

Marin Valley Mobile Country Club

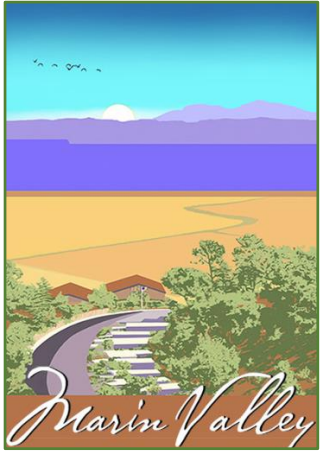
Community Workshop

Resident Ownership - 2

Security

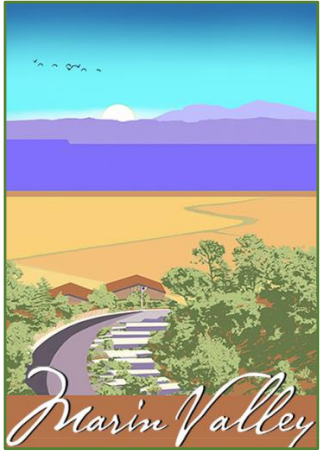
February 28, 2024

Affordability



Meeting Focus

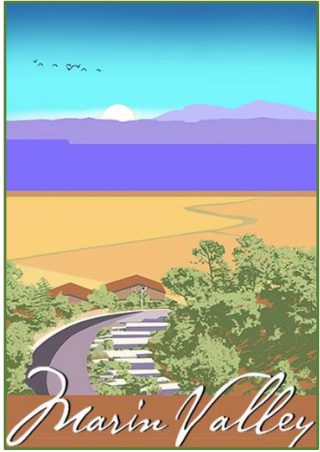
Consider governance models, review financial implications, introduce resident involvement via committees, and review voting procedures for first vote on forming a non-profit corporation.



Agenda

1. Governance Models – Presentation / **Resident Comments**
 - Land Trust / Community Land Trust
 - Long-term Lease
 - Mutual Benefit Corporation
 - Limited Equity Housing Cooperative (public benefit corporation)
2. Financial Considerations
3. Resident Committee Participation
4. Voting Procedures for First Vote on Non-Profit Corporation
 - Critical Vote: PAC Meeting, March 6, 2024

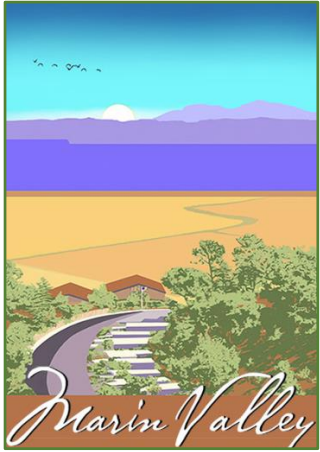
Resident Comments



1. Governance Models

1. Land Trusts / Community Land Trusts

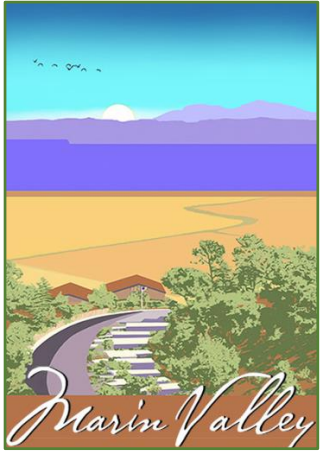
- Pros
 - Affordability
 - Sustainability
 - Permanently Available Housing
 - Potential Property Tax Advantages
- Cons
 - Limited Control (minority representation on Board)
 - Substantial Home Improvement and Resale Restrictions
 - Potential Disputes with Board Majority



1. Governance Models

2. Long Term Lease with City of Novato

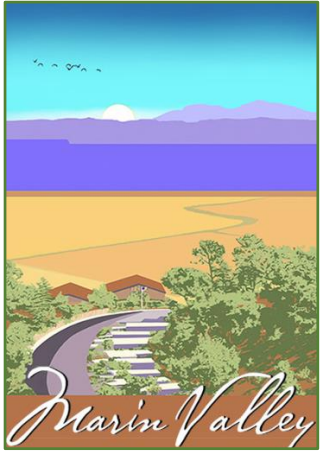
- Pros
 - 55-year Lease
 - Rent Control
- Cons
 - No Voice in Governance
 - No Guarantee of Stability
 - No Guarantee of Timely Maintenance



1. Governance Models

3. Mutual Benefit Corporation

- Pros
 - Self-Ownership / Governance / Social Responsibility
 - Stability
- Cons
 - High Cost of Membership (\$ 5 figures)
 - Purchase through Loans with Commercial Rates
 - Residents Responsible for all Costs



1. Governance Models

4. Limited Equity Housing Cooperative (Non-Profit Public Benefit)

- Pros
 - Self-Ownership / Governance / Social Responsibility
 - Affordability / Stability / Operations at Cost
 - Low Membership Cost
 - High Resident Involvement in Cooperative Management
 - Potential Grant Funding
 - Purchase through Loans with below-Commercial Rates
 - Multi-year Support from ROC USA / CCCD
- Cons
 - Residents Responsible for all Costs
 - High Resident Involvement in Cooperative Management

International Cooperative Alliance: Cooperative Values

Cooperatives are based on the values of self help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others

DELETE?



DELETE?



Why ROC USA Uses the Limited Equity Housing Model

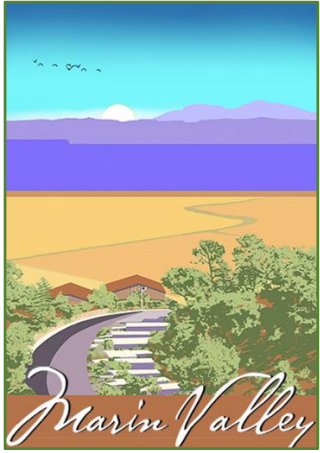
- Non-Profit Mission: Affordable, Stable Communities
 - Funding up to 120% Loan-to Value
- Maximize Membership and Minimize Displacement
 - Co-op Share price is \$100 to 1,000 per site
 - Share price does not need to support down payment
- Community is resident-focused
- Resident-owned, at-cost Operations remains stable over time

Advantages of Resident Owned Communities (Cooperative Ownership)

DELETE?

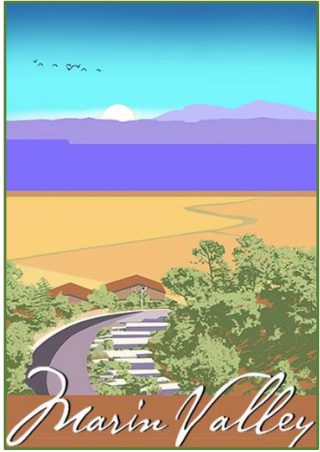
- Operations at cost
- Stabilizes monthly housing expenses over the long term
- Secures the value of the manufactured home by eliminating the vulnerabilities of space rental
- Protects the park from closure or being changed to another use
- Residents determine what is best for their community





Resident Comments





2. Financial Implications

THE BUDGET PROCESS

INCOME

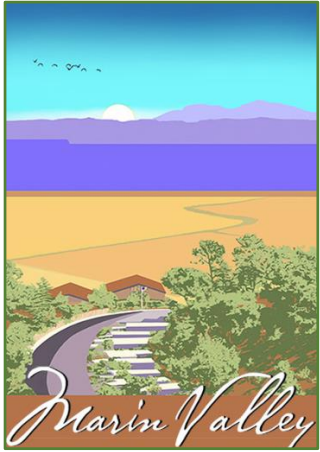
- Rent (Carrying Cost)
- Utilities
- Other (Interest, Grants, Donations)

TOTAL INCOME

OPERATING EXPENSES

- Total Employee Costs
- Total Utilities
- Total Repairs/Maintenance
- Total Office/Admin
- Total MV Fee Costs
- ? Housing Subsidies (critically low-income)
- ? Insurance
- ? Property Tax
- ? Debt Service

TOTAL OPERATING COSTS (TOC)



2. Financial Implications

THE BUDGET PROCESS

CAPITAL EXPENSES (CapEx)

Capital Improvement Projects
Infrastructure Replacement
Unforeseen Emergencies

RESERVES

Forced Savings from
DSCR*

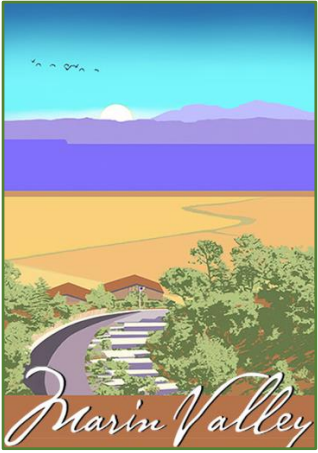
Budgeted Savings
Other (Interest,
Grants, Donations)

TOTAL RESERVES

TOTAL INCOME - TOC = Net Operating Income (**NOI**)

Bank Loan Principal + Interest = Total Debt Service (**TDS**)

DSCR = NOI/TDS 1.0 is minimum; 2.0 shows low risk to lender
DSCR >1.0, excess income goes to CapEx Reserves



2. Financial Implications

Marin Valley Ownership Options

I. Park Owned by Outside Party

- A. City Ownership
- B. Land Trust Ownership
- C. For-Profit Ownership

2. Park Resident-Owned (Co-op owned)

- A. Mutual Benefit Non-profit (FEHC)
- B. Public Benefit Non-profit (LEHC)

MV Resident Personal Assets

- manufactured home
- investments
- savings
- income
- other personal property
- private stipends and benefits
- co-op equity



Sample Acquisition Loan @6.9%

Acquisition Budget:	
Purchase Price	\$ 20,000,000
Transfer Tax	5,200
Title Insurance	15,000
Recording & Misc Fees	5,000
ROC USA™ Capital Origination Fee	150,000
CCCD Closing Fee	200,000
Lender Legal Fees	15,000
Pre-Development Loan w/Contingent	55,000
Property Tax Proration	62,500
Insurance Premium - First Year	75,000
Debt Service Reserve (1 mo)	144,155
Working Capital (1.5 mos)	105,083
Immediate Improvements	125,000
Total Financing Needed:	\$ 20,956,938

Financing Cost	Total	Per Month
ROC USA Capital (6.90% - 10/30)	\$ 20,931,938	\$ 137,858
Resident Corporation Equity	25,000	-
Total:	\$ 20,956,938	\$ 137,858



Results of engineering studies, Environmental Phase 1 & resident infrastructure surveys



Sample Operating Budget

Sample Debt Service

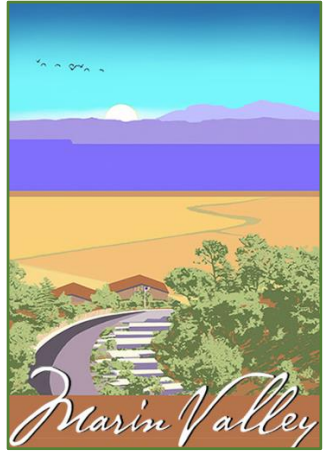
ANNUAL Operating Expenses:	<u>Total</u>	<u>Monthly</u>
Property Tax	\$ 125,000	\$ 10,417
Federal & State Taxes	\$ 12,661	\$ 1,055
Financial Statement Audit	\$ 10,000	\$ 833
Insurance	\$ 75,000	\$ 6,250
Legal	\$ 10,000	\$ 833
Office Supplies & Expenses	\$ 10,000	\$ 833
Management Contract	\$ 30,000	\$ 2,500
On-Site Personnel (w/Benefits)	\$ 250,000	\$ 20,833
Common Area Electric	\$ 5,000	\$ 417
Common Area Trash	\$ 3,000	\$ 250
Landscaping	\$ 35,000	\$ 2,917
Repairs & Maintenance	\$ 75,000	\$ 6,250
Replacement Reserve	\$ 200,000	\$ 16,667
Total Annual Operating Expenses:	\$ 840,661	\$ 70,055



Results of engineering studies,
Environmental Phase 1 & resident
infrastructure surveys

Revenue	Annual	Monthly
Carrying Charges (Rent)		\$ 690
Number Of Sites		330
Gross Site Fee Income	\$ 2,732,400	\$ 227,700
Lender-Required 2% Vacancy	\$ (54,648)	\$ (4,554)
Net Site Fee Income	\$ 2,677,752	\$ 223,146
Effective Gross Income:	\$ 2,677,752	
Annual Cash Flow Analysis:		
Annual Effective Gross Income	\$ 2,677,752	
Less Annual Operating Expenses	\$ 840,661	
Less Annual Debt Service	\$ 1,654,293	
Surplus & Debt Coverage Ratio	\$ 182,798	1.11%

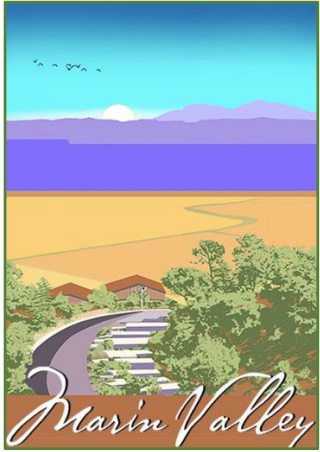
*Minimum Debt Service
Coverage Ratio 1.1x*



3. Resident Involvement

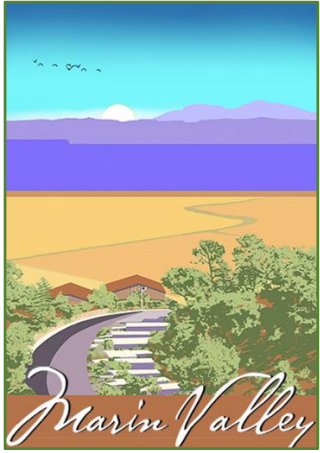
Key Resident Committees (Immediate Action)

- Bylaws
- Park Rules
- Operations
- Finance
- ROC (Resident Owned Community)



4. Voting Procedures

- Critical Vote, **March 6, 2024** PAC Meeting
 - To conduct the Vote, a Quorum of MVMCC Residents must attend in person or via Zoom.
 - A Quorum is 10% of Residents.
 - A majority of the Residents present must approve forming the non-profit corporation.
 - Proxy Votes are accepted.

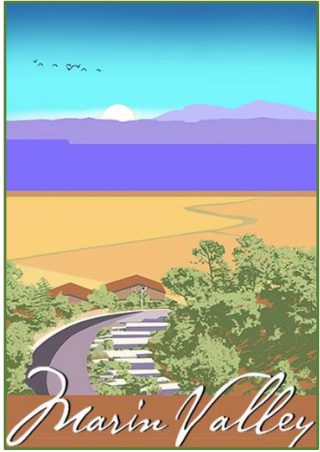


4. Voting Procedures

- Ballot Text (1 of 2)

Background

At the Community Workshop held on February 21, 2024, residents were informed about the Limited Equity Housing Cooperative (LEHC) as a form of community ownership. To review that information, please go to www.marinvalley.net.



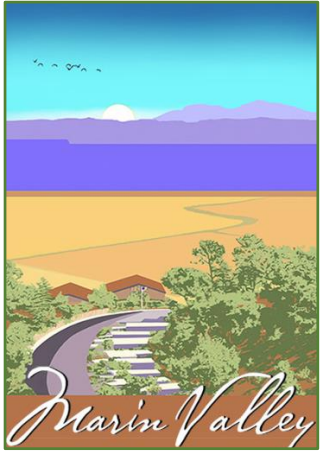
4. Voting Procedures

- Ballot Text (2 of 2)

Proposal

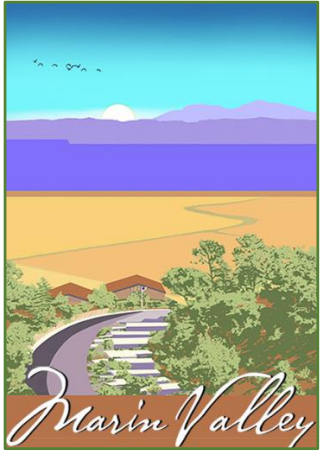
“This vote is to begin the process of forming a Public Benefit Corporation that will have newly approved Articles of Incorporation and an elected Interim Board of Directors.”

Members of the Park Acquisition Corporation (PAC) direct the President and Secretary of the Park Acquisition Corporation (PAC) Board of Directors to file Articles of Incorporation with the California Secretary of State to begin the process of forming a Public Benefit Corporation.



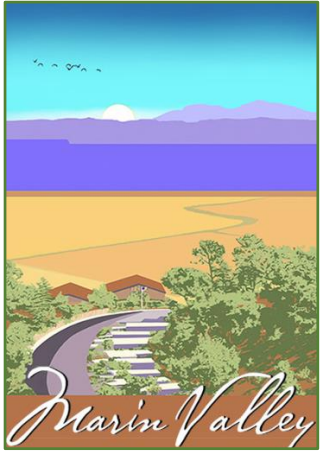
4. Voting Procedures

- March 6, 2024 PAC Meeting
 - Vote **Yes**, **No**, or **Abstain** at the meeting or on Zoom
- Via Proxy
 - Assign a park resident who will be present at the meeting as your proxy to submit your vote in your absence.
 - Prior to the March 6 meeting, deliver written or email confirmation of your proxy assignment to Carol-Joy Harris, PAC Board Secretary, caroljoyharris@comcast.net



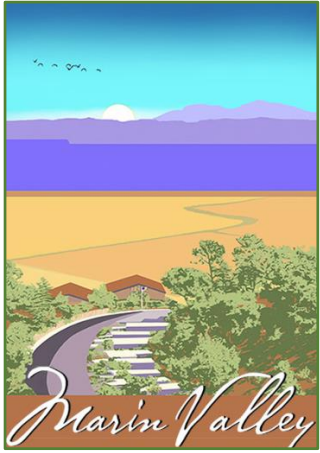
Resident Comments





Resident Comments



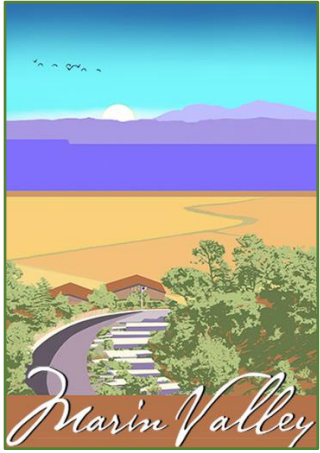


Where to Find This Slide Deck

Marin Valley Website / Resources / Ownership Options

<https://marinvalley.net/ownership-options/>

“February 28 Community Workshop.pdf”



Resident Ownership Discovery Committee

John Hansen, PAC Board

Mary Currie, PAC Board or Jay Shelfer, PAC Board

Dave Tetta

Serena Fisher

Alan Gump