



The Owners' Voice

EMAIL: org@mcc-owners.org

January 2021 Issue

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Next Owners' Zoom Meeting

**Thursday
January 21
7 p.m. to 8:30 p.m.**

**You will receive
a Zoom
Invitation**

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RECALL MADNESS

Homeowners were just emailed yet another board recall petition—the 4th in little more than a year. The latest “Wang Recall”, claiming that Marina City Club (MCC) is on the brink of bankruptcy, is written under the fictitious name of James Wang, who is not an MCC owner. However, the writer’s identity is obvious to those who recognize the similarity to other incendiary emails they have received in the past few months, from a certain resident,

Condo owners who have studied and are familiar with problems facing MCC find the email ludicrous; pointing out that the vicious attack against the current board president and another homeowner is full of wild, unverified accusations, misinformation, and out-of-context numbers that confuse and create panic among MCC condo owners.

Needing only 30 signatures to get a recall ball rolling, recalls at MCC have become a routine occurrence. They cost MCC thousands of \$\$\$ and cause continual havoc in the community. The madness started in the fall of 2019 with 2 failed board recall attempts instigated by a board member.

Fast forward, the 3rd recall effort, also anonymous, has picked up more steam. It comes at a time when many homeowners are extremely dissatisfied with the current board’s dysfunction and behavior. They are hopeful that the recall will succeed and new board members will be elected at the January 15th Zoom Special Meeting. But obtaining quorum of 301 votes has not been achieved for years. Owners can vote until 11am, Friday the 15th.

And now comes the 4th “Yang” recall petition and more expense if just 30 signatures are obtained.

According to one of the top HOA law firms, “There are dysfunctional elements in some associations that launch recall after recall to torment boards...Petitioners do not care that they disrupt operations and burden the membership with needless expenses. It is not unusual for them to become abusive with vendors and staff, make repeated demands for records inspections, and threaten lawsuits in an effort to coerce people into giving them what they want.” It is recommended that Associations amend their bylaws to restrict the number of recalls that can be filed in a year. Are homeowners ready to bring MCC bylaws into the 21st Century?

Restaurant Update

The Owners’ Group emailed a survey to owners, residents, and nonowner members to learn what they think about the restaurant. More than 150 responses have been received. “Thanks” to everyone who took the time to share their thoughts. Data and comments are in the process of being analyzed. Results will be presented at an upcoming Owners’ Group Zoom meeting and Newsletter, posted on the owners’ website below and shared with the COA and Restaurant Boards. All of this is designed to help make decisions once the COVID abatement allows changes in the currently constrained restaurant services. <https://mcc-owners.org>



Missing In Action: Management & Club Councils

Management Council and Executive Club Council both have important responsibilities for the good of Marina City Club (MCC). Yet, neither has functioned for more than a year.

Management Council was formed under the 1994 Settlement Agreement between the Condominium Owners' Association (COA) and the "Debtor" (then Snyder, now Essex). Before the Settlement, owners had no say in the management of MCC. Management Council gave them a voice.

The Council is required to have two condo owners appointed by the board, two representatives appointed by the Debtor, and only if necessary, an independent member selected by both sides. These appointees manage all areas covered by the management fees and must approve any expenses and other business matters affecting the Shared Area. For the last several years, the boards appointed their own as the condo owners.

The past board had monthly Management Council meetings, until lawsuits and other turmoil stopped them. The current board has had no official Management Council meetings. The Debtor (Essex) recently accused the board of violating Governing Documents by making decisions without Essex approval. Owners are asking, if board members can't get it together, perhaps *non board* condo owners should be on management Council.

Executive Club Council also stopped functioning. It too, was established in 1994 to give non owner members a voice. The Club bylaws were revised in 2002, requiring 5 members selected by Management Council; 3 owners, 1 Management Council representative, and 1 non owner. Their responsibility is to make suggestions and recommendations regarding the Fitness Center, tennis and the restaurant, and appoint committees to help.

Despite efforts by club members to revive Club Council they have not been successful and non owners have no say in Club matters. With a recall vote in a few days, and the Annual Election in March, members are hoping that MCC will get back on track with Management Council and Club Council requirements.

To Forensic Audit or Not to Forensic Audit

That is the question! Some owners demand a Forensic Audit, believing that boards going back many years have misspent MCC funds. One owner who worked with a past board says he saw enormous amounts of waste, including employees clocking in 4-5 hours before and after their shifts.

For years, unsubstantiated rumors have been circulating about a \$25,000 Pizza Oven, a \$150,000 carpet, and other alleged outrageous expenses. The board members involved in these purchases say the costs are grossly exaggerated, as was proven in the untrue Pizza Oven rumor.

MCC owners with CPA degrees say a Forensic Accountant, trained to root out missing or hidden money (often divorce cases), would be a huge, unnecessary expense (\$50K to 100K or more) and would unlikely find the type and amount of misspending to warrant the cost. Says one, "Those concerned with spending too much money should learn more about forensic accounting and its cost".

MCC Owners' Voice

To make Marina City Club the best it can be!

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YOU CAN STILL VOTE FOR THE BOARD RECALL UNTIL 11AM, FRIDAY 12/15 TAKE BALLOT IN ENVELOPES TO SANDRA CLARK #616 CENTER TOWER SOUTH SLIP UNDER DOOR OR CALL 310-490-8701

Call to Committees

Although the committees have not been active this past year, they are a necessary arm of the Board, supplying invaluable knowledge and advice. March 17, 2021 MCC homeowners will elect a new HOA Board of Directors. A strong surrounding support group of knowledgeable homeowners, willing and able to participate on committees, is vital to the success for the Board.

Please email committees that interest you to: mcccommitteesignup@gmail.com

Advisory Panel: Homeowners with professional expertise in the following areas: Finance, Construction, Legal, Real Estate, Engineering, Restaurant Management, Public Relations, etc. Assist in providing committees and the Board with recommendations on an “as needed” basis.

Communications: Maintenance updates, newsletter, plan special events and programs (e.g., Earthquake Seminar), website updates, Campaign materials for MCC issues (e.g., No Smoking),

Construction and Facilities: Meet on regular basis to review status of various construction projects. Discuss maintenance needs throughout the property with onsite management and advise Board of potential safety concerns.

Finance: Requires an accounting or financial background. Meet to review monthly financials, provide feedback for cost saving options, assist in preparation of annual budget, analysis for project funding.

Fitness: (Under Club Council) Review overall operation of fitness center. Make recommendations regarding pools, fitness equipment, maintenance needs, cost saving and group class schedules.

Historic Preservation: Research the possibilities in designating MCC as an Historic Landmark.

Restaurant/Social: (Under Club Council) Provide recommendations on finances, social events and health and safety concerns related to restaurant, café, and banquet and special events.

Safety and Security: Meet on regular basis with Property Services and onsite management to discuss and recommend Safety and Security problems and solutions..

Only the Shadow Knows

Owners received a shock when a recent mailing arrived from LA County requesting MCC to pay **\$2,627,786** for **2019 - 2020** past due Ground Rent Increases, conduct all required deferred maintenance work, and provide financial and construction information—all by December 29th 2020. The letter claims MCC has not been responsive to the County’s efforts to resolve all outstanding issues.

MCC’s board has now provided the written materials and attended a video meeting with Essex and the County where it was learned that MCC **had** paid the Ground rent. Essex put the increases in reserve until the negotiations on Ground Rent reductions (which have been going on for years) are settled.

The mailing also contained a Memorandum describing the proposed changes to the Ground Rent, which involves the mysterious “**Shadow Rent**” that has been haunting MCC for decades. It is calculated from a complex formula that baffles homeowners and even county officials, who admit that *they* don’t fully understand it. The original objective was to provide LA County the revenue it was receiving from MCC apartment rents before the conversion to condos.

Owners claim its formula is flawed and unfair; a “windfall” for the county but unsustainable for owners. They have strongly objected to the Shadow Rent since it was established in the Master Lease, arguing, among other things, that certain changes in the area’s housing/rental market have not been used properly in the Shadow Rent calculations. The owners’ ire has resulted in Ground Rent being frozen for a period. But now the day of reckoning has come. The County wants its money. MCC needs a strong, knowledgeable negotiating team to convince LA County officials that cost reductions are in order.