

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

1675 S. State Street
Dover, Delaware

Minutes of March 6, 2014

IN ATTENDANCE:

Authority: Mitch Crane
Andy Strine
Bill Dunn
John Morris
George Meldrum
Susanne Lantz (Executive Director)
Kevin Carroll

Legal Counsel: William Denman

Compliance Investigator: Ed Speraw

Other Attendees: Jill Fuchs, Tenant Barclay Farms
Bobbie Hemmerich, Tenant McNicol Place
Mary K. Eggers, Tenant Barclay Farms
Joan Peculski, Tenant Bon Ayre
Frank Mohr, Tenant Bon Ayre

I. CALL TO ORDER:

Mr. Crane called the meeting to order at 1.30 p.m.

II. REVIEW AND APPROVAL OF MINUTES:

Mr. Crane asked the Board to approve the December 12, 2013 and January 7, 2014 meeting minutes. Mr. Morris made the motion to accept both meeting minutes. Mr. Strine seconded the motion. The Board approved the December 12, 2013 and January 7, 2014 meeting minutes unanimously.

III. UNFINISHED BUSINESS:

1. Mason Dixon Court and Annex Seasonal?

Ms. Lantz stated that she had been asked to create a work order for Mr. Speraw to go out and inspect Mason Dixon Park one more time. A couple of month ago Mr. Speraw had gone out to the park and found vehicles in the park that should not have been there during the winter. Ms. Lantz stated that Mr. Speraw did not find any unauthorized vehicles there and asked Mr. Speraw to give his report. Mr. Speraw confirmed that he had gone there in mid February and except for a gentleman named Dennis and his wife at the management office he did not see anyone else. Ms.

Lantz stated it looked like it was a seasonal park after all. Mr. Crane asked if anything further needed to be done? Ms. Lantz denied that.

IV. Approval of Financial Activity & Report November and December 2013:

Ms. Lantz stated that starting on page 20 the Board can see the Trust Fund held the amount of about \$6,000,000, the Operating Account held about \$52,000 and the Petty Cash held about \$125.00. Ms. Lantz stated on Page 25 Other Income is the Arbitration fees collected. In November the Authority received \$1,500 in arbitration fees and in the next column it shows that altogether \$2,000 were received for arbitration requests. Ms. Lantz stated on Page 30 it shows that the Authority received an additional \$1,000 for arbitration fees; altogether the Authority has received \$3,000 in arbitration fees as of December 31, 2013. Ms. Lantz stated further that the Trust Fund was at \$6,100,000, the Operating Account was down to \$48,000. Mr. Crane asked if the Board Members had any questions. There were none. Mr. Meldrum made the motion to accept the financial statements as received. The Board approved the financial statements unanimously.

A. Approval of other Financial Matters:

1) Approval of Legal Counsel Invoice December 2013 and January 2014:

Mr. Crane asked if the Board had any questions on the invoices? There were none.

Mr. Strine made the motion to approve the legal counsel invoices. Mr. Meldrum seconded the motion. The Board approved the invoices unanimously.

2) Approval of Invoice BDO for October, November and December 2013:

Mr. Crane stated everyone has received a copy of the invoice. Ms. Lantz stated the invoice was a bit different this time as they had met with auditors, therefore the fee is a bit higher and of course it was an invoice for 3 months. Mr. Strine made the motion to approve the invoice from BDO. Mr. Morris seconded that motion. The Board agreed unanimously to approve the BDO invoice.

3) Approval of Compliance Investigator Timesheet & Mileage:

Mr. Crane said the timesheet and mileage had to be approved. Ms. Lantz stated she had no issues with it. Mr. Meldrum made the motion to accept the Investigator's Time and Mileage as presented. Mr. Morris seconded the motion. The Board approved the timesheet unanimously.

4) Invoice for Audit:

Mr. Crane stated on Page 50 was the invoice received from Book & Associates who were contracted to perform the audit. Did the Board have any questions? Mr. Meldrum questioned if this was the auditor that had been used before? Mr. Crane confirmed this. Ms. Lantz confirmed that the amount charged was the amount quoted. Mr. Morris made the motion to approve the invoice. Mr. Strine seconded the motion. The motion carried.

5) Arbitration Invoices:

Mr. Crane said on Pages 51 -59 have been the invoices received to date, correct? Ms. Lantz confirmed that and stated she had an additional invoice that was just received this morning which was not included in the Board Package, which was just distributed. The last invoice was received in the Creekside arbitration matter and is in the amount of \$200. The arbitrator dismissed the petition as Tunnell Companies made a motion to dismiss the request. Mr. Strine made the motion to approve the arbitration invoices received. Mr. Crane said to refresh everyone's recollection, each party pays \$250 towards the arbitration. Mr. Crane stated the arbitrator gets appointed and gets paid for this work, in this case it was dismissed, but the arbitrator still needs to be compensated.

Mr. Meldrum seconded the motion. The Board approved the arbitration invoices unanimously.

1. Annual Registration Report:

Ms. Lantz stated that Granada MHP and Shady Oak MHP still have not registered. Mr. Denman had sent a letter in December to Shady Oak, to no avail. Mr. Crane thought that it was a major improvement having only two out of 193 parks not register, but what did the Board want to do? Ms. Lantz stated that in December the Board had decided if Granada would become delinquent again, the Board would tackle both issues. Ms. Lantz said she was waiting to hear if Granada had paid Q4. Mr. Morris thought the size of a park did not matter and Mr. Meldrum questioned what Mr. Denman thought. Mr. Denman said the Authority could go to Court to get a mandatory injunction order and if the park failed to comply they would be held in contempt. Mr. Denman asked if the parks had registered in the past? Ms. Lantz confirmed that. Mr. Crane stated that the parks had two obligations, one was to register once a year with the Authority and the other was to pay the quarterly Trust Fund assessments. Ms. Lantz stated Shady Oak has paid the fees. Mr. Denman suggested Ms. Lantz could fill out the registration with a return envelope to the park asking them to confirm that this was correct. Ms. Crane stated that the parks have an obligation. Mr. Meldrum made the motion to follow the law as prescribed. Mr. Morris seconded that motion. Mr. Strine stated it was unfortunate to have to go that route. Mr. Strine thought a phone call would help to let them know that it would go to Chancery Court and would cost them money. Mr. Crane said the parks had the chance to register, it was already March and it was time to do something. Except for Mr. Dunn, who abstained due to his late arrival, everyone present by voice vote agreed unanimously.

2. Judgments Filed and Unsatisfied:

Hilltop MHP: Ms. Lantz stated the park has not paid the Trust Fund assessments; Mr. Denman had gone to a scheduled Court hearing on 19 February 2014 and would have more details. Mr. Denman stated he went to Court and Vice Chancellor Glasscock entered a Mandatory Injunction Order requiring the park to fill out the quarterly reports and file them with the Division of Revenue. Mr. Denman stated at this point we had to wait and see if they would do as asked; he also reported this to the AG's office. Mr. Denman stated it would be mailed out to Hilltop Regular and Certified Mail, he also emailed it to the contact at the park. Mr. Denman further stated it is an issue if the park collects the fee from the tenant and does not forward it to the Trust Fund, the AG's office has appropriate remedies available in regards to Consumer Fraud.

Pine Ridge MHP: Ms. Lantz stated that Pine Ridge had agreed and signed a Settlement Agreement to satisfy the outstanding judgment for Ron Hastings. They have already made the first payment.

The Crossings at Oak Orchard: Ms. Lantz stated they stopped paying the \$200 monthly payments; Ms. Lantz spoke to her and emailed her, she was going to send out the payments, but nothing has been received. Mr. Morris questioned how many months is the owner behind? Ms. Lantz stated that she is missing 3. Mr. Denman stated he could send them a letter. Mr. Dunn stated if they are behind, a lot of people just have it deducted automatically from their bank account. Ms. Lantz stated it was not an option as they were required to submit a coupon with their payment. Mr. Dunn thought whatever the issue; it was even more a reason to make

sure that the Authority received the payment as scheduled. Mr. Strine made the motion to direct the solicitor to take that action? Mr. Dunn seconded the motion. All Board members present by voice vote agreed unanimously.

3. Recent Park Compliance Issues Arising & Resolved:

Layton's Riviera: Ms. Lantz stated the park was going through foreclosure, Mr. Carroll confirmed that through the AG's office; Ms. Lantz has no further information. Mr. Strine asked Mr. Carroll if they had pulled up the Sheriff's sale list? Mr. Carroll stated a colleague was monitoring this, but he thought it was premature since they were paid up to date. Mr. Crane asked Ms. Lantz to put this on the next agenda. Ms. Lantz agreed.

Nolls MHP: There are no issues at this time according to Ms. Lantz.

Rickards Lot: Ms. Lantz stated it was brought to her attention by Mr. Denman, who was contacted by the owner's attorney. The attorney has forwarded the payments to the Division of Revenue which have been received.

4. Parks Removed:

Ms. Lantz stated that she included this at this time because two parks were taken off per the December Board Meeting, no discussion needed.

5. Arbitration Matters and Status:

Ms. Lantz thought the spreadsheet was pretty straightforward. Ms. Lantz stated two appeals were filed and she just found out a third appeal was filed regarding the arbitrators decision, but she was not given a date. Mr. Crane said at the moment in SB 33 and the Regulation the Authority did not have to be informed when an appeal is filed, but the Authority was allowed to make inquires. This was corrected in the proposed Final Regulations. Mr. Crane further stated that the three appeals were related as it was the same ownership. Mr. Crane said there have been less arbitrations than anticipated and the rent increases above the CPI-U have not been as large as last year. Mr. Morris thought why is it that when the community owner was at fault in the beginning, why does the arbitrator not say, the tenants were not informed in time and are stuck with hiring lawyers to go to Court? According to Mr. Morris in the end the winner is the community owner. Mr. Carroll stated that he understood that the question from Mr. Morris is why the tenants have to go through this process? Mr. Carroll stated Courts don't get it right all the time, there typically is a way to appeal; the law requires this process. Mr. Strine questioned why did the tenants not bring it up at arbitration? Mr. Morris stated he was not there, he did not know. Mr. Crane thought the system was working, because neither side is satisfied. Mr. Crane said without going to detail, the arbitrator ruled for the tenant, and this is why the case is being appealed; there is the other extreme where an arbitrator ruled in favor of the community owner. Mr. Crane further stated, if there is a violation of the law, the Department of Justice is responsible to investigate. Mr. Crane thought he understood the problem Mr. Morris addressed, but that could only be addressed in another form by the Legislature. Mr. Morris there was a question that an HOA could represent all tenants in the community if there was a letter to that effect. Mr. Crane said there was no such letter. Mr. Strine stated it might take a few years to run smoothly, until everyone understands it. Mr. Strine thought the law as it was written by legislatures was not always practicable in the real world as the legislatures had no real idea about the park situations. Mr.

Morris agreed some things still need to be ironed out. Mr. Crane said the Regulations can only go as far as the law allows. Mr. Morris stated that was why he wanted to be included in all the arbitrations. Mr. Crane said no one was excluded from arbitrations, anyone wishing to go could talk to Ms. Lantz and anyone from the Demhra Board going could only go as a Board Representative; the arbitration hearings are closed and private hearings. Mr. Dunn questioned if it was not possible to email everyone a calendar of events? Mr. Strine stated he had the information, but maybe because he had asked. Ms. Lantz stated that in one case the arbitrator stated there was not enough space for all Board Members and Mr. Crane confirmed that. Mr. Crane said no one will be excluded, but we need to know in advance and have some regularity to it.

Mr. Strine asked what was going on with corrective legislation? Mr. Crane stated that after the legislation was rolled out; it was quite clear that there were major issues with the law. For example when the leases renew after November 30, 2013; an arbitrator would rule that all leases expire after that date; this was not the intention or that the Authority sets the meeting place, time and date, also difficult to do. Mr. Crane stated he had conferred with Representative Baumbach that unintentional or unclear items in the bill needed to be corrected, nothing more than that. State legislators have become involved and want to rewrite the law, which the Authority was not involved in. Mr. Crane stated one of the bills that is deleting the line in the original law that requires the Authority to adopt a fee. Mr. Strine stated that was the bill he had supported. Mr. Crane stated the bill will be the first item on the agenda when it goes back to the House in March.

Mr. Crane further confirmed that the synopsis of that bill was that the Authority had complied with the law.

VI. Old Business:

1. Proposed Regulations for maximum relocation benefits

Mr. Crane said the Authority had advertised the maximum relocation benefits and the comment period was over. The Authority was going to vote today on either adopting or defeat the proposed regulations on maximum benefits. Mr. Strine made the motion to accept the proposed regulations as drafted and advertised. Mr. Meldrum seconded the motion. Mr. Crane stated the law required the Authority to reimburse homeowners for non-relocatable homes and in some cases the park owners, per law. Mr. Crane further stated the Authority was setting a procedure in Dollar amounts. Mr. Crane said this did not mean the applicant would receive the maximum payout; they would still have to submit documentation and the Authority would then review and decide what was reasonable. Mr. Dunn said he supported the motion, but it was not the end of the issue as he still had questions regarding recycling. Mr. Morris asked what if the owner wanted to change the land? Mr. Crane and Mr. Strine explained that this was only for a change of land use. The motion carried.

2. Voting on adopting permanent regulations on SB33

Mr. Crane said these regulations were only permanent until the Authority decided to make further changes. Mr. Crane stated these regulations were drafted by Mr. Denman with input from Mr. Strine and Mr. Crane; they were advertised and comments were received and were included in the Board Package. Mr. Crane said the Emergency Regulations were to expire and then we won't have any regulations. Mr. Meldrum made the motion to accept the regulations as presented. Mr. Morris seconded the motion. Mr. Strine stated in drafting these considering the comments received he thought the Authority did a good job. Mr.

Morris agreed with the regulations and stated the Authority did the best we could. Mr. Denman stated the Board Members in favor needed to sign the Order and then the final regulations would be published in the Delaware Register. Mr. Denman stated one of the comments received asked who notifies the effected tenants when a particular meeting is scheduled, that is where the HOA comes into play. Mr. Denman further commented in some communities not all tenants are part of the HOA, which creates a problem for the Authority as it does not know if the tenants are part of the HOA or who the effected tenants are. Mr. Denman stated therefore it was much easier for the landlord to send out that notice because the landlord knew who the effected tenants were in either case. Mr. Crane stated the change would be made in the regulations; Mr. Denman wanted to make clear this was just the case if the first suggested meeting date, time and place would not work. Mr. Carroll made a suggestion to state that all effected homeowners would be notified by the landlord. Mr. Strine agreed with that. Mr. Denman stated that most comments received were legal questions that the Authority could not do anything about. Mr. Dunn wondered if it was going to be revised? Mr. Crane confirmed yes, with better language. Mr. Morris asked who keeps a list of who everything was mailed out to? Mr. Strine stated the landlord usually send it out Proof of Mailing. Mr. Crane stated going to the comments received, one of the comments dealt with utilizing an arbitrator from another county; there was an expense involved with that as they were reimbursed for their time. Mr. Crane stated the arbitrator had the obligation to make sure there was no conflict and in case there was, he needed to let everyone know and another arbitrator would be appointed. Mr. Crane stated if there was an objection to an arbitrator, he would have to be replaced. Mr. Crane further said the second comment was similar asking to take out the section where the parties can agree to the arbitrator. Mr. Crane said if there was no disagreement the arbitrator remained. The comments received were good comments, but not necessary to make any changes to the regulations. The Board unanimously voted to accept the proposed final regulations.

VII. New Business

1. Audit Report FYE June 30, 2013:

Mr. Crane said everyone received the report from the auditor, there were no questions or issues raised by the auditor? Ms. Lantz confirmed that. Mr. Meldrum made the motion to approve the audit report and transmit it to the State Auditor. Mr. Morris seconded the motion. The Board approved the audit unanimously.

Mr. Crane informed the newer Board Members that about 2 years ago the State Auditor's Office required the Authority to sign an agreement to pay their auditor and hold them harmless, etc. The Authority reviewed the statute the word "may" was there, the State Auditor's Office was informed to that the Authority would select their own auditor. Mr. Crane further stated that we have not heard anything from the State Auditor's office; the audits have been much cheaper than using the State Auditor's selected auditor.

VIII. Executive Session:

Mr. Strine made the motion to go into Executive Session at 2.45 p.m. Mr. Morris seconded the motion. Unanimous approval was given by all members present by voice vote.

Mr. Meldrum made the motion to come out of Executive Session at 2.55 p.m. Mr. Dunn seconded the motion. Unanimous approval was given by all members present by voice vote.

IV. NEXT MEETING DATE - ADJOURNMENT:

Mr. Crane asked Mr. Carroll, Mr. Meldrum and Mr. Dunn if they had heard anything regarding their reappointment to the Board? Mr. Carroll had not heard anything, Mr. Meldrum thought it had already been sent and Mr. Dunn asked Mr. Crane to get in touch with Senator Blevins.

Mr. Denman requested that Ms. Lantz review and let Mr. Denman know who the people were that made comments. Ms. Lantz stated she would look it over and inform Mr. Denman.

Mr. Crane requested that the Board Members would sign the Order and send in their signatures as soon as possible.

The Board has discussed and set the next meeting date to May 8, 2014.

As there was nothing else before the Board the meeting was adjourned at 3 PM.

Respectfully submitted,

Susanne Lantz
Executive Director