



March 5, 2011

IMPORTANT SPECIAL MEETINGS REGARDING MVMCC

City of Novato Moving Quickly to Protect Continued Affordability at Marin Valley Mobile Country Club

For many years, the State of California has had deep fiscal issues and has often raided funds from local governments. The State of California has taken over \$15 million from the City of Novato to date. In January of this year, the new Governor Jerry Brown released a budget proposal which included the elimination of redevelopment agencies in California as of July 1, 2011. The Governor argues that redevelopment agencies should be abolished and their assets be distributed to other local government agencies.

As you may be aware, the Novato Financing Authority (Authority) is a joint powers authority of the City Council and the Novato Redevelopment Agency. The Authority was created to finance, acquire and improve the Marin Valley Mobile Country Club Community. If the Novato Redevelopment Agency is eliminated as outlined in the proposed state legislation, the City, as explained further below, could be forced to sell the mobile home property.

Over the past month, the proposal to eliminate redevelopment agencies has gained strength and the City of Novato believes the elimination of redevelopment agencies is a serious threat which could have severe consequences on our community. Specifically, the legislation requires so-called "successor agencies," under the control of an oversight board, to assume the responsibilities of the former redevelopment agency. The legislation also mandates the successor agency to "dispose of the assets and properties of the former redevelopment agency." The sales of the assets must be "done expeditiously and in a manner aimed at maximizing value". The proceeds from the sale of these assets must be transferred to the Marin County Auditor-Controller. The Auditor-Controller must then distribute these funds to other taxing agencies in the county (for example, the County of Marin, the Novato Unified School District and the Novato Fire District, among other agencies).

The Marin Valley Mobile Country Club property was never intended to be or become an asset of the Redevelopment Agency. Staff believes the City must take immediate action to protect the assets of the Novato Financing Authority. The City does not want the mobile home park property sold to the highest bidder. Therefore, staff is proposing that the MVMCC properties be TRANSFERRED from the NFA to the City. The proposed transfer will ensure that the City remains in control of the assets to protect the existing agreements and preserve the best interests of the City and the residents specifically protecting the continued use of the property as a mobile home park and the continued affordability of rents in the Park pursuant to the financing documents. The

transfer agreements will contain all the leases, restrictive covenants and other agreements currently in place. The City is not seeking to change these agreements.

At this time, we understand that the State may take action as early as March 10th on this budget legislation. In order to protect the park, the City must take ownership before March 10th. Therefore, the City has scheduled meeting on March 8th to transfer the park from the Novato Financing Authority to the City of Novato. At this meeting, the Novato Financing Authority Board, the Redevelopment Agency Board and the City Council must take formal actions. Also, in order to answer questions of residents, the City has scheduled an information meeting on Monday, March 7th for residents to be held at the park.

Informational Meeting for Residents

Monday, March 7, 2011 from 5:00-6:00 p.m. at the MVMCC Club House

Joint Meeting of the Novato Financing Authority, City Council and Redevelopment Agency

Tuesday, March 8, 2011 from 7:30 p.m. at City Council Chambers, 901 Sherman Avenue
Agenda at Club House front counter and

<http://www.ci.novato.ca.us/Index.aspx?page=702>

KEY QUESTIONS OR INFORMATION POINTS

Will the NFA and the NFA Board still exist?

The transfer will remove all assets and responsibility from the NFA. The NFA Board will still exist, but there will be no role for the NFA Board in terms of financing documents since the City will assume those responsibilities. The future of the NFA Board will have to be determined in the near future. All City resources are focused on protecting the City and the mobile home park from this threat from the State.

How does the transfer affect the PAC, the Delegation Agreement and Al Frei's contract?

The current Delegation Agreement remains in place, but the City is now delegating its authority to the PAC directly instead of through the NFA. The negotiation process for extending and amending the Delegation Agreement would now be between the PAC and the City Council instead of the NFA Board. The contract for Frei Real Estate Services remains in place.

What happens to the bonds?

As part of taking ownership of the asset, the City would also assume full responsibility for oversight of the payments on the bonds under the bond financing documents.

ADDITIONAL INFORMATION

The agenda for the March 8th Joint Novato Financing Authority/City Council meeting will be posted on Saturday evening. For additional information or questions, please attend the information meeting or email NFA@novato.org.