



The Park Acquisition Corporation of Marin Valley Mobile Country Club

---

July 7, 2025

City of Novato  
Attn: Amy Cunningham  
City Manager  
922 Machin Ave.  
Novato, CA 94945

CC: City of Novato  
Attn: Bill Rose  
Asst City Manager  
922 Machin Ave.  
Novato, CA 94945

Subject: Acquisition and Financing Proposal Updates  
Marin Valley Mobile Country Club  
100 Marin Valley Dr.  
Novato, CA 94949

Last week I received a question from Assistant City Manager, Bill Rose regarding the derivation of the financial details in the June 19, 2025 PAC Acquisition Proposal and Financing Proposal.

After receiving this question we conducted another review of the original document. We did find an error requiring correction – the funds for paying off the Bank of Marin loan in 2026 had been included twice. With this correction made, along with the update noted below under number 2, the "net proceeds" to the City of Novato total \$20 million rather than \$21 million as had been indicated in the original proposal. The long-term installment schedule remains the same.

Please update your binders with the seven replacement pages: i (Executive Summary), 1, 9, 11, 17, 26, and 66. The table on page 17 is a summary of the acquisition finances.

The following changes have been incorporated into these updated pages:

1. The correction of the duplicate entry of the payoff for the Bank of Marin loan.
2. Data from the Helsing Group's P&L, in reference to the MVMCC accounts has been updated from May 31, 2025 balances to June 30, 2025 balances in order to correspond to the close of the City's 24-25 Fiscal Year.
3. Please notice that all the changes have been **highlighted in yellow** for your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "John C. Hansen", written over a horizontal line.

John C. Hansen  
PAC Board President

## Executive Summary

---

The City of Novato (City) and the Park Acquisition Corp. of Marin Valley Mobile Country Club (PAC) entered into an Exclusive Negotiating Agreement (ENA) on May 1, 2024. The ENA requires PAC to deliver a Financing Proposal to the City by June 30, 2025. This document fulfills that requirement by providing our Acquisition Proposal, substantiated with our detailed Financial Analysis.

As described in the ENA, *"The PAC... was formed for the charitable purposes of: (i) providing and maintaining decent, safe, and sanitary housing for seniors; (ii) providing affordable senior housing and preserving the affordability of a mobile home park; and (iii) relieving the burdens on the City of ownership of the Property."* This document addresses PAC's purposes as fully described in the body of this Financing Proposal in two parts: Section 1 is the Acquisition Proposal; Section 2 is a detailed Financial Analysis.

The Acquisition Proposal, Section 1, details our offer to acquire MVMCC from the City for an effective total of over **\$20,000,000** and how this amount was derived. This offer is approximately **94%** of the recently appraised Park valuation of \$21,300,000. Section 1 also describes the proposed ownership structure—Marin Valley Cooperative (MVC) and its proposed maturation into a Limited Equity Housing Cooperative (LEHC). The LEHC will provide resident co-op Members with the sustainable security and stability of self-ownership, along with a highly democratic governing structure. Long-term affordability is detailed with structures and assurances to maintain moderate- and low-income senior affordability.

Section 2 provides a detailed financial analysis supporting this Proposal, while addressing limitations to income generation by MVC Members and tenants—91% of whom are low-income. The financial analysis accounts for the costs of acquisition, operation, CIP, and debt service obligations while still generating a positive cash flow.

The PAC finance team spent many months reaching a financial solution to meet this challenge, crafting a win-win scenario that would meet the goals of affordability, security, and sustainability, while at the same time providing the City a fair price very close to the appraised value of the Park. The best solution was found to be an installment plan that provides the City with a net \$500,000 per year for a 35-year loan.

The substantiation of our proposed solution is elaborately detailed throughout Section 2. This will sustain the success of MVC far into the future with the assistance of our partners, California Center for Cooperative Development (CCCD) and the Helsing Group.

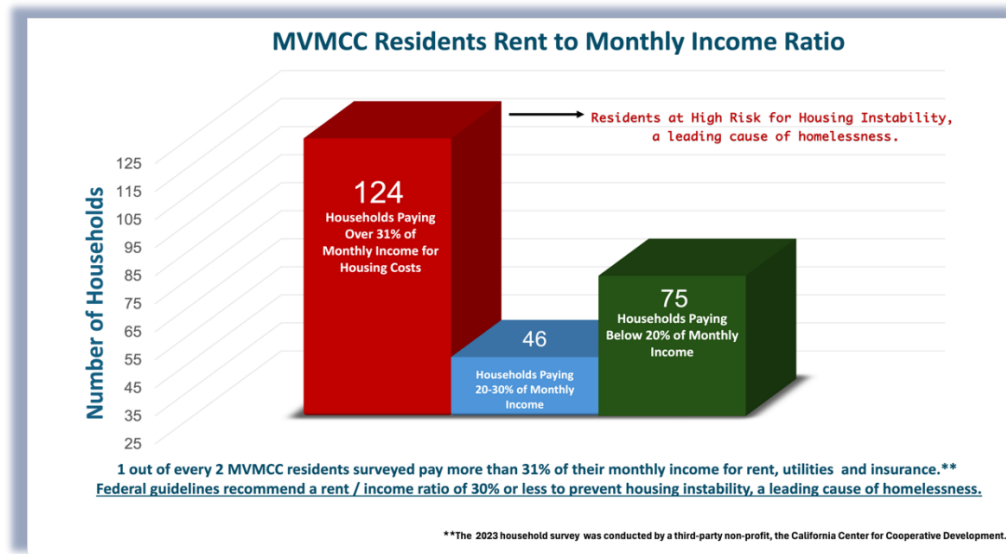
Income projections from both MVC Members' (carrying charges) and remaining tenants' (rents) for a 10-year projection was particularly challenging, especially while applying a novel carrying charge equalization plan that does not affect current residents but that eventually arrives at a uniform carrying charge for all MVC Members. Also included in our long-term plans are mechanisms to maintain affordability for lower-income Members.

## PAC/MVC Proposed Offer to the City of Novato for Acquisition of Marin Valley Mobile Country Club

Marin Valley Cooperative (MVC), the proposed assignee of the Park Acquisition Corporation (PAC) under the Exclusive Negotiating Agreement with the City of Novato, is proposing to purchase the Marin Valley Mobile Country Club mobile home park including all personal property located at the Park and currently owned by the City (MVMCC or Park) for approximately \$15 million. However, this sum does not include the additional \$5M, which will eventually become available to the City's General Fund from the existing allocated MVMCC accounts, as described in more detail below. When the additional \$5M is combined with the \$15M, the net proceeds to the City total more than \$20M. This is approximately 94% of the appraised value for MVMCC of \$21.3M.

1. The June 30, 2025 Helsing Group balance sheets (See Appendix C.9) show approximately \$7.5 million total in the various MVMCC accounts received from resident rents, including the operating accounts and various reserve funds. PAC/MVC is proposing, as part of the acquisition of the Park, that the funds in the MVMCC accounts be distributed as follows:
  - \$2.6 million of the existing cash balances in the MVMCC accounts would be transferred to MVC to cover the first three years of capital improvements needed for the Park, as discussed below.
  - An additional approximately \$306,000 of the funds in the MVMCC accounts would be transferred to MVC for initial operating capital (to be repaid).
  - Approximately \$929,000 of the funds in the MVMCC accounts would be used to pay for closing costs (to be repaid). (See Section 2.7.1 Acquisition Budget in this Proposal for the estimated closing-cost budget.)
  - Funds in the MVMCC accounts would be used for the payment of the Bank of Marin loan (to be repaid), which is estimated to have a balance of approximately \$1.265M, assuming a December 31, 2025 closing.
2. Any remaining funds in the MVMCC accounts (approximately \$2.4 million based on the \$7.5 million balance) would be available to the City after closing to be used for any purpose. MVC would give the City an interest-free note for \$17.5 million for the purchase price (\$15M), as well as the closing costs (\$929k), operating funds (\$306k), and the payoff of the Bank of Marin loan (1.265M) provided from the MVMCC accounts. The principal balance of the note would be paid in equal installments over a 35-year term, creating a \$500,000 per year revenue stream to the City. The note would be secured by a deed of trust on the Park property.
3. The City would be responsible for the payment of the outstanding balance on the Bank of Marin loan, which is estimated to be approximately \$1.265 million at closing, assuming a December 31, 2025 closing. Funds in the MVMCC accounts should be sufficient to pay the Bank of Marin loan and leave the City with a cash balance of approximately \$2.4 million in unencumbered funds.
4. It should be noted that approximately \$235,000 of the closing costs is a prorated repayment to the City of the 2025-2026 sewer fees that will have been paid in full prior to closing, resulting in an additional \$235,000 available to the City.

The survey also found that over 124 participants are paying over 31% of their monthly income for housing costs - rent, utilities, and insurance, making them at high risk for housing instability.



The long-term financial outlook for seniors in California is expected to worsen as the Social Security cost-of-living increases are not expected to keep pace with the Bay Area inflation projections.

### Purchase Price Determination Overview

The **\$15M** purchase price put forth by the PAC in this Proposal came as a result of extensive financial analysis. When the PAC Board authorized the formation of the Finance Committee, its top priority was to determine how much PAC/MVC could afford to offer the City for the Park and still achieve the following mutually beneficial goals :

1. Keeping the Marin Valley Mobile County Club (MVMCC) a safe and affordable source of housing for low-income seniors.
2. Preserving the sustainability, viability, and affordability of MVMCC for future residents.
3. Fair compensation to the City for the property, taking into consideration the financial constraints of the first two priorities, and at the same time relieving the City of the burdens of ownership.

To come up with a purchase price that met the above criteria, the Committee set about creating a financial database to generate the key financial data points that could have a direct impact on the purchase price, namely:

- Annual Park income
- Park operating expenses
- Capital improvement projects
- Creation of an Acquisition Budget to determine transition and closing costs
- Maintaining a positive cash flow

Each of these items is discussed in further detail in this section.

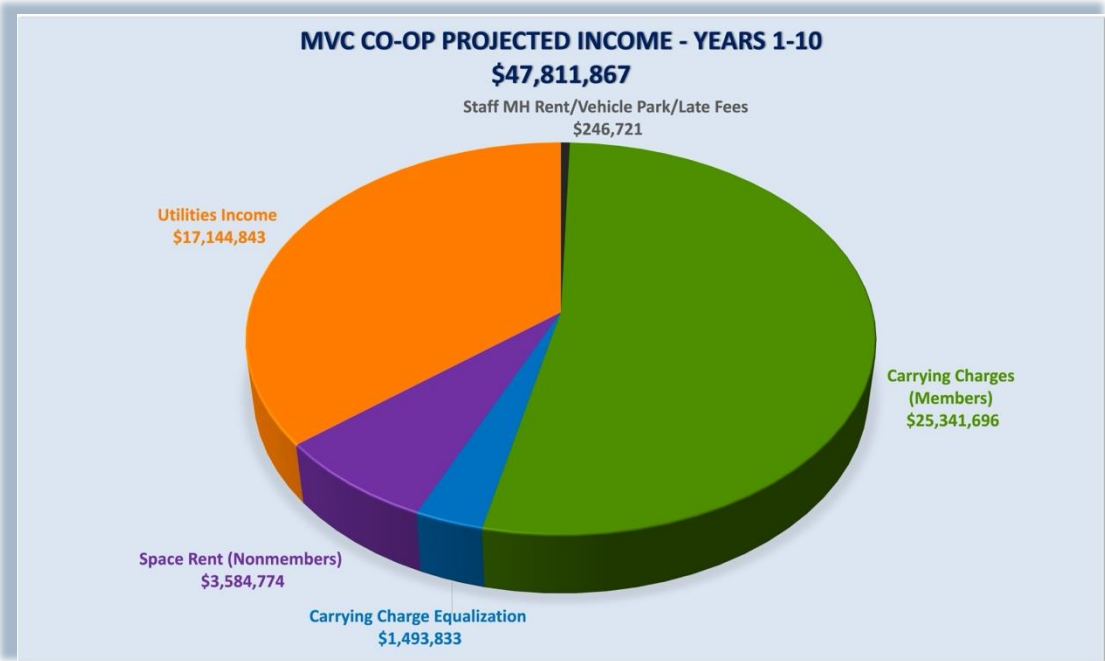
The finance team developed a plan for direct installment payments to the City. This appears to be the best option to ensure that the Park remains both affordable and financially sustainable.

It is a mutually beneficial option that allows MVC to:

- Offer the City a purchase price of \$15 million
- Provide the City with a revenue stream for the next 35 years
- Continue to serve as a source of quality, affordable housing for low-income seniors
- Maintain a positive cash flow, thereby helping to ensure its financial viability and sustainability

Income Overview Years 1-10

The first year’s income projections are based on the City’s FY25/26 proposed budget rent increases. All future income projections were calculated using minimal increases to establish the lowest possible rents and carrying charges, while still maintaining a viable and sustainable cash flow, which aligns with our goal to keep the Park affordable for current and future residents.



## Acquisition Financing

As part of the acquisition funding, MVC proposes to finance a portion of the \$20M net proceeds to the City. The \$17.5M balance shown in the financing chart below will be paid in direct monthly installments to the City totaling \$500,000 annually over 35 years. The balance is comprised of the purchase price (\$15M), the Bank of Marin loan payoff (1.265M), as well as repayment of \$1.235M from the MVMCC cash accounts, which MVC needs to cover closing and transition costs, and to provide MVC with working capital. The \$1.235M will help ensure MVC success after taking ownership of the Park. The graphs below provide details on how the funds will be used.

PARK ACQUISITION CORPORATION- PAC/MVC ACQUISITION BUDGET				
Closing Costs		Amount	Financing	Amount
Transfer Tax		\$ 17,891	Base Purchase Price	\$ 15,000,000
CTAP Closing Fee (CTAP & Network)		\$ 250,000	Bank of Marin Loan Payoff bal 12/31/2025	\$ 1,264,564
City Legal Fees		\$ 10,000	Closing & Transition Costs to Finance	\$ 1,235,436
PAC/MVC Legal Fees		\$ 65,000	Purchase Price Adjustments	\$ 17,500,000
Survey		\$ 30,000	Installment Payment Number of Years	35
Title Insurance		\$ 20,000	Monthly Payments to City	\$ 41,666.67
Recording & Misc Fees		\$ 10,000	Total Annual	\$ 500,000
Contingency for Lender's Additional Approvals and Reports		\$ 27,239		
Property Tax Proration (6 mo) of Real Estate Taxes		\$ 82,175		
Sewer Reimbursement from Co-op to City Jan-June 2026		\$ 234,990	CIP for Years 1-3 from MVMCC Cash Accounts, not to be repaid	\$ 2,590,918
Insurance Premium - First Year		\$ 181,982		
<b>Total Closing Costs</b>		<b>\$ 929,277</b>		
<b>Transition Costs</b>		<b>Amount</b>		
Working Capital (1.5 months of Operating Expenses)		\$ 306,159		
<b>Total Transition Costs</b>		<b>\$ 306,159</b>		
<b>Total Transferred to Escrow for Closing &amp; Transition Costs</b>		<b>\$ 1,235,436</b>		

All costs associated with the ENA Due Diligence sections, as well as some legal costs incurred to date, have been paid by voluntary contributions from Park residents. Those costs are not included in the budgets presented in this Proposal.

## 2.7 Budgets

### 2.7.1 Acquisition Budget

Park Acquisition Corporation (PAC/MVC) - Acquisition Budget				
Description	Amount	Basis of Estimates	Financing	Amount
<b>MVC Closing Costs</b>			<b>To The City</b>	
Transfer Tax	\$ 17,891	Computed here	<b>Purchase Price</b>	\$ 15,000,000
CTAP Closing Fee (CTAP & Network)	\$ 250,000	CCCD	Bank of Marin Loan Payoff **	\$ 1,264,564
City Legal Fees	\$ 10,000	CCCD	Funded by the City to MVC for Closing Costs and Transition	\$ 1,235,436
PAC/MVC Legal Fees	\$ 65,000	PAC/MVC Legal Counsel	Purchase Price - Adjustments	\$ 17,500,000
Survey	\$ 30,000	CCCD		
Title Insurance	\$ 20,000	CCCD	<b>Net to Finance - 35 years \$500K per Year</b>	<b>\$ 17,500,000</b>
Recording & Misc Fees	\$ 10,000	CCCD	Monthly Payments to the City	\$ 41,666.67
Contingency for Additional Reports and closing Costs	\$ 27,239	CCCD		
Property Tax Proration (6 months) of Real Estate Taxes for Jan-Jun 2026	\$ 82,175	Computed here	<b>CIP for Years 1-3 from MVMCC Cash Accounts, not to be repaid to the City</b>	\$ (2,590,918)
Sewer reimbursement from the MVC to the City for Jan-Jun 2026 (6 months)	\$ 234,990	See Sewer Computation Table in Proposal Section 2.4		
Insurance Premium - First Year	\$ 181,982	See Insurance Computation Table in Proposal Section 2.4	<b>**As of 12/31/25 the Bank of Marin Loan Balance will be \$1,264,564</b>	
<b>Total MVC Closing Costs</b>	<b>\$ 929,277</b>			
<b>MVC Transition Costs</b>				
Working Capital (1.5 months)	\$ 306,159			
<b>Total MVC Transition Costs</b>	<b>\$ 306,159</b>			
<b>Total Closing &amp; Transition Costs</b>	<b>\$ 1,235,436</b>			
<b>MVC CIP Deferred and Scheduled Projects</b>				
Clubhouse Roof Costs pass back from the City	\$ 350,000	Assumes the City will not start this Project before Escrow closes. MVC will do the project.		
Immediate CIP Improvements Year 1	\$ 553,415	Year 1 CIP Expenses minus Clubhouse roof		
For CIP Projects Year 2 -3	\$ 1,687,503	10-Year CIP Budget		
<b>Total MVC CIP Deferred and Scheduled Projects</b>	<b>\$ 2,590,918</b>			

# The Helsing Group, Inc.

The Common Interest Development Experts  
AN EMPLOYEE OWNED COMPANY

## Management Report for Period Ending June 30, 2025

Date: July 3, 2025  
To: City of Novato  
Park Acquisition Corporation  
From: The Helsing Group  
Re: Marin Valley Mobile Country Club

### Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	2,457,433.30
MVMCC Accounts Payable	165,212.62
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	3,637,514.92
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$7,511,860.84</u></u>

### Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	323,202.24	3,981,297.29
Project Income	-	-
Operating Costs	112,241.55	2,085,384.33
Project Costs	25,522.23	644,249.24
Other Costs	3,888.37	77,266.32
Prior Year Owner Reimb	-	-
Net	<u><u>181,550.09</u></u>	<u><u>1,174,397.40</u></u>

### Bank of Marin Loan Payments

Principal	50,375.99	597,562.52
Interest (included above)	3,888.37	53,609.80
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>651,172.32</u></u>

Debt Service Coverage Ratio - Year to Date 2.79