

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

110 N. Main Street, Suite G
Camden, DE 19934

Minutes of August 18, 2015

IN ATTENDANCE:

Authority: Kevin Carroll
Andy Strine
Dorothy Boucher
William Dunn
George Meldrum
Susanne Lantz (Executive Director)
Joelle Polesky

Legal Counsel: Bill Denman

Other Attendees: Bobbie Hemmerich, Tenant McNicol Place
Jill Fuchs, Tenant Barclay Farms
Susan Hairgrove, Property Manager Lakeland Park
Heather Taylor, Glasgow Court Management
Kelli DiSabatino, Glasgow Court Owner
Michael Morton, Attorney Glasgow Court

I. CALL TO ORDER:

a) Introduction and Comments of New Chairman:

Mr. Carroll called the meeting to order at 2 p.m. and introduced himself.

II. REVIEW AND APPROVAL OF MINUTES:

Mr. Carroll asked the Board to approve the May 27 and June 17, 2015 meeting minutes. Mr. Strine made the motion to approve the respective meeting minutes as presented and Mr. Dunn seconded the motion. The Board approved both meeting minutes unanimously.

III. Executive Directors Report:

No Report. Mr. Carroll wanted to welcome Ms. Lantz back. Mr. Denman expressed his appreciation for Ms. Lantz's support during her illness and surgery and her assistance in keeping the Authority at a functioning level. The Board agreed and thanked Ms. Lantz.

IV. Chair's Report:

Mr. Carroll thanked everyone for their patience while changing the agenda. Mr. Carroll stated it was a

pleasure to be here and start his term as Chairman of the Authority.

V. Approval of Financial Activity & Reports March, April, May and June 2015:

Ms. Lantz reviewed the financial statements. Ms. Lantz stated almost \$600,000 for relocation benefits had been paid for the fiscal year. Mr. Carroll expected this number to go up. Mr. Strine made the motion to approve the presented financial statements. The Board approved the financial statements unanimously.

A. Approval of other Financial Matters:

1) Approval of Legal Counsel Invoices for May, June and July 2015:

Ms. Lantz stated both invoices are standard invoices that were preapproved by Mr. Meldrum and Mr. Strine. Mr. Meldrum made the motion to approve both invoices. Mr. Dunn seconded the motion. The Board approved the Legal Counsel invoices unanimously.

2) Approval of BDO Invoice June 2015:

Mr. Carroll stated the BDO invoice needed to be approved. Ms. Lantz stated it is the usual invoice. Mr. Strine made the motion to approve the invoice. Mr. Meldrum seconded the motion. The Board approved the invoice unanimously.

3) Compliance Investigator Timesheet and Mileage (Joe Wininger):

Ms. Lantz stated the document was for informational purposes only and to show the Board how much Mr. Wininger would be paid. The Board had previously decided that the Compliance Investigators would report to the Executive Director. Ms. Lantz had sent him out to two parks. Ms. Lantz stated the Authority now employed two Investigators, one for Sussex only and one for New Castle and Kent County. Mr. Carroll stated he did not think a motion was necessary.

VI. Reports

A. Compliance Matters (Ms. Lantz):

1. Arbitration Matters and Status:

Ms. Lantz stated a new request for arbitration had been received while she was on medical leave and it was consolidated with the two previous arbitrations. Mr. Dunn asked if Pot-Nets appealed the arbitrator's decision? Mr. Strine stated it had been appealed to Superior Court.

2. Compliance Investigator's Report:

Ms. Lantz stated that she had sent Mr. Wininger to San Ree TC after the park informed the Authority that the park was closed and had no more homes on it. Mr. Wininger reported that the Park is no longer in existence and the land had been turned into a cornfield.

Mr. Lantz stated she also sent Mr. Wininger to Layton's Riviera as requested per the May Board Meeting. There were continues issues with the park. It appeared as if the tenants were not paying the assessment. Mr. Wininger went out and spoke to the tenants, who either did not know about the assessment or did not pay it. Mr. Carroll asked if the tenants did not pay the assessment would they qualify for anything? Mr. Strine thought it did not matter as long as the tenant's share was paid by the landlord.

Mr. Denman stated the park had brought the assessments up to date. Ms. Lantz confirmed the park was going through foreclosure and an attorney was involved. Mr. Denman stated a park going through foreclosure did not have to comply with the Right of First Offer. Ms. Lantz confirmed there was no HOA in the park.

VII. Old Business:

1. Glasgow Court Update:

The update was discussed during Mr. Morton's presentation.

2. Lakeland Park Update:

The update was discussed.

VIII. New Business:

1. Attorney General's Opinion as requested April 2015:

Ms. Boucher stated that she did not agree with the opinion and she had shared the opinion with Representative Baumbach. Ms. Boucher will continue to vote her conscience. Mr. Meldrum wondered what the ramifications were if a Board Member did not agree with that opinion? Mr. Carroll stated that until the law changed, the opinion held.

2. Change of Land Use and Rent increases, according to the law (Ms. Boucher):

Ms. Boucher explained with the response from the Attorney Generals' office, there was no need to discuss this matter.

3. Glasgow Court email request to pick mover at their convenience:

Mr. Morton stated there is a situation with getting the homes moved. The park faxed over a large number of Authorizations yesterday. Mover A was approved and is not showing up. Mover B is readily available to move the home for the same price. Mr. Morton stated this needs to be worked out. Mr. Morton questioned if it matters that the tenant consents? Mr. Denman and the Board stated it did. Ms. Lantz thought in March tenants had already switched and now there was a switch again? Ms. Lantz also reminded the Board that in some cases one mover was higher than the others and in March it was decided that in that case the tenant had to reapply. Ms. Boucher thought something needed to be in the record. Mr. Strine agreed. Ms. Morton stated the consent forms were faxed yesterday. Ms. Lantz explained that 7 or 8 of those tenants had yet to apply for relocation of their home therefore the consent form was not acceptable. Mr. Morton suggested taking a look at the consent forms the park had faxed over. Mr. Carroll stated there was nothing to do for the Authority at this point.

Mr. Morton stated the other issue he had was that minutes were online from a meeting last year that addressed issues with the park and he had requested a redaction and nothing had been done. Mr. Denman stated he would take a look at that. Mr. Morton thanked the Board for their time.

4. Review and approval of new tenant applications Glasgow Court:

Wing: Mr. and Mrs. Wing requested to be moved with McGinnis for \$8,000 to another lot in Glasgow Court; as of this morning this had changed, but Ms. Lantz had not yet received the quote. Mr. Dunn made the motion to approve contingent on the tenant consenting to be moved by Marshall & Bailey. Mr. Strine seconded the motion. The Board approved the motion 4-0-1, with Ms. Boucher voting no.

Zorn: Ms. Zorn requested to be moved with McGinnis for \$8,000 to another lot in Glasgow Court; as of this morning this had changed, but Ms. Lantz had not yet received the quote from Marshall & Bailey. Mr. Strine made the motion to approve the application subject to the Authority receipt of the required documentation. The Board approved the motion 4-0-1, with Ms. Boucher voting no.

Zamora: Ms. Lantz stated he was previously approved for non-relocatable benefits and another lot in Glasgow Court for \$8,000 with McGinnis, although this has changed as of this morning and Ms. Lantz has to request the quote from Marshall & Bailey. Mr. Dunn made the motion based on previous comments and requirements. Mr. Strine seconded the motion. The motion carried 4-0-1, with Ms. Boucher voting no.

Hoke: Mr. and Mrs. Hoke are applying for non-relocatable benefits in the amount of \$5,000. The tenant believes the home cannot be moved due to an attachment, which is evident in the picture, which does indeed pose a problem. The Compliance Investigator thought it could be moved. Ms. Lantz had made the recommendation to approve the application. Mr. Strine agreed and made the motion to approve the \$5,000. Mr. Meldrum seconded the motion. The motion carried.

Spirer: Ms. Lantz stated the tenant does not own the home, his daughter does. Mr. Spirer is paying the lot rent and the assessment. Ms. Lantz had asked Mr. Denman and he stated both should fill out the application. The tenant had applied for abandonment benefits in the amount of \$1,500. Mr. Strine made the motion to approve the application and have the check issued to the title holder and the tenant. The Board approved the motion unanimously.

Johnson/Palmer: The tenants were applying for \$1,500 for abandonment benefits. Mr. Strine made the motion to approve the application and issue the check the same way the title was written. Ms. Lantz stated that she would advise the DOR. Mr. Meldrum seconded the motion. The motion carried.

Sims: Ms. Sims was applying for \$5,000 non-relocatable benefits. The Compliance Investigator determined the home could not be moved and the tenant also believes the home cannot be moved. Mr. Strine made the motion to approve the amount based on the appraisal. Mr. Dunn seconded the motion. The motion carried 4-0-1, with Ms. Boucher voting no.

Eckl: Mr. Eckl was applying for the \$1,500 abandonment benefit. Mr. Dunn made the motion to approve the application. Mr. Meldrum seconded the motion. The motion carried.

5. Review and approval of landlord applications Lakeland MHP:

Lakeland Application for Disposal of Snyder Home: The park was applying for \$3,000 to dispose of the Snyder home. Ms. Boucher was questioning how the application was filled out. The Board discussed this. Mr. Denman stated he drafted these forms years ago and thought the Board should not feel locked into this form. The Board could decide to request more information if it thought it was necessary. Mr. Dunn made the motion to approve this application. The motion carried 4-0-1, with Mr. Strine abstaining due to a conflict.

Lakeland Application for Disposal of Rothenbacher Home:

The park was applying for \$3,000 to dispose of the home. Mr. Meldrum made the motion to approve the application. Mr. Dunn seconded the motion. The motion carried 4-0-1, with Mr. Strine abstaining due to a conflict.

a) Investor's Realty Request to purchase Testerman home:

Ms. Hairgrove stated she was the Property Manager for Lakeland MHP and stated the Testerman home was in excellent shape and it would be a shame to destroy it, which would cost

the Authority \$3,000. Ms. Hairgrove stated Mr. Testerman still owned the home, as the title was still in his name, but he had walked away from the home and received an abandonment benefit from the Authority. Ms. Hairgrove stated an entity called Shepherd Woods was interested to purchasing the home. Mr. Carroll wondered if the Authority had the authority to sell it? Mr. Carroll stated the letter addressed to the Authority did not waive any request to have the Authority pay for relocating this home. Mr. Denman stated a waiver was essential that Shepherd Woods would waive any rights to file a claim with the Authority for benefits. Ms. Boucher made the motion to authorize the sale of the home to Shepherd Woods on the condition that the proceeds from the sale be paid to the Authority and Shepherd Woods and Lakeland waive their rights for future claims for benefits from the Authority. The motion was approved 4-0-1, Mr. Strine abstained due to a conflict.

6. San Ree TC: Ms. Lantz stated the park closed April 2015. The Compliance Investigator Report was in the Board Package. Ms. Lantz said she will advise the Division of Revenue to close the account.

7. Lighthouse Cove: Ms. Lantz stated she had sent a letter to the park to find out if it was truly up for sale. The owner responded with the letter as outlined in the Board Package and they have informed the tenants. Ms. Lantz was under the impression the park had to re-notify everyone each year. Mr. Denman stated the Authority did not have to police this and there was nothing for the Authority to do. Mr. Carroll said if a tenant complained it would have to go through the Attorney General's office.

8. Mr. Morton Presentation for reimbursement of disposal of abandoned homes in Glasgow Court:

Mr. Morton introduced himself. Mr. Morton stated that Glasgow Court is having problems dealing with abandoned homes post Change of Use notice where tenants abandoned the homes without letting Glasgow Court or the Authority know. Mr. Morton distributed a document showing 6 years of quarterly filings Glasgow Court had been paying for lots in the park. Mr. Morton stated it averages out to 550 lots the park is paying for and under 500 occupied lots. The park has been paying both sides of the fee for about 55 lots that are being treated as abandoned homes. Mr. Morton believed per statute the park should be reimbursed for these abandoned homes. He stated there was an inconsistency between the actual Code and the Authority's regulations. This administration held the position that the park had to provide an invoice for the work that had already been completed. This was not in the Code. Mr. Morton said there were seven pending applications where the park had not received a response. Mr. Morton stated the park was responsible for removing homes abandoned either in the proper way or not. Mr. Morton stated their position was if the tenant was able to get the money, so should the park. Mr. Morton said Mr. Crane had asked for a list of non-relocatable and relocatable homes and the park did that. The list sent to the Authority regarding the change of use is satisfactory per the statute. Mr. Morton noted that what complicated the matter is the title to the home. Some of the tenants owe thousands of Dollars in Property Taxes and will never file a claim and the park is stuck with homes that it has a hard time getting a title for. The park has paid for 45 – 55 extra units that you could consider abandoned. Mr. Morton stated that Mr. Denman has said if there is a conflict between what the statute provides and the regulations provide the statutory provisions control. Mr. Morton claimed there were several issues: a) How are we going to handle pending applications that have not been addressed? b) How are we going to deal with the prior and post abandoned or non-relocatable homes that are subject to reimbursement for destruction since the park can show that they have paid for these homes. c) The statute does not require a final invoice for approval and does not require the park to do the work before approval. Mr. Strine did not

think that was the process. Mr. Morton stated he is looking at an email where that was required prior to getting approved. Ms. Lantz stated this was regarding the Garduno home and she was advised to ask for an invoice before issuing the check to the park. Mr. Strine did not disagree with that. Mr. Morton stated he was told and the email clearly states the invoice was required to be approved. Mr. Strine said Ms. Lantz had mentioned it was to pay the park and Mr. Carroll stated that is what he had thought. Mr. Morton confirmed Mr. Dunn's question that in the affected area, the park had paid assessment fees for each occupied lot, meaning each lot that had a home on it, regardless if it was vacant or not. Mr. Dunn asked when Glasgow Court leased a lot, did they ask for a title before issuing a lease? Mr. Morton confirmed they made every attempt to, but it was difficult if the tenant did not pay the transfer fee to switch the name on the title. Mr. Dunn requested a list of the abandoned homes that the park was seeking benefits for. Mr. Morton agreed and stated it would be between 25 – 50. Ms. Polesky questioned what impact the tax liens have on the park to now correct those liens on the abandoned homes.? Mr. Morton replied none, as they do not owe them, but the statute and regulations did not address this. Mr. Morton stated the park is willing to sign a certification stating that the park had paid the assessment for both sides on an ongoing basis for all the homes the park is seeking approval for to demolish those homes. Ms. Boucher asked what proof does the park have that the homes were not abandoned prior to the Change of Use letter? Mr. Morton per the statute the park was not required to do that. Mr. Denman questioned how many homes were actually abandoned prior to the Change of Use? Mr. Morton believed 25 – 50. Ms. Boucher did not believe that it was the Authority's responsibility to recoup the park's losses for homes that had been abandoned prior to the sending of notice of Change of Use and that was not what the Authority was there for. Mr. Morton stated the park has paid the tenants portion, if the homes were abandoned or occupied or the tenant did not pay its share. Mr. Denman noted that the park's 2013 registration form showed only 512 homes were due the assessment fee. Mr. Strine agreed. Mr. Strine thought that the park was not paying for the 134 abandoned houses and it didn't change in 2014 or 2015. Mr. Morton stated the park paid for the abandoned homes the park is pursuing a claim for and they were not included in the numbers. Mr. Strine questioned that there were an additional 100 abandoned homes? Mr. Morton stated 430 lots were occupied at the time and the park paid for 512. Mr. Carroll asked for additional information that would be discussed at the next meeting to be sent to Mr. Denman. Mr. Carroll stated the Board needed to understand Mr. Morton's position as clearly as possible. Mr. Morton requested that if the 7 pending applications were approved, he would request notification. Ms. Lantz stated that the Authority had requested additional information and never received a response. Mr. Morton claimed that the park did not always have a title and the Authority knew that. Mr. Denman asked that Mr. Morton identify which homes the park seeks compensation for, and with respect to each home, whether the home was abandoned before or after the Change of Use was sent.. In addition, Mr. Denman requested that the Authority be provided with any documentation showing that that the assessment was paid for any of those homes . Mr. Denman stated according to the registration form it seemed the parks practice was not to pay for the abandoned homes. Mr. Carroll requested that information by September 1, 2015. Mr. Strine stated he only showed 6 applications that are pending. Mr. Morton stated the park would submit the additional applications in bulk with a certification that the park paid for these lots even though they were abandoned. Mr. Strine stated the problem was that those were not on the initial Change of Use submittal that Mr. Morton was requesting. Mr. Strine stated if the homes were part of the initial letter that they were paid on the entire time, then they should be compensated for demolition. Mr. Morton stated there is no requirement for the park to list unoccupied or abandoned lots in the initial submission. Mr. Strine said the numbers did not make sense. Mr. Morton stated they can make the numbers make sense and submit the information requested. He still believed the law does not require a submission of abandoned lots for the initial Change of Use.

9. Check Disbursement: Mr. Carroll thought the Executive Director could sign off the check cutting instructions and he wanted the Board's input on that. Mr. Meldrum stated this was common practice in non-profit organizations. Mr. Meldrum made the motion to accept the recommendation of the Chair. Mr. Carroll stated the Executive Director would share the request via email with the Chair. Ms. Lantz stated she would feel more comfortable to email each Board Member a copy of the check disbursement request. Mr. Denman thought there should be a policy regarding checks issued from the Operating Account, who would know what checks the accountant was writing? There should be internal controls in place. Mr. Carroll thought the Board was discussing the Check Disbursement requests and stated this could be discussed at a later time. Mr. Carroll stated for now, Ms. Lantz would continue sending him the check requests to be signed.

10. Engagement Letter BDO/Falcidian and Engagement Letter Audit Ray Book & Associates: Mr. Carroll stated he had letters to be signed for engaging BDO and the auditor and wanted Board approval to sign these respectively. Mr. Strine made them motion that the Chair should sign those engagement letters. Mr. Meldrum seconded the motion. The motion carried.

IX. Public Comments: None

X. Executive Session:

Mr. Meldrum made the motion to go into Executive Session at 4.05 p.m. Ms. Boucher seconded the Motion. Unanimous approval was given by all members present by voice vote.

Mr. Strine made the motion to come out of Executive Session at 4.30 p.m. Mr. Dunn seconded the motion. Unanimous approval was given by all members present by voice vote.

XI. NEXT MEETING DATE - ADJOURNMENT:

Mr. Strine made the motion to send a letter to the Attorney General's Office to get a ruling on the questions raised by Mr. Morton relevant to prior Change of Use abandoned homes and compensation for the park disposing of those homes. Mr. Dunn seconded the motion stating to copy the Executive Director out of courtesy and get more clarification from the Attorney General's office on how to get more documentation from the park regarding this. The motion carried. Mr. Carroll stated he would draft the letter and distribute it to the Board for comments.

The Board set the next meeting date to September 29, 2015.

As there was nothing else before the Board the meeting was adjourned at 4.40 p.m.

Respectfully submitted,

Susanne Lantz
Executive Director