

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

1675 S. State Street
Dover, Delaware

Minutes of July 10, 2014

IN ATTENDANCE:

Authority: Mitch Crane
Andy Strine (left 3.15 PM)
John Morris
William Dunn
Susanne Lantz (Executive Director)
Kevin Carroll

Absent: George Meldrum (Excused)

Legal Counsel: William Denman

Other Attendees: Jill Fuchs, Tenant Barclay Farms
Bobbie Hemmerich, Tenant McNicol Place
Joan Peculski, Tenant Bon Ayre
Milton Stroup, Tenant Bon Ayre
Isidro Garcia, Tenant Pot-Nets Coveside
Mike Gray, Tenant Mariner's Cove
John Walsh, Tenant Colonial East
Paulette Rappa, Tenant Pot-Nets Bayside

I. CALL TO ORDER:

Mr. Crane called the meeting to order at 1.32 p.m and asked the visitors, Board Members and staff to introduce themselves.

II. REVIEW AND APPROVAL OF MINUTES:

Mr. Crane asked the Board to approve May 8, 2014 meeting minutes. Mr. Dunn asked that a change be made in reference to his absence at the meeting and believed he was excused. Mr. Crane stated that correction was noted. Mr. Morris made the motion to accept the meeting minutes. Mr. Strine seconded the motion. The Board approved the May 8, 2014 meeting minutes unanimously.

III. Executive Directors Report:

Ms. Lantz stated she would abbreviate her report due to the time constraints today and per Mr. Crane's request.

Ms. Lantz said she updated the website and added the previous audit's done by Santora, which had never been published.

Ms. Lantz stated she had worked on more arbitrations received from Bon Ayre. Dockets 2 and 3-2014 were consolidated and therefore the fee for Docket 3-2014 was returned to Mr. Ramunno and to Bon Ayre HOA.

Ms. Lantz received a new Engagement Letter from BDO/Falcidian with an increase in bookkeeping fees. BDO/Falcidian reduced the fees after Ms. Lantz contacted them and instead of raising the fee by \$125, they only raised it by \$50.

Ms. Lantz received requests from tenants of Bay City MHP in Millsboro to reschedule the rent increase meeting. Ms. Lantz discussed with the owner of Bay City and was able to have it rescheduled on a Saturday, which made the meeting accessible to out of state tenants.

Ms. Lantz stated she had sent out delinquent letters to parks and after non-compliance informed Mr. Denman. Mr. Denman had sent out notices and one park was still not in compliance.

Ms. Lantz had gone to Legislative Hall in support of HB234.

Ms. Lantz has received several calls from tenants in regards to the Change of Use notice received by Glasgow Court. Ms. Lantz has mailed out 8 tenant applications forms.

Ms. Lantz had some goods in regards to The Crossings at Oak Orchard. Ms. Folgio had contacted Ms. Lantz and asked what the pay off balance was. Ms. Lantz stated the park has paid off the judgment plus interest and what was owed after the judgment had been issued. Ms. Lantz had received the checks and mailed them out on July 10, 2014 to the Division of Revenue, together about \$13,000.

Ms. Lantz has communicated with the DSHA in regards to the CPI-U posting on our website as the last time they were running late and it created problems with the communities.

Ms. Lantz had also stated she received approval from Mr. Crane, Mr. Morris, Mr. Strine and Mr. Meldrum to obtain Workers Compensation insurance. Ms. Lantz requested a check from BDO and returned it with the application to the insurance company and now has insurance for Workers Compensation.

Ms. Lantz stated she has been emailing the Board Members and not getting responses. Ms. Lantz asked the Board to please respond to her emails or at least acknowledge them and get back to her at a later time. Ms. Lantz stated in order for her to do a good job, she really depended on the Board Members assistance.

Mr. Crane thanked Ms. Lantz for her report.

IV. Chair's Report:

Mr. Crane stated that Mr. Richard Maly had passed away. Mr. Maly was the former mayor of Camden, the former President of the Barclay Farms HOA and had attended some of our Board Meetings in the past. Mr. Maly will be missed by all of us.

Mr. Crane stated Ms. Lantz and himself had worked on HB234 which is corrective legislation to SB33. Mr. Crane wanted to reiterate to everyone in attendance that the Authority's job is to address certain areas in SB33.

1. The Authority is now permitted to request names and addresses of the effected tenants.
2. The Community Owner now can set a meeting time, date and place and the Authority, if it is reasonable, will approve it.
3. The Market Rate needed to be clarified and HB234 does that.

4. HB234 also changed the language in regards to when the leases expire as there were many issues regarding the long-term leases in SB33. Leases are now effective for “single year and multi-year leases” as they renew.
5. Arbitrations maybe requested by effected homeowners or by HOA’s representing them. SB33 was not clear on this.

Mr. Crane wanted to report on Bon Ayre. Bon Ayre has rent increase notifications that effect a handful of people every month that have gone to arbitration. Mr. Crane stated we have the authority to request a consolidation of arbitrations and that was done, the Community Owner did not agree. As there was a controversy in the first round of arbitrations, a new set of arbitrators was selected. Mr. Crane stated the arbitrator that handled the last arbitration for Bon Ayre was reselected and the Authority has every confidence in him. The Community Owner objected to this and Mr. Crane’s response, through Ms. Lantz, was if the Community Owner had an objection to this arbitrator, he had to file that objection with the arbitrator. The arbitrator has to recognize if he or she has a conflict and make the proper ruling. Ms. Peculski, the President of the Bon Ayre Civic Association wanted to let the Board know as of 9 AM, July 10th, the HOA and Mr. Ramunno had settled. Mr. Crane stated that he had suggested mediation through the Council of Manufactured Housing and it might be one way of dealing with these situations.

Mr. Crane stated there is so much misinformation going around that he has asked more people to attend the Authority’s Board meeting. Mr. Crane stated per Ms. Lantz’s report, the Authority does collect money and makes sure that parks register. Legislation gave the Authority the power to go after parks that don’t comply and collect legal fees when going after parks. Mr. Crane further stated, the first time this year all parks have registered with the Authority, it went down from 6 unregistered parks two years ago, two a couple a year ago to zero unregistered parks. Parks that have not complied with payments either have a lien on their property or a payment plan. If the parks don’t comply, the Authority goes after them again. Mr. Crane believed that the Authority was doing its job; the Trust Fund was not depleted but was being used for what the law intended it to be used for. This is an ongoing issue and the Authority makes every effort.

Mr. Crane wanted to emphasize Ms. Lantz’s request. Mr. Crane stated it was not acceptable to not know the day before the meeting who was or was not attending. Mr. Crane understood that none of the Board Members are paid, except for Mr. Carroll, regardless it is difficult to get a quorum. Mr. Crane said the Board was made up of different people with different interests, but it did not help him that the only viewpoint he was getting was the one from Mr. Strine, and that was a fact. Mr. Crane also stated the Board only met every other month, Mr. Crane has to make decisions weekly and Ms. Lantz daily, therefore it is important that each Board Member is involved, so please respond as your guidance is needed.

V. UNFINISHED BUSINESS:

1. Manufactured Home Community Census Form

Mr. Crane thought he had reported at the last meeting that Representative Kowalko wanted to amend HB234 that certain information be given to the Authority which could be used for arbitrations. Representative Baumbach, who chairs the Manufactured Housing Committee, if the Authority could ask for that information on a voluntary basis. Mr. Crane drafted a form, which was discussed at the last meeting. Representative Kowalko was asked if he would withdraw his amendment if the information was received on a voluntary basis, he declined. Mr. Crane thought it was important as it asks for basic information, it will help us and the arbitrators, if needed it can be expanded in the future. Mr. Dunn wondered who this was for? Mr. Crane replied it was for the Community Owners to fill out. Ms. Lantz requested this form be sent out separately from the registration form as she believed it would make it even more

difficult to receive the registration forms back. Mr. Crane thought this was acceptable. Mr. Denman thought it was voluntary and it was their decision. Mr. Strine said he thought it should be voluntary, he is fine with that. Mr. Strine made the motion to send out the Census Form, separately from the registration form. Mr. Morris seconded that. Mr. Carroll wondered if this information could be asked for through a FOIA request? Mr. Crane agreed. Mr. Dunn asked if the information would be posted on the website? Mr. Crane declined. Mr. Dunn thought even the HOA's could fill out that information. Mr. Crane agreed, but advised that only a minority of parks had HOAs.

Mr. Stroup thought it would be a good idea to also send it to the HOAs. Mr. Crane thought this was a good idea. Mr. Morris stated as discussed last time, the arbitrator could request this form, correct? Mr. Crane stated in arbitration the parties had the responsibility to request certain information. Mr. Crane stated if it was acceptable to the makers of the motion we would add to also send this form to the HOAs. The Board agreed unanimously to send the form to both Communities and the HOA's.

VI. Approval of Financial Activity & Report April and May 2014:

Ms. Lantz asked if the Board had any questions in regards to the financial statements? In May 2014 the Trust Fund was at \$6.3 Million, the Operating Account balance was at \$38,000 and the Petty Cash was at \$165.00. Mr. Morris made the motion to recognize the financial statements as presented. Mr. Strine seconded the motion. The Board approved the financial statements unanimously.

A. Approval of other Financial Matters:

1) Approval of Legal Counsel Invoice May 2014:

Ms. Lantz stated the Legal Counsel invoice needed to be approved. Mr. Strine made the motion to approve the invoice. Mr. Dunn seconded the motion. The Board approved the Legal Counsel invoice unanimously.

2) Approval of Invoice BDO for April and May 2014:

Ms. Lantz stated the invoice received was for creating the financial statements for April and May. Mr. Dunn stated looking at the other proposal the amounts seemed significantly different, was he missing anything? Mr. Dunn asked if it was an annual monthly charge, it had nothing to do with the monthly expenses. Ms. Lantz stated not in regards to this invoice, it was separate. Mr. Crane asked if everyone was in favor of approving the invoice? The Board agreed unanimously.

3) Arbitration Invoices:

Mr. Crane stated invoices were received for the Bon Ayre arbitrations Docket 2 & 3-2014. Ms. Lantz said the first invoice was from the Court Reporter was for service provided during the arbitration and also for transcribing the hearing. Mr. Carroll asked which of the amounts were relevant? Ms. Lantz explained the latter amount of \$2,056, as they discounted early payment. Ms. Lantz had it preapproved by Mr. Meldrum and Mr. Strine.

Mr. Crane said per the law a party that wants a transcript has to pay for it, but an arbitrator could also request a transcript to help him review the hearing to make his decision. Mr. Crane thought unfortunately this is what it costs. Mr. Morris asked was this an acceptable price? Mr. Crane stated that Wilcox & Fetzer is a firm that the State uses and 244 pages were transcribed, so this was not unusual. Mr. Dunn was how long does it take to give testimony to acquire 244 pages? Mr. Crane explained if the discussion was market rates, and someone testifies in regards to this, yes. Mr. Strine made the motion to approve and Mr. Dunn seconded the motion. The Board agreed unanimously.

Mr. Crane stated on page 27 was the arbitrator's invoice which needed to be approved. Ms. Lantz stated Mr. Meldrum and Mr. Strine already preapproved this invoice. Mr. Crane stated that

arbitrators have been chosen that offer reasonable rates; when Mr. Poppiti realized how much the invoice was he offered to reduce the rate. Mr. Crane discussed with Ms. Lantz and thought the Authority had an agreement with Mr. Poppiti. Mr. Dunn asked didn't Mr. Poppiti also have a position as the Register of Wills? Mr. Crane stated Mr. Poppiti was a respected member of the Bar and a skilled mediator and that was irrelevant. Mr. Dunn made the motion to approve the invoice and Mr. Strine seconded the motion. The Board approved unanimously.

Reports:

A. Compliance Matters

1. Judgments Filed and Unsatisfied:

Hilltop MHP: Ms. Lantz stated that Mr. Denman has turned over the information to the Attorney General's Office. Ms. Lantz called Mr. Undorf at the Attorney General's office to find out the status and he told her the investigation had not yet started. Ms. Lantz explained that Mr. Undorf told her that more was going on, but he could not comment on that. Ms. Lantz asked Mr. Undorf to at least keep the Authority or Mr. Denman informed. Mr. Carroll explained that the Attorney General's Office has to respect it's function and role, therefore on matters the AG could not say there was or there wasn't.

Pine Ridge MHP: Ms. Lantz stated the daughter is paying off the judgment of the father and she is paying on time. Mr. Crane explained this is a situation where the Authority had a judgment issued a while ago. The daughter took over the park and a few months ago it came up that they might not have collected all the tenants shares. The Authority decided a judgment was a judgment and it needed to be paid off.

The Crossings at Oak Orchard: Ms. Lantz stated the owner requested to pay off the balance and judgment they owed. Ms. Lantz mailed out the checks to the Division of Revenue this morning. Ms. Lantz stated they would all be paid up and now only would have to pay the 2nd Quarter which was due in two weeks, hopefully on time. Mr. Crane asked how much was the amount? Ms. Lantz explained around \$13,000 including judgment, interest and remaining balances that was owed. Mr. Dunn asked how long does a park get to pay of the quarters, six weeks? Mr. Strine stated June had just ended and his park was just now paying the second quarter. Mr. Crane stated it takes a while to get the information from the Division of Revenue.

2. Arbitration Matters and Status:

Ms. Lantz stated Docket's 2 and 3-2014 were consolidated. The arbitrator ruled that the Community Owner could only raise the rent by \$30.00. Ms. Lantz received arbitration request in June from Bon Ayre HOA as Docket 4-2014 and Mr. Poppiti was appointed. No arbitration date has been set. Mr. Crane interjected and stated that per Ms. Peculski's information, it was settled this morning.

VIII. Old Business:

- 1. The Crossings at Oak Orchard – as discussed above**
- 2. Hilltop MHP – as discussed above**

IX. New Business

1. Workers Compensation ratification of Board Approval:

Mr. Crane stated earlier in the year there was a discussion that Ms. Lantz should have Workers Compensation insurance, the Board felt it was necessary. Mr. Crane said Ms. Lantz was instructed to get quotes and she did. Mr. Crane wondered if the invoice needed to be approved? Ms. Lantz stated no, the Board had approved via email and it was decided to ratify the decision at the meeting. Mr. Denman asked how much was the annual premium? Ms. Lantz stated \$317 a year. Mr. Denman thought it was appropriate to ratify the decision to eliminate any questions in the

future. Mr. Strine made the motion to accept the premium and Mr. Dunn seconded the motion. The Board agreed unanimously.

2. *Change of Land Use Glasgow Court:*

Ms. Lantz stated in the middle of June the Authority received notification of a Change of Land Use for Glasgow Court. Ms. Lantz stated 167 homes were effected by this change. Ms. Lantz said 154 of the homes were single-wide homes, some with additions and 13 were double-wide homes. Ms. Lantz has received a lot of calls from tenants who think the entire park will be razed and turned into condominiums. Ms. Lantz stated the park is currently paying for 502 occupied lots as confirmed with the Division of Revenue. Ms. Lantz said during her conversations with the tenants it has come up that most of these homes will not be relocatable due to age. Ms. Lantz further stated the tenants are obviously upset and stressed. The questions she is being asked are how do I determine if the home is relocatable or not? What if the mover tells me that the home cannot be moved, who pays for that? Ms. Lantz explained the tenants have been told by other parks that they will not accept homes older than 5 years. Ms. Lantz thinks if that is the case and the park is truly eliminating all 500 lots in the future, this will be an issue. Mr. Strine thought there were plenty of parks down South. Ms. Lantz replied the parks had to be within a 25 mile radius. Mr. Crane asked Mr. Denman to explain the process. Mr. Denman explained that we had not had a Change of Use in a while in excess of a 100+ lots. Mr. Denman stated there is a process and the law is very clear and it addresses various situations. Mr. Denman said the tenants have a year to relocate. Mr. Denman said the tenants, once they have decided what they want to do, have to fill out an application form. And apply for what benefits they think are appropriate. Mr. Denman stated the first benefit would be that they find a community within a 25 mile radius that they can move their home too. Mr. Denman explained the tenant then has to hire a contractor who will tell them how much it will cost to move the home. Mr. Denman stated that proposal from the mover has to be attached to the application. Mr. Denman said the Authority would review the application; the tenant will be reimbursed for the actual cost of relocating their home subject to the maximum amount set forth set in the statute. Mr. Denman asked what the maximum amount was? Mr. Strine stated \$8,000 for a singlewide and \$12,000 for a doublewide. Mr. Denman explained that in the past the maximum amount was not enough to cover the relocation. Mr. Denman stated the Authority does not react until it receives the application. Mr. Strine asked, can the tenants request an advance if they can't cover the cost? Mr. Denman stated in the past the Authority has bend over backwards for the tenants. Mr. Denman said the moving contractor would be told that the Authority had approved the invoice and when it was time to pay the invoice, the Authority would issue a joint check. Mr. Denman said or Authority, with permission from the tenant, would pay the moving contractor directly.

Mr. Denman stated the second scenario we would have is that the home cannot be relocated and the homeowner has two choices. First, he could decide to abandon the home, which has happened a lot in the past. In order to facilitate this choice, the homeowner would have to turn over the title of the home to the Authority and endorse it in blank, which in turn we would hand over to the Community Owner who will use this to dispose of the home.

Mr. Denman said the third scenario would be that the tenant feels the home is non-relocatable, but does not want to accept the abandonment payment. The tenant will have to explain the reason why; if the home is in fact non-relocatable, the tenant is entitled to the fair market value of the home, as determined by the Board subject to the maximum set forth in the statute. Mr. Denman said in the past, as far as he can remember, there were only one or two homes where the non-relocatable issue came up. Mr. Denman thought one had a porch attached and an oak tree right next to it. Mr. Denman stated the tenant gave his reasons and provided an appraisal. The Authority determined and paid x amount, the homeowner thought it was worth more, the

Community Owner ended up paying the difference. Mr. Denman stated the tenant fills out the application, the tenant states what he is applying for.

Mr. Denman explained the ultimate decision if the home is non-relocatable is the Board's. When the Board determines the home is non-relocatable, the fair market value comes into play. Mr. Denman stated if the homeowner thinks the value is \$50,000 and the Board thinks it is less, the practical impact would be that they get the maximum benefit. Mr. Denman understood that Ms. Lantz keeps getting calls asking what they should do, but Mr. Denman stated that it is up for the tenant to decide if they want to relocate, convince the Authority that the home is non-relocatable or abandon it. Ms. Lantz interjected and stated that the park has held meetings with the individual tenants and advised the tenants that the Authority is coming out to inspect the home or that the Authority is actually paying for the appraisal, which is not correct.

Mr. Crane interjected and stated he was aware of that problem. Once Mr. Crane had received the notification he contacted Senators Townsend and Viola. Mr. Crane stated Senator Townsend has responded and was in the process of setting up a meeting to which the tenants, the community owner and the Authority would be invited. Mr. Crane would like to take Ms. Lantz along to explain the options, Mr. Denman to explain the law. Mr. Strine thought it a good idea to give the tenants a description of the three choices and make it easier for them to understand. Mr. Crane stated he thought the Authority would hand out the applications at that meeting. Mr. Crane thought that none of us understands the process and there will be a lot of questions. Mr. Dunn wondered if the different steps could not be put on the website and stated there were five separate parcels in Glasgow Court. Mr. Crane said a meeting has been scheduled with the representative of Glasgow Court, which is Mr. Morton, their attorney, next Tuesday in the office to find out what their plans are. Mr. Crane stated putting information on the website is great for some people; this whole situation started when he or Ms. Lantz received panicky, illegible emails from tenants and did not know what was going on. Mr. Crane thought when people are panicking they don't think rational.

Mr. Gray stated that DMHOA has received several calls from tenants and there is a lot of confusion out there. Mr. Gray continued one of the tenants had just bought her home for \$110,000 in January and now had to move it. Mr. Crane stated the meeting should be open to the public, DMHOA was certainly welcome and if DMHOA wanted to get some of the information from the Authority's website and make that available, that would be great.

Mr. Crane wanted to ask and he was not sure about the process, there are a lot of abandoned homes in this community, what happens to them? Mr. Denman stated theoretically, since the owners are not around, they are deemed abandoned. Mr. Crane thought the Authority would probably asked for assistance from the community owner to remove those homes. Mr. Denman stated per the statute the community owner is entitled to request financial assistance in removing those homes. Mr. Crane confirmed in a Change of Use situation? Mr. Denman stated yes, that was correct subject to the maximum limit set forth by the Board. Ms. Lantz stated the maximum was \$3,000 for a singlewide and \$5,000 for a doublewide. Mr. Dunn asked if anyone had tried to find the owners of these abandoned homes and notify them what is transpiring? Mr. Strine stated they were not that easy to locate. Mr. Morris asked the discussion revolved around the abandoned homes, correct? Mr. Crane confirmed this and stated he just wanted to anticipate what questions would be asked and have answers to them.

Mr. Gray said he had information that the park had over 700 lots, but now mention was that there were only 500 some lots. Mr. Strine stated over 100 were abandoned. Mr. Gray asked what was the maximum amount the homeowner could get for abandoning the home. Ms. Lantz stated for singlewides the amount set was \$1,500 and for doublewide \$2,500. Mr. Gray asked if an investigator had been sent out to look at the homes? Mr. Crane replied no, there was a process in place. Mr. Denman stated the Authority had to react to an application. Mr. Dunn stated we needed to answer these questions and Mr. Crane confirmed that is why this discussion was taking place. Mr. Dunn understood that the home had a title to it, he thought locating these people is not

completely inconceivable. Mr. Dunn thought secondly the neighbor down the street might have that information, there are ways to reach out to these people. Mr. Crane stated when and if the community owner filed an application for reimbursement for non-relocatable or abandoned homes, we can ask them this question and require for them to show evidence the home is indeed abandoned.

Ms. Hemmerich asked why should it be the Authority's responsibility, if the homes have been abandoned 5 years or longer? Ms. Hemmerich thought the parks could have done something about those homes in the meantime, that should be on them. Mr. Crane stated this was not a legal action, this is what the law says. Ms. Lantz interjected stating Ms. Hemmerich had hit the spot, a tenant this morning told Ms. Lantz the park thinks his home is non-relocatable, which he does not agree with, but the park has offered him to move into one of those abandoned homes. What does the Board make of that? Mr. Crane thought it was just a different Phase. Ms. Lantz agreed and stated, that was another good point. At least two tenants have advised her that they would relocate within the park. Ms. Lantz thought this was not fair, these tenants would end up getting another notice in a year or so. Mr. Carroll was wondering if the whole 5-year plan was being disclosed to the tenants? Ms. Lantz also stated that she is speechless when she hears that there are still people moving into the park. Mr. Denman advised to find out the facts, we can't react to rumors and innuendos.

Mr. Strine believed that this was the fault of the tenant selling the house. Mr. Denman said the final decision if the home is relocatable or not is up to the tenant. Mr. Morris stated he knew of several homes that have been abandoned and rented out the last few years and made money. Mr. Crane thought there was nothing we could do about that. Mr. Dunn asked did they file notification with us that they are building? Mr. Strine stated it did not matter. Mr. Crane stated that there are penalties if they do not follow through once this process has begun. Mr. Dunn requested a copy of the Change of Use Notification. Mr. Crane stated it was rather thick and therefore was not included in the packet.

Mr. Stroup asked when the homeowner abandons their home voluntarily they get nothing? Mr. Denman explained that when you abandon your home during the Change of Use process you get compensation. Mr. Crane stated if it is not during a Change of Use, the homeowner gets nothing. Mr. Stroup wondered if the community owner also got compensation to remove the abandoned home; could he move it from A to B and get compensation? Mr. Denman stated the community owner could apply for benefits under the statute for removing the home. Mr. Strine confirmed that the community owner would have to show that the home had been destroyed. Mr. Stroup asked don't they get money from selling the scrap? Mr. Denman stated if the community owner has to pay \$600 to demolish the home, but makes \$2000 profit on the selling the scrap, the community owner is required to submit the difference to the Authority. Mr. Dunn stated the community owner only gets reimbursed for demolition and removal? Mr. Strine confirmed that is correct, subject to the maximum payment set by the Board. Mr. Strine explained that the community owners also pay the \$1.50, same as the tenants. Mr. Stroup asked could it be moved to let's say to Frederick Lodge to someone who wants to rent it? Mr. Strine replied if the tenants moves it, the tenant is reimbursed; the community owner has the title and moves it, he would not get reimbursed.

Ms. Lantz asked do we compensate tenants when they relocate within the park and a year down the road they have to relocate again? Do we pay them twice for relocation? Mr. Crane thought the Authority might have to.

Mr. Dunn thought it would be a good idea if some of the Board Members could get together and prepare a Power Point Presentation, to prepare something that is easy to understand for the tenants. Mr. Crane stated he liked the suggestion, but he did not know how much time the

Authority would have. Mr. Dunn asked the meeting had not been scheduled? Mr. Crane confirmed that, but the sooner the better. Mr. Carroll thought you wanted to give people the opportunity to evaluate what options they have. Mr. Dunn thought it was a lot for the people to process. Mr. Crane agreed. Mr. Morris said we could give the tenants a synopsis of what choices they have and hand-outs at the meeting. Mr. Crane stated he thought of having Mr. Denman put together a timeline and legal requirements for the tenants. Mr. Strine thought Ms. Lantz or Mr. Denman could distribute the first draft for the Board to review.

Mr. Carroll asked was the Summary of Chapter 70 that the Attorney Generals' office did consider? Mr. Carroll thought it might be a starting point? Mr. Crane could not answer that question. Mr. Dunn asked when was the Authority officially notified? Mr. Strine stated June 18, 2014. Mr. Dunn stated so the tenants have about a year to vacate the premises? Mr. Crane we expected this to happen as the economy improved.

Ms. Hemmerich said she liked the idea of the Power Point, but thinks it is more important that the tenants have something that they can take home. Mr. Denman stated the community owner has to provide basic information per statute. Mr. Denman stated the community owner makes a preliminary determination regarding the mobile home, but that is not binding, that might cause the confusion. Mr. Denman said during the whole process the tenant's rent cannot be raised. Mr. Denman thought it was almost fraud if the community owner lets a tenant move within the park without disclosing that this parcel of land might also undergo a Change of Use in the near future. Mr. Dunn wondered if there was any statement in the package that confirmed the Change of Use for the entire park in the future? Would the park be locked in not raising the rent for the entire park? Mr. Strine stated only for the ones that are going through the Change of Land use.

Ms. Lantz had one last question regarding Spanish speaking tenants, the Authority had only documents in English and Ms. Lantz does not speak enough to have a conversation; how can we help those tenants? Mr. Crane thought an interpreter could be hired if necessary.

Mr. Crane stated everyone will be informed of further developments.

3. Changes in Rent Justification Law

Mr. Crane stated he has asked the Governor's office to notify him when HB234 will be signed and when the effective date is. Mr. Crane also thought the regulations would have to be changed. Mr. Strine thought there was nothing in the regulations that would have to be changed. Mr. Crane stated good question, he would have to review.

4. Accounting Proposal/Falcidian Engagement Letter

Ms. Lantz stated as previously mentioned, she has received a new Engagement Letter from Falcidian/BDO and the bookkeeping price will go up by \$50.00. Ms. Lantz has also, per Mr. Dunn's request last year, contacted accounting companies for a proposal. Ms. Lantz stated that was very difficult, of the 5 companies she contacted, only Faw Casson responded; the other companies had no interest as Demhra is associated with the state. Ms. Lantz thought that the prices of both accounting firms are comparable, an issue would be that BDO/Falcidian is able to store our documents, whereas Faw Casson would not be able to do that and the Authority would have to find a place to store those documents. The office obviously does not have enough space and Ms. Lantz thought that it would cost the Authority additional money to store the documents elsewhere. Mr. Strine wondered how the prices compared, what was the Authority getting for the \$1600 from BDO that Faw Casson could not offer. Ms. Lantz stated that was separate from bookkeeping, that amount was for drafting the financial statements. Mr. Dunn said it was for hours worked on those statements? Ms. Lantz confirmed. Mr. Strine stated he could offer cheaper storage prices. Mr. Strine did not

understand the comparables. Ms. Lantz explained that things change, Faw Casson could be cheaper in one aspect and higher in another, it was difficult to determine, as it is never the same.

Mr. Strine thought \$2K was a lot for this operation, he just thought that was too high, he did not understand the BDO component at all. Mr. Crane understood Mr. Strine's concerns, but he stated it is very difficult with billing, you spend 50 minutes on one thing and 30 minutes on another. Mr. Crane thought it was an unknown organization to him and he was hesitant to move elsewhere if we are comfortable with the services that are given. Apparently there is not enough competition out there. Mr. Dunn thought in these days you scan and store the documents, you don't need paper. Ms. Lantz was not sure if that was a good idea as an Authority, computers could crash or someone could hack into the system, it was not 100% safe. Mr. Carroll confirmed that the Authority by law had to keep a hard copy of the documents.

Mr. Denman stated Faw Casson was a very reputable company. Mr. Denman thought it was hard to compare, they have given their hourly rates but we are not sure how efficient they will be able to perform their services. Mr. Denman would be concerned to switch accounts purely based on the hourly rates without having a comparison on how much time it would actually take them. Ms. Lantz stated that she had called the references and they were very happy with Faw Casson. Mr. Crane made the motion to stay with BDO/Falcidian and Mr. Dunn seconded the motion. Mr. Dunn suggested to notify Faw Casson to send in another bid next year on a more comparable situation. Mr. Strine stated his point was more that he did not understand what BDO's function was compared to Falcidian. Mr. Crane stated Mr. Strine's question were relevant and maybe the Authority could have a meeting with them. Ms. Lantz suggest that BDO/Falcidian and Faw Casson could come to a Board Meeting. Mr. Crane stated that State agencies have their storage places, if the Authority had a storage place somewhere, the Authority would have to get insurance. Mr. Crane asked if the Board would approve the motion to stay with BDO/Falcidian? The Board agreed unanimously.

Mr. Denman stated there was a provision in the Engagement Letter that anytime we terminate their services, we have to pay for 3 months. Mr. Denman thought in that case it would be easier to let them know three month in advance and then when the time is up make the decision.

5. Proposal for Audit FYE June 30, 2014

Ms. Lantz stated the Authority has to be audited once a year, two years ago the Board decided that the Auditor chosen by the State was too expensive and opted to hire our own. Ms. Lantz therefore has reached out to firms providing auditing services, KPMG is used by the State but they are very expensive. Ms. Lantz stated most companies are not interested in doing business with the Authority, same reasons as she already mentioned. Ms. Lantz ultimately was able to get the proposal from Ray Book & Associates for the same prices as charged last year, they were very reasonable she thought. Ms. Lantz had tried to engage a company in Lewes. The company came back to her too late telling her they really did not understand the audit services required and charged \$18,000. Ms. Lantz stated at this point time had run out. Mr. Crane stated the Authority has forwarded the audits to the State Auditor's Office, but has never heard anything back. Ms. Lantz stated Ray Book & Associates has done a good job in the past. Mr. Crane agreed and stated the price had not changed from last year. Mr. Crane asked for a motion. Mr. Strine made the motion to accept the audit propos and Mr. Morris seconded the motion. The Board agreed unanimously to hire Ray Book & Associates to provide auditing services.

6. Discuss "How To Arbitrate" Education

Mr. Crane stated he knew Mr. Strine would have to leave soon, therefore he would keep this brief. Mr. Crane said Senator Ennis created a Bill at the end of the Legislative Session which would create a \$0.50 fee from each homeowner to be collected by the community owner. This money would be put into our Trust Fund in a separate account to be used for legal fees for arbitrations, etc. Mr. Crane objected to this Bill although he supported the concept. Mr. Crane stated further this Bill was written in a way that anyone could request arbitration if they did not agree with the

rent increase above the CPI-U because they thought it was all paid for. Mr. Crane stated he thought that we could just not handle this type of workload. Mr. Crane stated it needed to be worded better. The real issue was that people that go to arbitrations are unable to understand what the Rules of Evidence require. Mr. Crane had suggested that the Department of Justice created guidelines for the homeowners. Mr. Crane received a response from the Department of Justice that they respectfully declined. Mr. Crane received links from Mr. Denman and the Department of Justice that were very helpful. Mr. Crane said about a year ago the Department of Justice had planned on offering educational sessions to the communities on how SB33 works, for whatever reason this did not happen. Mr. Crane communities with 15 - 20 homes they cannot afford a lawyer. Mr. Crane thought for the layperson this was a very difficult process. Mr. Strine thought it a good idea, maybe one of the arbitrators could help, but this might be a Conflict of Interest. Mr. Denman stated the JP Court link and their explanations and guidance are very good. Mr. Denman thought it could be printed out and tweaked a little bit. Mr. Denman stated during arbitration the arbitrator sets the rules. Mr. Crane thought he could take on this project and he thought the Authority needed to provide something to the people. Mr. Carroll thought that CLASI or the Legal Services could also provide pro-bono help. Mr. Morris did not understand the Authority's role in this. Mr. Crane stated it was just guidance we would be providing. Mr. Strine stated again, he thought it was a good idea. Mr. Morris stated as long as the Authority would protect itself, Mr. Crane agreed with this. Mr. Garcia thought for the homeowner going into an arbitration it was wise to have an attorney present as the appeal relies on all the testimony given. Mr. Garcia stated guidance on how to do this would be helpful. Mr. Crane stated that everyone should be advised by an attorney where necessary, but we cannot say that. Mr. Dunn stated we should give them guidance in to what is needed for the process and it was up to the homeowners to hire an attorney if they so wished. Mr. Morris thought the Authority could give them the necessary forms, the file and information how to locate an attorney, so they would understand once they read it that they need legal representation.

Mr. Stroup suggested a way to set up a commission a landowner must go to and apply. Mr. Stroup thought it was a simple and less expensive process. Mr. Crane stated the suggestion was making a lot of sense, the law of course could be changed. Mr. Crane said the Authority followed the law.

Ms. Hemmerich thanked the Board for doing all they did. Ms. Hemmerich stated everyone always complained but did not realize the Board was not compensated, except for Ms. Lantz who was paid staff. Ms. Hemmerich said she knew how much time and effort Mr. Crane put into this. Mr. Crane thanked Ms. Hemmerich for her comment.

X. Public Comments:

Ms. Hemmerich, Ms. Fuchs, Mr. Gray, Mr. Garcia and Mr. Stroup made comments – see above.

XI. Executive Session:

Mr. Dunn made the motion to go into Executive Session at 3.30 p.m. Mr. Morris seconded the motion. Unanimous approval was given by all members present by voice vote.

Mr. Dunn made the motion to come out of Executive Session at 3.37 p.m. Mr. Morris seconded the motion. Unanimous approval was given by all members present by voice vote.

XII. NEXT MEETING DATE - ADJOURNMENT:

The Board has discussed and set the next meeting date to August 14, 2014.

Ms. Lantz stated that Layton's Riviera is behind in the quarterly payments, a final letter was sent and

no response was received. Mr. Crane asked if Mr. Denman should initiate legal action? Mr. Dunn made the motion to have Mr. Denman initiate legal action and Mr. Morris seconded the motion. The motion carried.

Mr. Denman asked if Mr. Crane wanted him to put something together for the meeting with the Glasgow Court tenants? Mr. Crane thought that was great. Mr. Crane stated that Ms. Lantz could give a copy of the application to Mr. Dunn and Mr. Morris. Mr. Morris stated he wanted to be part of this meeting. Mr. Dunn asked who was holding this meeting? Mr. Crane replied that Senator Townsend was scheduling this meeting.

As there was nothing else before the Board the meeting was adjourned at 3.45 P.M.

Respectfully submitted,

Susanne Lantz
Executive Director