

Bernie Meyers_Email_260519_FINAL

Amy - In a series of emails between myself and you dated December 29, 2025, January 14 and 15, 2026, you set out your areas of concern and facts regarding MVMCC. Those emails are set out below. I found them immensely helpful, for they set out the issues to be addressed.

On April 14, I provided to the City information regarding the main point you raised - lack of evidence supporting the claim by MVMCC that once the acquisition debt was retired, the park was intended to be transferred to a 501(c)(3) for the benefit of the residents, including affordability provisions. See Rod Wood Statement of April 8, 2026 and the supporting citations.

The following responds to the remaining issues you raised in the January 14 and 15 emails in the order presented.

1. Bond Repayment Responsibility. You stated that the “City was responsible for repayment of the bonds including responsibility for all impacts to the City’s credit rating and all costs to complete mandated financial debt reporting.”

The acquisition was structured such that the debt would be retired through revenues generated by the increased rents paid for by the park residents. As to bulk of the bonds (\$15.5 M), the bond holders had limited-recourse rights; their only recourse was foreclosure against the Park (see the April 14 letter). As stated in the subordinate bond offering document (emphasis in original): “NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA, NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF, ... THE REDEVELOPMENT AGENCY OF THE CITY OF NOVATO, THE CITY OF NOVATO, IS PLEDGED TO THE REPAYMENT OF THE PRINCIPAL OR THE INTEREST ON THE BONDS. As to \$1.6 M in subordinate bonds, the holders could only come against the Redevelopment Agency’s funds. And the residents did not default. The subordinate bonds were all paid off and the risk to the Redevelopment Agency funds eliminated by approximately 2010.

The residents’ rents were not sent to the bond holders directly. The Novato Finance Authority (“NFA”) acted as an intermediary, forwarding to the lenders the funds collected from the residents. It is not clear to me what, if any, affect the bonds had on the City’s credit rating. Given that all the debts were paid in full, on time, it would seem to burnish the rating. Importantly, the City’s reputation, as the city that successfully transferred Hamilton Air Force Base to civilian use, was not harmed by the brilliant use of its Redevelopment Agency to provide substantial affordable housing for present and future residents while assisting at-risk seniors in the transition of the park from private ownership, all without cost to Novato taxpayers . Perhaps these two feats were what attracted the City of Beverly Hills to subsequently offer Mr Wood its coveted City Manager position (to my chagrin).

Nonetheless, the City did expend staff time and effort on the project. With respect to any claimed impact on the City’s credit or unreimbursed administrative costs, such impacts and

costs should be documented and quantified. To the extent legitimate unreimbursed costs exist and are allocable to park operations, those costs should be reimbursed.

2. Bank of Marin Loan. You indicate that your statement regarding the bonds applies to the 2012 Bank of Marin loan.

As this and all subsequent claims arise after 2011, it is necessary to examine what the City did in 2011 when it abolished the NFA and took over “ownership” of the park. In January 2011, while the economy of the United States and California were still reeling from the economic collapse of 2008, Governor Brown proposed eliminating all Redevelopment Agencies. The City could have used the proposed State effort as a reason to step away from the City’s commitment to MVMCC and its promise of long-term affordability to low-income seniors. Instead, the City doubled down. By early March, the City reaffirmed its commitment to MVMCC by acknowledging its desire to avoid any third-party ownership that would raise rents and threaten low-income seniors and by assuring the park’s commitment to affordability which the City found to be in the best interests of the community. The City proactively abolished its Redevelopment Agency - and thus the NFA - while unconditionally accepting all the duties, agreements and obligations of the NFA with respect to MVMCC.

The March 8, 2011 Staff Report from the then City Manager, Assistant City Attorney, Assistant City Manager and Senior Planner, reviewed the history of the park, the impact of the upcoming State abolishment of Redevelopment Agencies and considered what to do to the NFA (emphasis added):

The forced disposition of ... the NFA is of serious concern since such an action would likely have a negative impact on MVMCC, which its held by NFA. The NFA’s involvement with MVMCC can be traced back to the mid 1990’s, when the mobile home park was available for sale. At that time, there were concerns that the sale of the mobile home park would lead to rent increases, which would displace existing senior residents living on fixed incomes. In response to this threat, the [PAC] was formed to represent the Residents of MVMCC. PAC entered into an agreement to purchase the park, but was unable to obtain a financing package that would allow the purchase of MVMCC and keep rents at affordable levels for the 315 households in the park. As a result, residents called upon the City of Novato for help.

...[In 1996 the City formed the NFA allowing] the City to purchase the park through **issuance of tax-exempt bonds without risking the City’s general fund revenues.** In addition ... the NFA provided a level of liability protection for both the Redevelopment Agency and the General Fund of the City should unforeseen liabilities arise with respect to the MVMCC property. Lastly, **the NFA represented a separate legal entity to oversee the administration of the purchase and management of park operations.**

The Redevelopment Agency’s involvement in the purchase of MVMCC was limited

to an Agency pledge to secure the subordinate bonds issued. This financial guarantee of the Redevelopment Agency was never exercised since the rent revenue from MVMCC was always sufficient to cover bond debt. The subordinate bonds were paid off in 2010 [sic, 2009]. As such, the Redevelopment Agency never expended any funds on the NFA owned assets at MVMCC. ...

[T]here is the potential threat that the NFA could be forced to liquidate its interest in MVMCC. Such an outcome would **likely have a devastating impact on the affordability of the mobile home units at the mobile home park since it is possible the MVMCC could be acquired by a private entity that would be unrestrained from raising rents in the park, potentially leading to the displacement of low-income seniors. With this potential outcome in mind, the recommended property transfer [to the City] is intended to ensure the City remains in control of the MVMCC property in order to ensure that the property remains in public use for the purpose of continued affordable housing, to assure use of the property in a manner that is in the best interests of the community, and to ensure continued compliance with all of the MVMCC mortgage loan documents.**

... staff recommends that the NFA transfer all assets, responsibilities and obligations of the NFA relating to MVMCC to the City....

There have been many conversations through the years regarding the ownership of the park by residents. It is important to note that there is a distinct difference between a transfer between two public entities with the City as a member of both sides of the transaction and any sale of MVMCC to a for-profit or not for profit entity or individual ownership. While there are clear laws regarding a “gift of public funds” which would require compensation for any private transaction such laws are not triggered when transferring property among public agencies with a shared public purpose. ...

[The transfer from the NFA to the City] memorializes the City’s acceptance and unconditional assumption in full of all of the duties, agreements, and obligations of the NFA with respect to the MVMCC. ...

Transferring the NFA’s personal and real property assets to the City is not anticipated to have a negative fiscal impact on the General Fund of the City. As mentioned above, **the MVMCC generates sufficient rent revenues to cover the outstanding senior bond payments due on the mobile home park.** (Report, pages 2 - 5)

Those concepts and concerns were carried through to fruition in the several Resolutions to eliminate the NFA that ensued. For example, in the Resolution ... Approving An Assignment and Assumption Agreement Regarding the Proposed Transfer of all Real Property Held by NFA to the City, there is this:

Whereas, the NFA was formed in 1996 in order to act as an ownership entity for the purchase of [MVMCC] to protect the senior affordable housing offered at the park; and

Whereas, the formation of the NFA allowed the City to purchase the MVMCC through tax exempt bond financing, without risking general fund revenues. Bond financing was issued, including senior and subordinate bonds. The RDA's involvement was limited to an Agency pledge to secure subordinate bonds. This financial guarantee of the RDA was never exercised since the rent revenue from MVMCC was always sufficient to cover the bond debt. The subordinate bonds were paid off in 2010 [sic, October 1, 2009]. As such, the RDA never expended any funds on the NFA owned assets at MVMCC; and ...

Whereas, there is concern that the real property assets held by the NFA, a joint powers agency formed by the RDA and the City, could be exposed to forced disposition if the RDA were abolished; and

Whereas, if the NFA were forced to liquidate its interest in MVMCC it would have a devastating impact on the affordability of the mobile home units at the mobile home park. Specifically, the MVMCC property could be acquired by a private entity that would be unrestrained from raising rents in the park, potentially leading to the displacement of low-income seniors; and ...

Whereas, the City Council is requested to approve an assignment and assumption agreement whereby the City would assume responsibility to meet all existing obligations of the NFA with respect to the MVMCC Mortgage Loan Documents, thus ensuring the continued compliance with the mortgage loan documents **and any other obligations of the NFA once the MVMCC is transferred to the City** of Novato; and ...

Whereas, the City's bond counsel has issued an opinion that the interest payments on the bonds tied to the MVMCC would remain tax exempt following the proposed transfer; and

Section 1: The foregoing recitals are true and correct and incorporated herein.

Section 2: ...C. The **City assumption of NFA's obligations with respect to the MVMCC Mortgage Loan Documents would ensure the continued compliance** with the mortgage loan documents and **any other obligations of the NFA once the MVMCC** is transferred to the City of Novato.

Section 4: By adoption of this resolution, the City Council of the City of Novato hereby approves the assignment and assumption agreement, as more precisely described in Exhibit "A" attached hereto, thereby assuming all of the NFA's obligations with respect to the MVMCC.

Thus when in 2011 the City stepped into the shoes of the NFA, it did so on its own and by so doing it did not detract one whit from all the original understandings given by the City to the residents. The NFA was formed to assist in the purchase and management of the park - not the perpetual ownership of the park - and as of March 8, 2011, so was the City. The City was concerned that after the liquidation of the Redevelopment Agency, a private party might

somehow acquire the park and raise rents on vulnerable low-income seniors and so the City took steps to thwart that. No City general funds were at risk in the original transaction; none were put at risk after the 2011 transfer. The transfer was to ensure the City remained in control of the MVMCC property **to ensure that the property remained in public use for the purpose of continued affordable housing and assure use of the property in a manner that is in the best interests of the community.**

When the December 1, 2012, Bank loan was made, the subordinate bonds had already been retired. The Bank's recourse for nonpayment was for the Bank to foreclose against the Park. No Novato General Funds were/are at risk. The City's own funds are not liable for any payments. Section 3.5(a) of the loan agreement provides:

"The City's obligation to pay the Loan Repayments is a special obligation of the City limited solely to amounts available from Gross Revenues [that is, funds the City receives from the Park]. Under no circumstances is the City required to advance monies derived from any source of income other than the Gross Revenues and other sources specifically identified herein for the payment of the Loan Repayments, and no other funds or property of the City are liable for the payment of the Loan Repayments. (emphasis added)."

Again, the City may have retained legal, administrative and contractual responsibilities associated with the bank loan. To the extent the City claims unreimbursed costs arising from the loan, those claims should be specifically identified and supported. Offsetting those costs should be any benefits the City gains from the Bak due to the loan.

3. Whether the Debt Is "City Debt". You stated: "[T]he City makes the payments on City debt, this is not a resident debt."

While the Bank of Marin loan agreement is between the Bank and the City, the agreement makes clear that repayment depends entirely on Park revenues generated by the residents. No General Funds are at risk. While the City is legally obligated to make the payments to the Bank, the residents make the payments to the City and the City merely transmits those funds to the Bank. The loan is therefore functionally and economically a resident obligation. If the residents did not timely and fully pay it, they and the Park would have suffered the consequences. And pay it, both timely and in full, they did.

As stated above, the City may have retained legal, administrative and contractual responsibilities associated with the loan. The City should also identify any benefits it receives from the Bank due to this loan. To the extent the City claims unreimbursed costs arising from the Bank loan, those claims should be specifically identified and supported.

4. Whether Residents or the City Paid the Debt. You further stated, "[T]he City has made the required payments on City debt at no time did residents pay the bonds or bank directly."

This statement is accurate in a formal sense: residents did not transmit payments directly to lenders. However, it appears that the residents at all times paid, by the increase in their rent, the funds that paid off the bonds and the subsequent bank loan. The NFA and later the City took control of those funds and then forwarded them to the entity that paid the bond holders and subsequently to the bank. In no real sense did the City pay taxpayer funds to the creditors.

If the City is requesting reimbursement for its postage fees or other costs, the City should state what it seeks and the basis thereof.

5. American Rescue Plan (“ARP”) Sewer Funds. You stated “\$3M in City American Rescue Plan funds were expended on the sewer pump stations (Spotswood has the details); the residents have not been asked to reimburse this.”

Because the ARP funds originated from the federal government, not General Funds, it would seem that the City did not expend its own funds on the pumps. However, as I stated in my April 14 letter, “I am aware that there are differing views regarding that issue and do not attempt to resolve it here. If, after a hearing, the Council determines that reimbursement is appropriate, that matter can be addressed separately.” To the extent the City seeks reimbursement, it should set out its claim, explain why a transfer of the park ownership to a 501(c)(3) (with appropriate affordability conditions) requires park reserves repay all or some of the APR funds, fully explain why the City and not the US is entitled to make the claim, including grant applications, governing grant conditions, authorizing resolutions, accounting treatment and whatever legal basis and documentary proof it relies on.

6. Cost Recovery and General Fund Claims. You stated that “[Novato has been billing the Park per its cost recovery policies] and adheres to the same processes and methodologies for all similar cost recovery accounts; further, the City does not fully recoup all costs associated with park ownership, leaving the General Fund to absorb those costs.”

The original acquisition structure to purchase the park, as set out in Rod Wood’s Statement of April 8, 2026, was that ALL the funds needed to pay the principal and interest for the bonds and all incidental expenses, were to be borne by the residents increased rental payments. “[T]he arrangement was effectively a self – help program; residents funded the purchase through their rent payments, with no net cost to the City beyond initial financing support”. (Para 5, page 1)

Historically, that structure was followed for years (ex., see the March 2011 Staff Report above). As recently as March 28, 2023, the then City Manager and the then Public Works Director-City Engineer affirmed that the Park had cost the City “no general funds” (“**Costs associated with MVMCC - including the acquisition, debt-service, ongoing operations/maintenance, and capital improvements have been offset by the park space rental and utility revenues. ... It is important to note that no City general funds were used to acquire MVMCC - bond and loan debt service payments have been paid by revenues generated from mobile home space rentals within the park.**” Memo, pages 1, 2, emphasis added)

However, that does not exclude later unreimbursed expenditures, changed accounting practices or additional City obligations. If there has been some change in the City's procedures since March 28, 2023, costing the City to expend its own ("General Funds") on the park, the City should specifically identify and document them.

7. Reserve Funds. Regarding my statement that "Novato holds a reserve fund of millions of dollars designed to pay for various expenses, and that fund was accumulated from payments by the residents", you stated: "not sure what you mean here... The reserve fund is used primarily to fund the capital projects at the park and minor park related incidentals; the reserve fund has a balance of \$3M more than it otherwise would have because American Rescue Plan funds were used for the sewer pump station project instead of park reserves."

This response appears to confirm that reserve funds exist and were funded by park residents. To the extent the reserves hold \$3M more than they would have absent the grant of the American Rescue Plan funds, see #5, above.

Your claim raises the issue of whether all withdrawals from the reserves have been used only for the benefit of MVMCC. For example, to the extent reserves have been used to fund acquisition or maintenance of property adjacent to the park, the City should identify the legal basis under which resident funded reserves became City capital assets, how that benefitted MVMCC residents, the governing documents and how those expenditures were accounted for.

At the time of the transfer of the deed, the balance of all the reserve funds should be addressed. If the City claims any of the funds, it should set out who paid the reserves, how the funds were treated (including how interest, if any, accrued) and provide all governing agreements and applicable law. If reserves were accumulated from Park-generated revenues to be subsequently used for MVMCC acquisition and capital purposes, there should be an explanation of why the City would retain any after the deed is transferred.

8. Original Understanding Regarding Transfer. Your last statement, that "there is no evidence of [the parties understanding in 1997]", has been addressed by my letter of April 14, the Rod Wood Statement and contemporaneous supporting materials. Plus, the material in the Staff Report of March 8, 2011 substantiates the April 14 letter and should be considered an update thereto. These materials should substantially address that concern.

9. While you have made no claim made that transferring the deed to a 501(c)(3) with appropriate affordability conditions would constitute an unlawful gift of public funds, others have raised that argument. My May 8, 2026, letter explains why that assertion is incorrect.

Conclusion.

Notably, you do not argue that the City may transfer the park to a third party. That is important, as residents are concerned that the City will sell the park to someone who will increase rents and not provide affordability, just as was the City itself as shown by the March 8, 2011, Staff

Report and accompanying Resolutions. If your position is that the City may transfer the deed to a private party, please so inform me.

Except for the absence of proof regarding the original understanding (now addressed by Mr. Wood's April 8 Statement and contemporaneous materials cited in the April 14 letter, plus the March 8, 2011 Staff Report, et. al.), your issues involve reimbursement claims or administrative costs. Those amounts can be resolved by accounting and, as warranted, reimbursement. Importantly, when satisfied, none of those claims should preclude the transfer of the deed to a 501(c)(3) entity, together with appropriate affordability conditions.

Respectfully submitted,

Bernie Meyers, Novato

PS: The original correspondence was only between the two of us. However, you added Mr. Spotswood to the thread, so I am copying him as well. As this very much concerns MVMCC issues I would appreciate it being provided to the City Council, if that is acceptable to you.