

**DELAWARE MANUFACTURED HOUSING RELOCATION AUTHORITY**

Tatnall Building  
Dover, Delaware

Minutes of December 13, 2006 Meeting

**IN ATTENDANCE:**

Authority: Stevan D. Class (Chairman)  
Terri Rock  
William Reed  
Edward Speraw  
Caron Thompson  
Susan Hehman Laushey  
Ken Fuchs  
Jerome Heisler

Attendees: Lori Rigby-FSMHA  
Scott Sipple, CPA

Legal Counsel: William Denman

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**I. CALL TO ORDER:**

Chairman Class called the meeting to order at 1:13 P.M.

**II. REVIEW AND APPROVAL OF MINUTES OF LAST MEETING:**

Chairman Class presented the minutes of the November 8, 2006 meeting for comments and corrections. Ms. Rock made a motion to accept the minutes. Mr. Speraw seconded the motion.

After unanimous approval was given from the members present by voice vote, the motion was carried.

**III. OLD BUSINESS:**

Mr. Denman noted that the Board had adopted a resolution proposing certain revisions to the existing regulations. The proposed regulations approved at the October 25, 2005 meeting will increase the monthly assessment from \$3.00 per month to \$4.50 per month, effective April 1, 2007 and set the maximum payment available to a tenant for a single section home and a multi-section home whose home has been determined to be non-relocatable at \$10,000.00 and \$18,000.00 respectively.

A Public Notice with the proposed regulations has been published in the Delaware Register in the December 1, 2006 publication. The proposed regulations and the time and the place for the hearing will also be in the newspaper on December 20, 2006.

The hearing will take place on Monday, January 22, 2007 at 6:00 pm in the Auditorium located at the offices of the Department of Natural Resources And Environmental Control, 89 Kings Highway, Dover, Delaware.

In the event of inclement weather, the hearing will be held on January 29, 2007 at the same place and time.

## **APPLICATIONS FOR BENEFITS**

Mr. Denman reviewed the application that had been submitted by Robert and Mary Ann Parnell for relocation benefits for a single wide manufactured home that was moved from the Oak Grove Trailer Park to a private lot owned by the Applicants. The cost of the move, as shown on the invoice provided by the Applicants, is \$2,550. The application had been tabled at the last meeting until verification could be made of the May 26, 2005 date of the invoice. Mr. Denman stated that the Oak Grove closing notices went out over a year ago and many of them were sent out over time. The mover did confirm the date and cost of the move.

Mr. Speraw made a motion to accept the application for relocations benefits. The motion was seconded by Mr. Fuchs. Unanimous approval was given b the members present by voice vote., and accordingly the motion carried.

The Board then reviewed again the applications relating to Holy Lake submitted by the landlord, Mr. Charles Turner.

There were 31 applications being submitted by Mr. Turner for reimbursement for removal and disposal charges for the homes at Holly Lake that were abandoned by the tenants. The total amount requested for the 31 homes that have been removed is \$71,000. This represents \$1,850 each for the first 10 homes and \$2,500 each for the remaining 21 homes.

Mr. Turner was present at the meeting.

Mr. Heisler made a motion to reimburse Charles Turner \$1,850 each for the first 10 homes he submitted for a total of \$18,500 and \$2,500 each for the 21 homes he just submitted, for a total of \$71,000 reimbursement. The motion seconded by Ms.Rock.

Discussion on the motion followed. Mr. Heisler stated he felt the Board had an obligation to follow the law. If the Board is not satisfied with the law, they need to meet to discuss it and possibly change it. If the Board does not follow the law, the Authority will be riking litigation which will be a waste of money. He does

not wish to waste money on a lawsuit. The board has the additional responsibility after this vote, to begin a discussion on how to revisit the issue of monetary caps on applications for benefits.

Mr. Speraw stated that it is very clear under the law that any amount approved must represent what the Board considers to be the reasonable cost of disposing of the homes. The pending application is for \$71,000, which would represent the highest single expenditure for the Authority. It is not something to be taken lightly. What is a reasonable amount? There was a change in use of the land and the tenants had to walk away from their homes with only \$1,500 and we are turning around and giving the community owner \$71,000 to get rid of these homes. It seems like a lot of money and there is something wrong.

Mr. Speraw also expressed his concern that it is a direct conflict of interest to have an attorney represent the Relocation Authority whose firm represents the buyer of the Holly Lake property. After being contacted about the situation, the Attorney General's office disappeared with regards to this. It is as if they don't want to know about it.

Ms. Laushey raised the question that if litigation occurs, will this make all the Board members liable.

Ms. Rock stated we need to focus on the issue at hand, which is the reimbursement cost for disposal of the homes. She felt the cost was reasonable and she had paid more for the disposal of a home.

Ms. Laushey stated there are three different issues, the legality of the application, the amount that is being applied for, and the responsibility of the board with regards to a "yes" or "no" with a conflict of interest and do we have adequate legal counsel guiding to make a decision.

Mr. Speraw stated while the Board could face litigation from Mr. Turner, the Board could also face litigation for misappropriation of funds if it improperly approves an application. Mr. Turner's cost of removal is supposed to be a great price, but another application for removal benefits submitted by Lucky Estates is for a lower amount per home.

Mr. Class stated that he would like to go on a record personally that with his business in the last 3 years, he has not paid less than \$3,000 for a single section home to be removed and demolished.

Mr. Speraw stated it was his understanding that it was to be bid on and that no less than 3 bids were to be submitted by the owner. Mr. Class stated there is nothing in the statute regarding bids.

Mr. Denman stated the issue with respect to whether or not the \$1,850 and \$2,500 represents a reasonable amount is not a legal issue but a factual issue. Everyone had an understanding of this law. Accordingly, the decision to approve or deny

the application is not one that requires a legal opinion. The Board must determine from a factual point of view, what is reasonable.

Mr. Heisler stated that the Holy Lakes costs are within the realm of reasonableness. There is an issue here and the Board knows they need to make a regulation change. The Board has to come up with a strategy of how to deal with this in the future. But anything that is factual and has been submitted now needs to be acted on now as he personally would like to avoid ending up in litigation. There are three or four people present who know they pay more than this on average to have a home removed and disposed of.

Mr. Reed stated when the Relocation Trust Fund was set up; the Board had the responsibility to be transparent so everyone would know what is going on. If you go into the website of the Department of Revenue, the last financial statement is March 8, 2006 and the last meeting minutes are from August 17, 2006. The people of Delaware have a right to see these types of discussions on the websites especially since we are going to dole out \$71,000 of this money. We have a responsibility. We need to be transparent and as a Board member he wants it to be transparent that he is questioning paying out \$71,000 for getting rid of homes that were abandoned. Maybe litigation is the way to go and let all this come out.

Ms. Laushey stated the conflict of interest was the original issue in her mind that was not resolved. All the others came after.

Mr. Denman stated if the issue is whether or not the amount \$71,000 is reasonable, the Board may want to flush it out and come to an agreement on what is a reasonable amount. With respect to any of the purely legal issues, is the application in conformity to the statute from a legal point of view, is the Authority under the statute obligated to reimburse the applicant for the reasonable cost; the Board should get a legal opinion from Mr. Durstein if the Board believes that the law is unclear.

Mr. Turner stated he contacted someone from a preferred hauler list and they quoted over \$3,000 per home. The next one he contacted said he would do the first 10 homes for \$1,850 and if he could do the rest for that he would. He couldn't and stated he would do the remaining homes for \$2,500 per home.

Mr. Reed inquired as to where Mr. Turner obtained this "preferred hauler list". Mr. Turner replied from the Authority or First State Manufactured Housing Association (FSMHA). Mr. Reed stated the Authority does not have a list.

Ms. Lori Rigby, Director of the FSMHA, stated that the list was probably obtained from their office. Mr. Reed stated that all of a sudden we have a list. We have a responsibility as Board members. Who are these people that are being referred?

Mr. Class stated the Authority did not give out the listed. If FSMHA did that then it is not the Board's concern.

Mr. Heisler stated the Board needs to follow the statute and that in his opinion numbers are reasonable. We cannot start denying payments just because we do not like what the person has done, we will end up with litigation and depleting the funds on frivolous fight lawsuits.

Mr. Denman stated the regulations set a cap of \$4,000 for disposal of a single wide home and \$8,000 for a double wide home. This application is within the \$4,000 range. The issue to focus on is whether the Board believes amount requested for reimbursement is reasonable, and if not why not and what would be a reasonable amount.

Mr. Fuchs stated Mr. Turner's amount falls below the cap. He voted for it the last meeting.

Mr. Class stated the Board needs to do some fine tweaking, but it should not hold up Mr. Turner's application. This has been before the Board for 3-4 months. The statute says we must act on it. This is not unreasonable to him.

Mr. Heisler made a motion to accept the application for \$71,000. The motion was seconded by Ms. Rock.

Mr. Class called for a roll call vote:

Mr. Heisler – Yes

Mr. Fuchs – Yes

Ms. Rock – Yes

Ms. Thompson – Yes

Mr. Reed – No

Mr. Speraw – No

Ms. Laushey – Abstain

Mr. Class – Yes

The motion has not been carried.

Mr. Reed stated he hoped the minutes of the meeting would reflect the conversations and appear on the website so the citizens of Delaware would know what has happened. Mr. Class stated the minutes are not verbatim. Mr. Reed stated that the people living in manufactured homes should know by looking on the website that we have an application for \$71,000 for a community where all the people were thrown out.

Mr. Speraw stated wanted he wanted noted on the website is that the Board agreed to pay the person who is being put out of the property and abandoning their home is being paid \$1,500, but a man who sells his property we are willing to pay \$4,000 to get rid of the home. This needs to be on website so all can see it. Ms. Rock stated if you are going to do that, you need to put down that you agreed to the \$4,000 to begin with.

Ms. Laushey stated she would like to change her vote from Abstention to a Yes but have it noted that she has questions about liability and the umbrella and also litigation against the Board.

Mr. Class asked Mr. Tuner if he would accept a lesser amount, which is only being offered at today's meeting. Mr. Tuner stated the homes could not go to the landfill and had to be dismantled one by one. This increased the cost of disposing them. Mr. Turner said "No".

Mr. Heisler stated he wished to make a new motion.

Mr. Heisler made the motion to reimburse Mr. Turner \$71,000 for the removal of 31 homes in Holly Lake. Additionally, he wishes to make a motion to change the regulations for reimbursement rates to \$1,500 for a single wide home and \$3,000 for a double wide home that is disposed.

The motion seconded by Ms. Rock.

Mr. Speraw stated the Mr. Turner's situation is different since he was forced out of the mobile home park business. He does not think that anyone who is selling a park for a windfall profit should be reimbursed anything. Mr. Heisler stated how would you know it is a windfall profit?

Mr. Fuchs stated disposal should be discussed between the buyer and the seller of the land. Why should we assist an individual who is throwing people out of their homes?

Mr. Heisler made the motion again to reimburse Mr. Turner \$71,000 for reimbursement of the disposal of 31 homes in Holly Lake. The motion was seconded by Ms. Rock.

Mr. Class called for a roll call vote:

Mr. Heisler – Yes  
Mr. Fuchs – Yes  
Ms. Rock – Yes  
Ms. Thompson – Yes  
Mr. Reed – No  
Mr. Speraw – No  
Ms. Laushey – Yes  
Mr. Class – Yes

The motion did not carry.

Mr. Heisler made the motion that the reimbursement rates to landlords be made \$1,500 for a single wide and \$2,500 for a double wide home for disposal of a non-relocatable home and if the motion passes regulations will be promulgated as soon as possible so that it can be amended in the statute.

Ms. Thompson seconded the motion.

Mr. Class called for a roll call vote:

Mr. Heisler – Yes  
Mr. Fuchs – Yes  
Ms. Rock – Yes  
Ms. Thompson – Yes  
Mr. Reed – Yes  
Mr. Speraw – No  
Ms. Laushey – No  
Mr. Class – Yes

The motion did not carry.

Mr. Turner stated he spoke to his attorney before he came to the meeting. The law is black and white and he does not understand why his application was not approved and passed. He stated the Board will be hearing from his attorney.

Mr. Denman then presented an application submitted by landlord Lucille Adamo for disposal of 3 trailers from Lucky Estates. The relocation plan was submitted in June 2005. Two homes are single homes at a cost of \$1,700 each and the third home was a double wide at a cost of \$3,000. All three of the tenants abandoned their homes and were given abandonment payments by the authority.

Mr. Fuchs made the motion to reimburse Ms. Adamo \$6,400 for disposal of the 3 homes. The motion was seconded by Ms. Rock.

Mr. Class called for a roll call vote:

Mr. Heisler – Yes  
Mr. Fuchs – Yes  
Ms. Rock – Yes  
Ms. Thompson – Yes  
Mr. Reed – No  
Mr. Speraw – Yes  
Ms. Laushey – Yes  
Mr. Class – Yes

The motion carried.

### **III. NEW BUSINESS:**

Mr. Sipple gave his financial report.

Mr. Speraw made the motion to accept Mr. Sipple's report. Mr. Heisler seconded the motion. The motion carried by unanimous vote.

Mr. Sipple then requested \$20,000 be transferred from the Trust Fund to the Operating Account.

Mr. Heisler made the motion to grant the request, seconded by Ms. Thompson. The motion passed by unanimous vote.

Ms. Rock requested all members receive an updated list of all communities paying into the fund. Mr. Class stated that will be done.

Mr. Reed requested that the website be updated and kept up to date.

Discussion returned to Mr. Tuners application for disposal of homes benefits.

Mr. Speraw made the motion to reimburse Mr. Tuner \$1,850 each for the 31 homes he has disposed of for a total payment of \$57,350. Mr. Speraw noted that this amount, while less than the amount Mr. Turner requested represents on a per home basis more than the amount allowed for the Lucky Estates application just approved by the Board. Mr. Fuchs seconded the motion.

Mr. Class called for a roll call vote:

Mr. Heisler – Yes  
Mr. Fuchs – Yes  
Ms. Rock – Yes  
Ms. Thompson – Yes  
Mr. Reed – Yes  
Mr. Speraw – Yes  
Ms. Laushey – Yes  
Mr. Class – Yes

The motion carried.

As there was no further business before the Board, a motion was made for adjournment by Mr. Fuchs and seconded by Ms. Rock. Unanimous approval was given and the motion was carried. The next meeting of the RTA will be on Wednesday, January 10, 2007 at 1pm at the Dover Public Library.

Respectfully submitted by:

Susan Sisco, Administrative Assistant  
DEMHRA