MacLam said that she is wondering about the form of funds going to this legal counsel. We could write checks, but could there be an electronic form of donation, like Venmo or PayPal or some of the other means available to make donations? She remarked that if she were to put this out to some of her friends who don't live here in the Park, they might, for example, pitch in something like \$25, similar to how politicians get microdonations via Facebook. Steve replied that once we have legal counsel, we can discuss that with them to see if that is appropriate, and if so, how to do it. For now, we will just do cash and checks from our own residents. We are open to cash but probably will not take crypto.

Maggie Siegfried said that a few years back there was a committee with the objective of trying to equalize the rents, because some people, like herself, bought homes that had been sold a few times before the Park was turned over to the PAC in 1998. She just added it up. Gary Appleman was recently talking about \$600 rent, but Maggie has been paying \$900. She added it up, and she has paid \$52,200 more in the last 13 years that she has lived here. She thinks that there are other people in similar situations. She lives on Social Security. She was thinking of paying \$600 rent and putting \$300 per month into this fund. Steve said that we don't want to jeopardize her presence here in the Park and so warned her to be careful about that.

John Feld commented that he wanted to take a moment to thank the PAC Board for all of the amazing work they have done. He is stunned by how much the PAC Board members know, how much they retain, and how much work they do, and he believes that all the residents are truly thankful for everything they are doing.

Mary Currie wonders if there is a way to get word out to residents who cannot afford the \$150 or so per person that would be required in order to meet our goal if we were to divide the \$60,000 target evenly between 400 or so residents. She wanted to know if it would be possible to reassure those who cannot contribute at that level that she, among others, is willing to contribute more so that those individuals who are stretched would not have to worry.

Steve clarified that he only used that figure as an example in order to demonstrate the point that the bar is probably not unreasonably high, given the number he came up with, by breaking it down to a per-person basis. He reiterated that people should contribute whatever they can, but there is no requirement nor expectation for any particular individual. He said, "Please give more if you can. I am going to give more, and I have heard that a lot of people are going to give more because a lot of people can't."

Frank Simpson said that he has been exploring whether the City even owns the Park and has the right to sell everything. That is the question he has. In the process of doing

that, he has been speaking with the people who were signing things in 1997 and passing them in the City. During that process, Frank learned that the attorney who prepared all of those documents had met weekly with the PAC Board for three years prior to 1997. That man is still alive, is still an attorney, and is still making phone calls to people in the Park. Frank wants to let people know that he thinks this gentleman would be a really good choice. Steve asked if Frank is referring to David Kenyon, and Frank answered yes. Steve confirmed that Mr. Kenyon will be a resource, and Jay and Carol-Joy both said that they have spoken with Mr. Kenyon.

Serena Fisher said that in her experience, being a professional fundraiser for over 40 years, she believes that there are a lot of adults in their 30s or 40s who have parents or grandparents living in this Park and that our campaign needs to go beyond the residents, because the younger people probably want their parents or grandparents to be able to stay here. They might have crypto, so we should not rule that out. Serena offered to help in any way.

Michele Rodriguez said that she thinks there are two buckets, one being the advice we need and the actions we need to take, and secondly, how to prioritize these different considerations. The fact that there is an offer to purchase on the books and that the City is taking two weeks to respond brings up the issues of what types of affordable housing protections we really have and what political energy we may have regarding that. She wished the PAC Board well, recognizing that it is very complicated, and offered to help in any way she can.

Steve reiterated that those questions show why we need to hire an attorney by the end of this week.

Jay asked for a motion. Carol-Joy moved that the Board create a means to gather funds in anticipation of possible retention of legal counsel, including the establishment of a bank account, and further, that we appoint Steve Plocher to manage said fund. Steve seconded the motion. Someone asked that it be restated since it had been formed in two parts. Carol-Joy restated as follows: "I move that we create a method to gather funds in anticipation of possible retention of legal counsel and further that we appoint Steve Plocher to manage said fund and authorize Steve and Jay to open a new bank account for said purpose."

Jay added that this is to create a bank account to host funds that are being donated to hire the legal counsel to defend our interests.

Steve seconded the restated motion.

Dave Tetta asked if the PAC Board would be accepting checks starting now. Steve responded yes, and Jay added that he and Steve will be going to the bank on Thursday and would love to go with a big basket full of checks and money to get this ball rolling.

Ed Collins asked if there would be a stipulation about returning any unused funds, and Jay reminded residents that the comments now should be about the motion itself.

Ed suggested doing a robocall as soon as possible, and Steve agreed that that is a good idea.

Carol-Joy reiterated that the PAC Board will be using the *Echo*, tube flyers, robocalls, emails, whatever means we can in order to get out the word whenever we need to.

Erma Wheatley asked whether it is possible to put a portion of this money into an interest-bearing account; for example, Treasury Bills are at 5% for 30 days. She acknowledged that the funds may need to be used right away.

Jay responded that if we collect a million dollars, yes, that would be a good idea; however, at this juncture we only need \$10,000. He guarantees that Steve will find a vehicle to gain interest if possible. Erma pointed out that we could be talking about a lot of money. Jay said that he hopes so. Carol-Joy pointed out that we could be talking about a protracted period of time as well, particularly if it becomes something complicated, like resident ownership.

Steve reassured everyone that if things drag out and the fund does raise a lot of money, then the PAC Board will investigate various investment instruments in order to gain the optimal return.

Joan shared a chat comment from Tom Weeden asking about the trigger for moving forward with hiring legal support. Jay answered, "The money."

Gail Roberts said that she does not know the legal ramifications but is wondering whether the retention of legal counsel slows down any progress for an individual to purchase this Park, while also delaying any action of the City of Novato. Carol-Joy responded simply yes.

Janet Shouldis repeated the suggestion of starting a GoFundMe campaign right away.

Martina Koeckritz reminded everyone that money is important, but self-care is also important.

Jay pointed out that after the termination of this meeting that the PAC Board, via Jay and Steve, on behalf of the nascent fund, now has the ability to collect any funds that attendees would like to donate today. Steve has a receipt book here in order to evidence your donation to the fund, and Jay reiterated that if the committee does not spend it, it will be returned to you in proportion to your contribution. He thanked everyone for their help in this endeavor.

The motion passed 5-0.

2. Brief informational overview regarding response to the Grand Jury report (no action needed).

Mary Currie stated that the piece of paper she was referencing was on most of the chairs at the beginning of this meeting. She stated that many of the residents are aware

that this all started with the Grand Jury report of June 8, basically slashing Novato and slashing us in that same report. One of the first things we will do once legal counsel is underway is that we will begin finalizing our response to the Grand Jury. That has to happen this month and probably over the next couple of weeks. Mary wants everyone to know that there will be several rounds of opportunity to comment. Once we get an officially approved response together, we can then work with the community to go to the Novato City Council with sound bytes, posters, comments, and so forth. So that will probably be our next action item in the next couple of weeks.

Michele Rodriguez stated that she noticed that the City Council had agendaized for July 25 their entertainment of their own response to the Grand Jury and that the staff member assigned was Amy Cunningham from the Finance Department. Depending upon what we want to do in terms of our own response and whether we want to include them in some conversation as to sharing what we are thinking in terms of our response, or alternatively, presenting them with our proposed response or preparing ourselves for a response to their response, we would really want to get that done by Friday, or if we just want to get it into the packet, that would be by the next Friday.

Steve stated that the response to the Grand Jury report will be part of what we do with the newly hired attorney.

Todd Rogers commented with respect to the response to the Grand Jury. He wanted to provide a few bullet points for Mary to include in her notes, but this is also good information for all residents to have. Steve was kind enough to provide Todd with some financial reports from the past 12 years. Todd took that and assimilated it all into a nice spreadsheet.

In a simple historical review of MVMCC's income statements for fiscal years from 2011 through 2022, here are some facts:

- Park residents have paid rent in the amount of \$28 million, averaging \$2.3 million per year.
- These rents have resulted in revenue in excess of expenses by \$10 million, with an annual average of \$850,000.
- These excesses have been achieved even with the Park paying the following:
 - \$8 million in expenses
 - Capital of \$5 million
 - Owner expense, which is a City charge, of \$400,000
 - Park utility maintenance of \$700,000
 - Tree care and fire abatement of over \$1 million
 - In-lieu-of-tax fees to the City of Novato, which is a tax substitute, of over \$600,000
 - The land purchase that was mentioned earlier, in the amount of \$250,000, which is not reflected on our balance sheet

These financial reports were reviewed by a CPA through 2018 but have not been reviewed in the four years since.

Investment income earned from the millions of Park cash reserves averaged over \$200,000 for fiscal years 2011 through 2013. That dropped to nearly zero from 2012 through 2022, representing a loss of, conservatively, a million dollars.

The City of Novato failed to charge the Park for some insurance from 2020 through 2022 and also failed to credit the Park for investment income, which Todd thinks has happened recently, but this is part of the catching up.

These are just some big-picture numbers that Todd thinks will be helpful when we are talking to our attorneys but also may help Park residents understand the big picture.

Joan read a question from the Zoom chat from Leah Thiebaut about the City of Novato's having until last Friday to accept the offer to buy our Park. Her question is whether it is known what their response was.

Steve said no, but that it is most likely that the buyer has extended the date of the offer. Steve thinks that that is something we may assume because they may still be considering it.

Jay reiterated that there is no particular action needed on this item, but welcomed everyone to reach out to Steve and to Mary regarding our response.

G. DETERMINATION OF NEXT PAC BOARD MEETING

Tuesday, August 1st at 6:00 P.M.

NOTE: There may be a special meeting or meetings in the interim.

H. ADJOURNMENT

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

Respectfully submitted,

Terri Beauséjour
Recording Secretary