

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**

1675 S. State Street  
Dover, Delaware

Minutes of February 15, 2012

**IN ATTENDANCE:**

Authority: Anthony J. Testa, Jr., Chairman  
Rick Lemire  
Andy Strine  
George Meldrum  
Mitch Crane  
Kevin Carroll (non-voting member)  
Susanne Lantz (Administrative Assistant)

Legal Counsel: William Denman, Esq.

Other Attendees: Ed Speraw, Code Investigator  
Fred Neil, Citizen, Wild Meadows  
John Myers, Citizen, Cool Branch  
Leonard Sears, Citizen, Briarwood Manor

**I. CALL TO ORDER:**

Mr. Testa called the meeting to order at 1:05 p.m.

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

The Board approved the November 29, 2011 meeting minutes with the exception of George Meldrum and Mitch Crane, who were not on the Board at that time.

**III. REPORTS:**

**A. COMPLIANCE MATTERS:**

Mr. Testa introduced several new reports that were prepared to isolate various key compliance matters based upon Authority records. Suggestions for improving the new reports are welcomed.

**1. ANNUAL REGISTRATION REPORT (MS. LANTZ):**

The Annual Registration Report is in two parts. Part I provides an accounting for the annual registration forms mailed by the Authority for the most recent registration period. In September 2011 Ms. Lantz sent out 189 registration forms; as of the date of the Board meeting,

seven (7) communities have not yet registered. Part II of the Report provides, generally, an outline of the Authority's efforts and activities to obtain registration for the unregistered communities. After review and discussion of the reports, it was the consensus of the Board that some form of Compliance Enforcement Policy was necessary to establish a protocol and policy with respect to unregistered communities and discussion of same was deferred until Executive Session.

## 2. INVESTIGATOR'S REPORT (MR. SPERAW):

Mr. Testa stated that the Investigator's Report is in two parts. The first part of the report summarizes the number of parks visited from (i) the beginning of the fiscal year through October 31, 2011, or 71, and (ii) November 1, 2011 through January 31, 2012, or 27, for a total of 98 parks visited for the period by the Investigator. The second part of the report provides, primarily, particulars reported by the Investigator for each park visited in item (ii) of the first part of the report.

Following discussion concerning (i) the discrepancies between the Investigator's lot count and the number of lots registered as reflected in the Authority's records and (ii) the effectiveness of the park visitation process heretofore, Mr. Strine offered to work with any other members of the Board to propose a revised park investigation program.

## 3. PARK COMPLIANCE REPORT (MS. LANTZ):

Mr. Testa stated that the Park Compliance Report is in three parts: (i) Suits and Judgments Filed and Unsatisfied; (ii) Park Compliance Issues Pending; and (iii) Park Compliance Issues Arising/Resolved.

1. After limited discussion on the subject, the Board decided to discuss the litigation strategies and tactics with respect to the report for Suits and Judgments filed and Unsatisfied in Executive Session.

2. The Park Compliance Issues Pending report was presented. Mr. Testa wanted to compartmentalize the report to convey the activity/status. Some of these issues go back all the way to 2007. Lowes Lakeview Campground was discussed to determine what to do. The owner is going through bankruptcy proceedings which should have no bearing on the park's registration. Following Board discussion, Mr. Testa made the motion that Mr. Denman look into this. Mr. Crane seconded the motion, everyone agreed.

Mr. Crane brought up L&W MHP for discussion. Mr. Denman stated that this is a park with the leased land has each a different tax parcel and from his investigation the zoning is General Residential. Following Board discussion including the potential for litigation, it was agreed that this matter would be discussed further in Executive Session.

Mr. Testa brought up Maranatha Court. What action should be taken? Mr. Denman stated that this park is one of many where the community owners are not complying. A lot of these

issues were deferred because of HB 167 which will be discussed at a later time during the meeting. Mr. Denman stated it was the same with Palmer Park and Probst MHP.

Sandhill MHP was brought up which is going through a Lease Purchase now and Mr. Lemire was contacted that they would form a HOA. Ms. Lantz stated that the park has finally registered with her and has a new park manager.

Mr. Denman brought up Burton MHP which looks like it is a seasonal park. The lawyer for the park sent a letter to Mr. Denman outlining why it is a seasonal park. Mr. Denman distributed the letter he received to all Board Members to look at and make a decision at the next Board Meeting.

3. Mr. Lemire stated that Laurel Village, Lovecreek and Sandhill Acres were owned by East Sussex Management LLC which was sold to East Sussex West. Mr. Lemire stated it was one partner selling to another and it was not a change of use just a modification of the ownership. Following discussion concerning a duty to notify and provide the Authority documentation with respect to the change in ownership, it was agreed that the Authority would send a written request to each of the former owner and purported new owner to support the information reported to Mr. Lemire. It was also agreed that on our requests, we would copy the Deputy Attorney General and report it at the next meeting.

Mr. Denman stated that Lockhart MHP was bought by THC LLP and they were not aware of the Right of First Offer. Ms. Lantz stated that the new park was registered. It was decided to discuss this matter in Executive Session.

Mr. Testa brought up Minquidale MHP. The HOA bought the park, but don't pay into the Trust Fund nor do they register annually with the RTA. Mr. Lemire stated that this was brought up before, do they fall under our assessment now? A discussion followed on how to deal with this. After further discussion and due to the possibility of legal action, Mr. Testa asked that this issue be deferred for discussion in Executive Session.

Mr. Testa asked if anyone have any comments on or suggestions for change to the form of the new reports. As no one had comments or suggestions at this time, it was agreed that we would use them in the future.

## **B. RECENT FINANCIAL ACTIVITY & REPORTS:**

Mr. Testa stated that we get the financial report from two sources. We get reports once a month from the Division of Revenue which provides the accounting for the Trust Fund. Monies received and disbursed. Secondly we get a monthly financial reporting package from our accountant, Falcidian, which is a firm in Wilmington. Falcidian maintains the operating funds and provides a financial accounting for all Authority activities for the Board.

Mr. Testa questioned whether the Board wants to receive either or both monthly financial reports the way he receives them or do they want to get them as a package right before the Board Meeting as a quarterly package? Following discussion, the Board agreed that they would prefer

to receive the financial reports in a quarterly fashion before each next Board Meeting. Mr. Testa offered to downsize the financial reports, subject to a request for additional information at any time by any member of the Board.

On-line “view only” access to the Authority’s was also discussed and Mr. Testa requested whether any member of the Board would like the ability to view the activity in the Authority’s operating account. Following discussion, each Board decided not to on-line access to the Authority’s operating account but, instead, would prefer to review bank account activity on a quarterly basis as part of the foregoing review of financial reports.

It was also discussed whether the Board should consider bringing accounting functions and responsibilities into and from within the Authority. After a lengthy discussion including controls, continuity, safeguarding, and expertise, it was decided that this was not worth doing at this time.

#### **IV. EXECUTIVE SESSION:**

Mr. Testa made the motion to go into Executive Session at 3.25 p.m. Mr. Crane seconded the motion. Unanimous approval was given by all members present by voice vote.

Mr. Lemire made the motion to come out of Executive Session at 4.25 PM. Mr. Meldrum seconded the motion. Unanimous approval was given by all members present by voice vote.

Mr. Testa made the motion to retain Mr. Denman to draft a non-public Compliance Enforcement policy for Board review. Mr. Lemire seconded the motion. Unanimous approval was given by all members present by voice vote. Upon further discussion, it was agreed that Mr. Denman and Ms. Lantz will pursue compliance with the statutory requirements in regards to Minquidale MHP.

#### **V. UNFINISHED BUSINESS:**

##### **A. OFFICE LEASE:**

Mr. Strine summarized the office lease for the Board. The lease was signed by the prior Board. The lease will lock the RTA in for an entire year, expiring on November 30, 2012.

Mr. Testa made the motion to ratify the office lease for one year. Mr. Lemire seconded the motion. Mr. Strine abstained from voting as having a conflict of interest as the landlord. All other voting Board Members agreed.

##### **B. COMPLIANCE INVESTIGATION POLICY (MR. LEMIRE):**

Mr. Strine stated there is no complete report yet. The concern was that the Authority invests a fair amount of time, money and effort on the Investigator and his activities, but not the Authority continues to receive a qualified independent auditors’ opinion. Mr. Testa stated that, due to the difficulty - if not impossibility - for the Authority to determine the scope of

community owners for and in compliance with the law, it would be likewise difficult for the Authority to receive a qualified independent auditors' opinion; nevertheless, by statute the Authority must to be audited once a year. Following discussion and in consideration of the Authority's limitations, with respect to the Investigator's activities, as a Committee of the Board, Mr. Strine, Mr. Lemire and Mr. Carroll agreed to draft a policy for review and discussion at the next Board meeting.

C. OPERATING PROCEDURES MANUAL (MS. LANTZ):

Discussion of this matter was deferred until the next Board meeting.

D. DIRECTORS & OFFICERS LIABILITY INSURANCE (MR. TESTA):

Discussion of this matter was deferred until the next Board meeting.

E. BYLAWS AND ORGANIZATIONAL PROCEDURES REVIEW (MR. TESTA):

Neither the bylaws nor the organizational procedures appear to have been revised since 2004; prior to the Board meeting, Mr. Testa circulated a draft of proposed revisions to each document. Following very limited and general discussion, it was agreed that each Board member will review these documents for discussion at the next Board meeting; in addition, it was agreed that the bylaws and the organizational procedures now posted on the Authority's website will be withdrawn with a provisional message that each are in the process of being revised.

F. KEY SERVICE PROVIDER REPORT PROPOSAL (MR. TESTA):

Mr. Testa reported that each of the Authority's financial reporting providers, Falcidian and Santora, do so pursuant to contracts with the Authority and that each of the contracts are up for renewal in 2012. Following limited discussion, it was decided that the Authority should consider establishing a financial practices policy. This subject will be discussed further at the next Board meeting.

**VI. NEW BUSINESS:**

**A. RECENT DEVELOPMENTS**

**1. JOINT SUNSET COMMITTEE REVIEW – POSTPONED (MR. TESTA):**

Mr. Testa stated it was postponed until next year and that each Board received notice of same as it was recently proposed by the JSC analyst, Ms. Wootten.

**2. ANNUAL AUDIT – STATUS REPORT (AUDIT COMMITTEE)**

On behalf of the Audit Committee, Mr. Lemire gave a report and had a draft of the annual financial statements as drafted by the independent auditor, Santora. Consistent with prior years, the proposed opinion was qualified due to the limitations on determining the scope of

revenue for and receivables to the Authority. By statute we get audited once a year. Mr. Testa states it doesn't require a clean opinion. The Board discussed how to address this scope issue and agreed that, at a minimum, this should be addressed in connection with a Compliance Investigation Policy as is to be drafted by Committee. Following discussion, it was agreed that Mr. Testa would draft a position of the Authority concerning the qualification of the independent auditors' opinion. Mr. Testa thanked Mr. Lemire and Mr. Crane for their report and efforts in connection with the audit of the Authority by Santora.

## **B. OTHER NEW BUSINESS**

### **1. HOUSE BILL NO. 167 (MR. LEMIRE):**

The Bill was discussed at length. It allows the RTA to collect attorney's fees.

Mr. Testa made the motion for the Authority to support the Bill. Mr. Strine seconded the motion. It was unanimously approved by all Board members present by voice vote.

### **2. FEBRUARY 1, 2012 REQUEST FOR INFORMATION FROM REPRESENTATIVE LONGHURST**

As set forth in a letter provided to each Board member, Representative Longhurst, Chair of the Manufactured Housing Committee, has requested information on what communities have not paid and a list of outstanding fees and outstanding fines. After discussion concerning the request, it was agreed that the Board will obtain the information requested and present it by response letter to Representative Longhurst.

### **3. DEVELOPMENT OF FOIA PROCEDURE AND PUBLICATION (MS. LANTZ)**

Discussion of this matter was deferred until the next Board meeting.

### **4. EXECUTIVE ORDER # 31 (CHANGES TO FOIA REQUESTS)**

Discussion of this matter was deferred until the next Board meeting.

### **5. HOA REGISTRATION PROCEDURE AND PUBLICATION (MS. LANTZ)**

Ms. Lantz inquired as to how to deal with HOA's that do not send the paperwork in for registration. The Home Owner Associations are not required by law to register with us, but if they want to use the Right of First Offer they have to register with us. Following Board discussion, it was decided that we will draft a statement to provide that if a Home Owner Association does not register with the Authority, then the Authority will not extend the HOA the Right of First Offer.

## **VII. ADJOURNMENT:**

As there was no further business before the Board, the motion was made for adjournment by Mr. Testa and seconded by Mr. Strine. After unanimous approval from the members present, the meeting was adjourned at 5.20 p.m.

Respectfully submitted,

Susanne Lantz  
Administrative Assistant and  
Anthony J. Testa, Jr., Chairman