

DELAWARE MANUFACTURING HOME RELOCATION AUTHORITY

1675 S. State Street
Dover, Delaware

Minutes of May 23, 2013

IN ATTENDANCE:

Authority: Mitch Crane
Rick Lemire
Andy Strine
George Meldrum
Susanne Lantz (Administrative Assistant)
Kevin Carroll

Legal Counsel: William Denman (left at 2.20 p.m.)

Other Attendees: Fred Neil, Tenant Wild Meadows
Leonard Sears, Tenant Briarwood Manor
Joseph Handlon, Deputy Attorney General

I. CALL TO ORDER:

Mr. Crane called the meeting to order at 1.00 p.m.

II. REVIEW AND APPROVAL OF MINUTES:

Mr. Crane asked the Board to approve the March 7, 2013 meeting minutes. Mr. Strine made the motion to accept the March 7, 2013 meeting minutes. Mr. Meldrum seconded the motion. The Board approved the March 7, 2013 meeting minutes unanimously.

III: REPORTS:

A. Compliance Matters

1. Annual Registration Report:

Ms. Lantz stated that she there was no change in registrations for Hilltop MHP and Lowes MHP.

Ms. Lantz further stated that Mr. Denman had sent a letter to Hilltop MHP and had spoken to the previous owner of Lowes MHP.

3. Park Compliance Report:

i. Judgments Filed & Unsatisfied:

M&S and Grandview MHP: Ms. Lantz stated that the park has been submitting the payments for the attorney's fees and for past due and current quarterly payments in a timely manner.

Pine Ridge: Ms. Lantz stated the park has not submitted the first quarterly payment for 2013. She had emailed with Ms. Hastings in February and emailed her again about 3 weeks ago, but has not had a response. Mr. Lemire thought that the Authority should not wait too long. Mr.

Lemire made the motion to have legal counsel send another letter. Mr. Strine seconded the motion. The Board approved the motion unanimously.

The Crossings at Oak Orchard: Ms. Lantz stated that the owner is paying the \$200 per month for past due assessments as agreed upon, which will take her a long time to pay, and she is also paying for current assessments due.

ii. Former Park Compliance Issues Pending:

Hilltop MHP: Ms. Lantz stated that Mr. Denman was going to enforce the registration issue. Mr. Denman stated that he had received a phone call this morning from the Property Manager for Hilltop MHP and was going to work with her.

Lowes Campground: Ms. Lantz stated that Mr. Denman had been in touch with the previous owner who had gone through bankruptcy and had sold the park, therefore he will not register the park. Ms. Lantz had received a check from Mr. Givens that was not for the complete amount agreed upon with Mr. Denman. The check would be forwarded to Division of Revenue once an account has been set up for Lowes Campground. The remainder of the check would be paid at the end of the month per Mr. Givens, the previous owner.

Satterfield MHP: Ms. Lantz stated that she had sent a letter to Ms. Kandler that she needed to pay for all the homes in her community, but did not receive a response. Ms. Kandler previously paid for all homes in her community only during the summer and the numbers differed greatly from quarter to quarter. Ms. Lantz stated that Ms. Kandler has not paid yet for the first quarter of 2013. Ms. Lantz further stated the reason could be because the Division of Revenue only sent a postcard to parks notifying them to print the coupons off the Authority's website. Mr. Lemire noted that he did not think the notification sent out by the Division of Revenue worked very well.

Ms. Lantz stated that she has been calling parks and found out that a lot of them had difficulties with that. Mr. Crane stated that the park had an obligation and we will send another letter.

iii. Recent Park Compliance Issues Arising & Resolved:

Briarwood MHP and Scottsdale MHP: Ms. Lantz stated that the tenants were notified that the park was up for sale. The Authority received no notification. Mr. Denman had sent a letter and Mr. Testa, the previous chair and emailed regarding this with Mr. Denman, which was included in the Board Package. Mr. Crane stated the issue with the park is that we have notified them regarding HB 504 and have not received a response.

Changing Fates: Ms. Lantz stated that they are the new owners and bought Lowes MHP from Mr. Givens, the previous owner. Ms. Lantz has sent them a letter stating they are required by law to register. She heard nothing and just recently sent out a second letter and copied Mr. Denman on this per Collection Policy.

Sussex Manor: Ms. Lantz stated that the park was sold to Kamm Properties. The attorney was John Paradee and everything was done by the book. The new owner has registered with us and is paying into an account with the Division of Revenue.

iv. Parks Removed Report:

Ms. Lantz stated that nothing has changed on this report.

IV. Approval of Financial Activity & Report February, March and April 2013

Ms. Lantz stated that the financial reports needed to be approved and she had just received the April 2013 report which she distributed to all Board Members. Mr. Lemire made the motion to approve the financial reports for February 2013, March 2013 and April 2013. Mr. Strine seconded the motion. The Board approved unanimously.

A. Approval of other Financial Matters:

a) Ed Speraw Time Sheet and Mileage for 7 March 2013:

Mr. Crane made the motion to approve Mr. Speraw's timesheet and mileage. Mr. Meldrum seconded the motion. The Board approved it unanimously.

b) Approval of Legal Counsel invoice February, March and April 2013:

Mr. Crane stated that Mr. Denman needed to change the name on the invoice to the new Chair, Mr. Crane. Ms. Lantz stated she had just talked to Mr. Denman's assistant and asked this change to be made. Mr. Denman stated he would make sure this would happen.

Mr. Strine made the motion to approve the invoices for February 2013, March 2013 and April 2013. Mr. Crane seconded the motion. The invoices were approved unanimously.

c) Approval of Invoice by Book & Associates for 2012 audit:

Ms. Lantz stated that the invoice for the audit needed to be approved. The invoice was for \$9,000 and had not changed from what the company had stated in their Letter of Engagement. Mr. Crane made the motion to approve the invoice. Mr. Lemire seconded the motion. The invoice was approved unanimously by the Board.

d) Approval of Invoice by Second Source:

Ms. Lantz stated she had an invoice from Second Source that took a look at the office laptop. Mr. Crane made the motion to approve the invoice. Mr. Meldrum seconded the motion. The invoice was approved unanimously by the Board.

V. EXECUTIVE SESSION:

Mr. Crane made the motion to go into Executive Session at 1.25 p.m. Mr. Lemire seconded the motion. Unanimous approval was given by all members present by voice vote.

Mr. Crane made the motion to come out of Executive Session at 2.25 p.m. Mr. Meldrum seconded the motion. Unanimous approval was given by all members present by voice vote.

Mr. Strine made the motion to direct legal counsel to send a second letter to the owner of Briarwood MHP and Scottsdale MHP respectively reminding them that they were obligated by law to notify the Authority when the parks were put up for sale.

VI. UNFINISHED BUSINESS:

1. Lowes Campground: Ms. Lantz stated that the park never registered. Mr. Denman had

spoken to previous owner who had agreed upon paying into the Trust Fund for the previous years and had agreed upon a sum. Mr. Crane questioned if there was anything else that needed to be done? Ms. Lantz stated she did not think so unless Mr. Givens did not send in the remainder of the amount that was still due.

2. Joint Sunset Committee Recommendations:

#1: The Committee recommended that the Authority be allowed to increase the fee for non-reloadable homes for singlewide and doublewide per the Authority's discretion as dictated by the market.

#2: The Committee recommended that the Trust Fund Cap be raised to \$15 million.

#3: the committee recommended that the Trust Fund be extended for 5 more years and terminate on July 1, 2019.

#4: The Committee recommended that the Authority would be the centralized location for services and information relating to both manufactured housing residents and community owners.

Mr. Strine was wondering about what that meant. Mr. Crane stated it was a compromise from a previous suggestion and that we would do what the Authority was already doing, delegate people to the right contact. Mr. Lemire stated he believed it was too broad and Mr. Strine agreed. Mr. Carroll stated that if it didn't fall under the Authority's jurisdiction we would let the person know.

Mr. Crane thanked the Board Members that attended the Sunset hearings.

3. Hilltop MHP: Mr. Crane asked what the update was on that? Ms. Lantz stated as mentioned by Mr. Denman earlier, he had received a call from the Property Manager this morning and was going to work with her .

4. DEMHRA Audit 2012: Mr. Crane stated that everyone should have seen the audit. Mr. Crane believed that Book & Associates did a good job on the audit. Mr. Crane asked if Ms. Lantz had heard anything from the Auditor's Office in regards to this? Ms. Lantz said she had not. Mr. Lemire stated that the Authority should get an invoice from them for a review of the audit. Ms. Lantz stated she had never seen an invoice for previous years. Mr. Crane stated the Authority would deal with it when the time comes. Mr. Lemire stated he had received a response from Mr. Sipple, who was interested in performing the next audit. Ms. Lantz stated that Book & Associates were also interested in bidding on the next one. Mr. Crane believed that they did an excellent job and were more than welcome to bid. Mr. Crane asked that Ms. Lantz forward a copy of the audit to the Auditor's Office. Ms. Lantz stated she would do so. Ms. Lantz asked if the audit should be published on the website? Mr. Strine and Mr. Meldrum thought it was a good idea. Mr. Lemire stated that the audit was published on the website of the Auditor in the past as they had performed the audit.

5. Sale of Briarwood and Scottsdale MHP: Mr. Carroll addressed Mr. Sears and asked him in regards to the complaint he filed and wanted to discuss it with him briefly. Mr. Sears agreed.

VII. New Business

Mr. Crane stated that before going to the New Business he wanted to let the Board know that he had been appointed by the Governor to fulfill Mr. Testa's position and was appointed until 2015. Mr. Strine was reappointed and the Governor's office had not acted upon the recommendations from DMHOA. Mr. Carroll asked if Mr. Crane was filling two positions? Mr. Crane stated, no, he was filling Mr. Testa's position and automatically gave up his position on the Board. The Pro-Tem was going to reappoint someone for Mr. Crane's old position and the Board Members would be informed once that decision and the Governor's decision on the tenant representative were made.

Mr. Crane thanked all the Board Members for their confidence in him.

A. Recent Developments:

1. Caps for Non-Relocatable Homes increase:

Mr. Strine stated there are actually three categories of non-relocatable homes. The old and decrepit ones that are about to fall apart and can't be moved, the beach scenario where the house has been upgraded and because of the additions it becomes non-relocatable and the final one would be the 55+ communities where the house has a garage and foundations. The houses are still relocatable, but with the garage it makes it more difficult. Let's say someone down from the beach has made all these additions to the home and wants \$80,000 for the home. This would deplete the Trust Fund rapidly. Mr. Lemire thought we should come up with a formula and could still have caps on it. Mr. Lemire thought at some point we should set caps. Mr. Strine thought the issue would be the older communities, that would be relocated, for example Lakeland, right behind this office complex, the houses are the size of an RV today, were built in the 1950's and as housing has changed, are becoming obsolete today. Mr. Strine stated they are not relocatable. Mr. Crane asked what are they worth? Mr. Strine stated the Trust Fund is a bare minimum safety net. Mr. Crane thought a formula would not be a bad idea. Mr. Strine thought we should use the same amount that we would use for a relocatable home. Mr. Lemire thought that some houses cost \$125,000, whereas his house only cost \$22,000. Maybe the rate should be changed depending on the value of the house? Mr. Lemire thought a formula should be within the set cap. Mr. Strine thought again, the issue would be the beach area. Mr. Crane wondered if we should ask for a proposal from the homeowners and community owners? Mr. Carroll thought the Authority should have a deadline and put it on the agenda for the next meeting. The Board decided that a letter would be sent out to community owners as well as HOA's and DMHOA to respond by 1 August 2013.

2. Public Integrity Act set forth in 29 Del. C.c.58:

Ms. Lantz stated she had put it on the agenda as it had come up during the Joint Sunset Review and Mr. Denman had asked to circulate it to all Board Members. Ms. Lantz was not sure if it applied to the Board? Mr. Crane stated yes, some of it did, some of it did not. Mr. Carroll stated it was something the Board Members were aware of and if there were any questions they could ask Mr. Carroll. The Board agreed.

3. SB 33 – Rent Justification Bill:

Mr. Strine stated that this bill is in the Senate and in essence it is a bill to govern the increase of rent based on a 3 year CPI. The Authority would make the decision after hearing the facts. Mr. Strine stated that as a landowner he thinks it is an awful law and as a Board Member he believed it is a dysfunctional law. Mr. Strine further stated that if a third of the communities would like to increase their rent, the Board would have to meet twice a week to hear all the cases. According to Mr. Strine the reality was that the Board would have to hear the cases

within 90 days. Communities usually increase the rent on 1 January, so the Board would have to meet very frequently between September and New Years Day to comply with this law. Looking at the communities Mr. Strine stated further that sometimes the rent increase is below the CPI, sometimes it is higher. Mr. Crane stated we could take a position on the bill or we could take a position on the responsibilities put onto this organization. Mr. Crane stated he wanted to discuss the latter. Mr. Strine thought that was reasonable. Mr. Crane stated as a member of the Board he makes sure that he only talks about what he has a right to say. Mr. Crane stated that when he is being asked he replies that we do what the legislators require us to do. Mr. Crane further stated that no Board made up of volunteers can handle that type of volume we are talking about. Mr. Crane stated the Authority would hire a hearing officer who would make suggestions to the Board. The Board then would vote yes or no on those findings. The Board would have regular hearings and our time would be in hearing this long cases. Mr. Crane stated the Board would have to come up with regulations as the bill is very vague. Mr. Crane believed this would be the better Board to make a decision like this because of the representatives on the Board and believes that we would be objective. Mr. Meldrum stated he was not comfortable with the direction this was going and he had not signed up for that. It was well beyond the responsibilities he had agreed to, but of course the members have the choice to resign. Mr. Lemire thought he was more comfortable with this bill now then he was before. Mr. Crane asked if the Board would be hear public comments on this? The Board agreed.

Mr. Sears, a tenant in Briarwood Manor, asked if the bylaws would have to be changed? Mr. Crane stated that the Board would have to adopt regulations and a process for this. Mr. Neil, a tenant in Wild Meadows, stated that there was an escape valve, that if the community owner was not happy with the findings of the Board, there was always the Courts. Mr. Lemire thought that the Board would have to sit down and outline the problems and issues and find a solution along the way. Mr. Lemire further stated that we would not always agree, but once the bylaws would be put together and approved by the Board that would give everyone a fair shot. Mr. Strine stated that so we would sit down and have 20 cases to look at and have Ms. Lantz or someone else spending many hours looking this over and have discussions about 20 different cases and the residents can still come up and have their say? Mr. Crane stated after the recommendation of the hearing officer there would be no further hearings. Mr. Strine believed that he did not think this would happen that way and he didn't think this was the appropriate Board the way it was formed and funded to do this. Mr. Strine believed that the Authority was the right body and believed that the work load would change. Mr. Strine thought people would still come and claim that they did not get a fair hearing and Mr. Strine was lead to believe that the tenants believe the RTA would cover their litigation costs. Mr. Strine gave the example that if he was to raise the rent 4.0% and the CPI rate was 2.2% and he could not do this he would be done as he has to recoup his costs. If the tenants don't believe it would end up in Court. That could happen according to Mr. Strine and would be a drain on the Fund. Mr. Crane asked, what costs? Mr. Crane this is not what the statute says and just because the tenants believe the Authority covers their legal costs, doesn't mean that it is true. Mr. Crane believed having a state agency handle this is cheaper than going through alternative mediation. Mr. Meldrum asked why it could not be handled by the State Housing Authority? Mr. Neil thought that if there was a dispute it could be handled by the Attorney General's Office. Mr. Strine thought that just as the DSHA was not designed to handle something like this, neither is the Authority. Mr. Strine stated he didn't think the Board would come to an agreement, he still believed that the Authority was not the right place to handle this and that the work load will increase and the Board would meet more frequently. The Board would look at a bulk of projects at once. Let's say 20 meetings, how often would we have to come down here for 20 meetings, with the Board Members coming to Dover from

Wilmington and Lewes? The Board did not sign up for this. Mr. Crane asked Mr. Strine what would he like the Board to do? Mr. Strine stated he is happy to move on, he was just testing the winds. Mr. Crane said that he was happy for the Board not to take an official position and thought that the Board would do what is required by law. Mr. Crane said we can express our opinion and stay out of it. Mr. Strine thought with people complaining about the overhead now it would be significant on a budgeting case. Mr. Crane thought there would have to be an increase of fees to pay for what those costs would be. Mr. Crane thought the Board could debate all day and not come to a consensus, he thought the Board should move on.

B. Other New Business:

1. Appleby Trailer Park delinquent:

Ms. Lantz stated she has been trying to get the park to comply and pay their quarterly contributions with no luck. Ms. Lantz stated she has a hard time to get the park owners on the phone, either the phone rings or they answer and don't have the time to discuss the issue. Mr. Crane thought the Board should go to Court. Mr. Strine thought that now the Authority can charge legal fees. Ms. Lantz stated that the park owed about \$400 and that Mr. Denman already had sent them a letter with no result. Ms. Lantz stated that if they look on page 73 this is the letter she sends out. Mr. Carroll thought to send out the Compliance Investigator? Mr. Carroll thought it was cheaper than using Mr. Denman? Mr. Lemire said he knows the park and with the distance it would not bring any results. Mr. Strine thought the park was in Smyrna? Ms. Lantz stated no, the letter was just an example. Ms. Lantz stated that the Property Manager has the same issues Ms. Lantz has in getting hold of the park owner. Mr. Strine thought send them another letter stating they have to pay all legal fees and hopefully that would get their attention. Ms. Lantz stated that they could have paid in the meantime, but she does not know until she gets the report from the Division of Revenue. Mr. Strine and Mr. Lemire agreed that sending a letter would be a good idea and if that doesn't help, turn it over to Bill Denman. The Board agreed and instructed Ms. Lantz to write another letter to the park and send it Certified Mail Return Receipt and Regular Mail.

2. County Seat Gardens (Exantus) delinquent:

Ms. Lantz stated the same situation with County Seat Gardens. They are now 2 quarters behind. She talked to the secretary and was told that the owner was going to pay several times. The owner paid in January for what he had owed for 2012. It is now up to almost \$1200 that the park owes. Ms. Lantz stated it is always the same parks that refuse to pay. Mr. Crane asked are we allowed to add interest on? Ms. Lantz stated that the Division of Revenue had problems handling interest as it wasn't set up to accommodate that. Mr. Strine thought that Mr. Denman's fees would be higher than any penalty could ever be. Mr. Crane stated that in order to recoup those we would have to file for a judgment. Mr. Crane said we could go to JP Court, which we don't do, although we have set it up. Mr. Strine said do we want to do the JP Court experiment or just have legal counsel handle it? Mr. Strine thought that it would be best to send a letter first and if we do not receive a response it will be turned over to legal counsel. Mr. Strine also emphasized that there are no negotiations, that if we will not be satisfied until they pay all legal costs involved. Mr. Lemire remarked that in the past we had a couple of parks that actually paid the legal fees and it worked. Ms. Lantz confirmed that.

Mr. Crane stated on another note that any official business associated with the Authority is reimbursable and he just wanted to answer that question.

3. Interest for past due accounts:

Ms. Lantz asked in regards to that. Mr. Crane stated that according to Ms. Lantz it was pretty cumbersome for the Division of Revenue to deal with it. Ms. Lantz stated that yes, it looked like the interest was still credited to the parks account and that it had been a problem. Mr. Crane said the Authority should think about it. Ms. Lantz thought maybe there was another way to work it out? Mr. Strine believed that there should be a penalty so we don't have to foot the attorney's invoice .

VIII. PUBLIC COMMENTS :

Mr. Sears, a tenant in Briarwood MHP, made the comment that he had issues with the sale notice the tenants received from the owner. The tenants had an unsuccessful meeting with NCALL and Roc. Mr. Sears believed that the park should have notified the Authority and DMHOA. The owners did neither. Mr. Sears also believed that the year is almost up and the process would have to start all over again, but Mr. Sears stated that the park could be in the process of being bought right now and the tenants don't know about it. Mr. Strine thought that since we had not been notified he didn't think there would be time limit. Mr. Lemire asked if they had formed a HOA? Mr. Sears said they had not. Mr. Crane asked if they had any more communications regarding the sale since then? Mr. Sears stated they had not. Mr. Crane thought that we should have been informed and will discuss this further in Executive Session.

IX. ADJOURNMENT:

The Board will meet next August 15, 2013 at 1 p.m.

As there was no further business before the Board, the motion was made for adjournment by Mr. Crane and seconded by Mr. Strine. After unanimous approval from the members present, the meeting was adjourned at 3.40 p.m.

Respectfully submitted,

Susanne Lantz
Administrative Assistant