

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

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

Minutes of November 28, 2018 Board Meeting

IN ATTENDANCE:

Authority: Kevin Carroll
William Dunn
Andy Strine (Absent)
George Meldrum (Late)
Jill Fuchs

Dan Daly (Non-Voting Member)
Gregg Sutton (Executive Director)
Jane Sabo (DEHMRA Assistant)

Legal Counsel: William Denman

Other Attendees: Jen Allen, First State Manufacture Housing Association

I. Call to Order:

Mr. Carroll called the meeting to order at 11:00 a.m. All Board members were present with the exception of Mr. Strine and Mr. Meldrum who was late. Mr. Carroll decided to proceed as there was a quorum present.

II. Review and Approval of Minutes:

Because Ms. Fuchs was not present at the last meeting, Mr. Carroll did not ask Ms. Fuchs to vote on the minutes. There was no quorum to approve the minutes as Mr. Strine was absent, Mr. Meldrum had not yet arrived, and Ms. Fuchs had not attended the October meeting, the approval of the minutes was tabled until the next meeting.

III. Executive Director's Report

Mr. Sutton noted that since the last board meeting, the following has occurred:

- Mr. Sutton attended another Manufactured Housing Workshop on October 29, 2019 in Sussex County. Approximately 50 people attended, including Messrs. Carroll and Daly from DEMHRA. Representative Ruth Briggs King was also in attendance.
- Mr. Sutton also attended the Manufactured Housing Task Force working group meeting on October 31, 2018. Topics discussed were the proposed reorganization of the technical corrections to Chapter 70, a review of substantive revisions to Chapter 70, as well as concerns related to relocation benefits relative to abandonment of non-relocatable mobile homes, the disposition of the title once a home is relocated, and relocation issues regarding Rights of First Offer. The Task Force also wanted to review the wording of 7043 regarding rent increase resolutions, abandonment procedures, and the distance allowed for relocation. The

consensus was that there doesn't seem to be an issue if the move goes over the 25-mile radius.

- There is another informal Manufactured Housing Task Force Working Group scheduled for today, November 28th at 12:00.

IV. Chair's Report:

- Mr. Carroll stated that he attended the October 31, 2018 Task Force Meeting. Regarding the issue of scheduling of rent increase meetings addressed in 7043, he informed the task force participants that we don't have information and insight of what constitutes a convenient meeting. We rely on the property owners to let us know, but if we become aware of meetings scheduled for an unreasonable day and time, we will encourage the property owner to reschedule at a day and time convenient to the home owners. Regarding informal meetings, we don't have any opinion, one way or the other; we are only concerned with the final meeting.
- It is anticipated that by the end of December, the Task Force will have something coming out, probably not the final product as there are many tough areas to address. DEMHRA has a unique role to fill in manufacturing housing issues and we are not the end all. Our role has been limited but has been growing the past couple of years. The collateral consequences may place a burden on the Trust Fund which is there to support the property owners and home owners.
- New Board member, Ms. Fuchs, inquired as to Delaware State Housing Authority's (DSHA) role in having representation on the Task Force as they have nothing to do with manufactured housing. Mr. Carroll informed her that DSHA has been becoming more involved and they did compile a report last year on manufactured housing. Mr. Sutton stated that he would send a copy of the report to her.
- Mr. Dunn reiterated the issue of rent increase meetings and how certain property owners go out of their way to pick a timeframe for the meeting which is ridiculous. He suggested that we have it written that the property owner and head of the HOA sit down and try to find an acceptable time for both parties so that they are both obligated and will be made aware of what is going on. Then the HOA president can notify all involved. Not all communities have HOA's but if there is an HOA, they can go that route. If not, write it so that there is plenty of wiggle room. Mr. Carroll suggested keeping it at the HOA level because if you inject that type of ambiguity beyond that, it becomes an issue.

V. Financial Activity & Report

A. Financial Report

Mr. Sutton provided a financial summary for September 2018. This report was for informational purposes only. He noted that since its inception in April of 2004, the Authority has paid \$2,400,016.62 in relocation costs, \$433,587.94 in personnel costs, \$82,521.07 in occupancy costs, and \$1,181,455.48 in general administrative costs. As of September 19, 2018, there was \$8,909,564.99 in the Trust Fund. The operating fund as of that date had \$50,000 and the petty cash was \$367.92.

Ms. Fuchs asked if the financial report is an audit. Mr. Carroll informed her that it is not but that we do get audited yearly. He informed her that years ago, the State did the audit but at a huge cost, so it was decided to go with Falcidian. Mr. Sutton also added that the audit addresses best practices on how the money is spent, who signs off on expenditures, etc.

B. Approval of Financial Matters:

Legal Counsel invoices:

The Board reviewed the invoices from legal counsel for the month of October 2018.

Mr. Dunn made a motion to approve the October legal counsel invoice which was seconded by Mr. Meldrum. The motion passed 4:0:1 with one in absentia.

C. Approval of Arbitrator Invoices

Adam Gerber (Whitehouse Beach). Mr. Denman noted that there is no time breakout and would like clarification of the adjustment/discount. Mr. Sutton thought this invoice may have been paid already. If not, he will ask Mr. Gerber to resubmit with a more detailed breakdown of the charges. The revised invoice will be presented at the January 2019 meeting.

C. Lingenfelder (Layton's Riviera). Mr. Dunn made a motion to approve this invoice which was seconded by Mr. Meldrum. The motion passed 4:0:1 with one in absentia.

D. Approval of BDO Invoice. Mr. Dunn made a motion to approve this invoice which was seconded by Mr. Meldrum. The motion passed 4:0:1 with one in absentia.

E. Approval of L&W Invoice. Mr. Dunn made a motion to approve this invoice which was seconded by Mr. Meldrum. The motion passed 4:0:1 with one in absentia.

VI. Reports:

A. Compliance Matters

Delinquent Parks:

1. **Cherry Creek:** Called 11/14/18 to pay Q1 2018
2. **Cloverleaf:** Called 11/14/18 to pay Q1, 2018
3. **Dackerg Mobile Home Park:** Q 3 & 4 2017. No response to our legal counsel letter sent on 9/21/18.
4. **Fords MHP:** Q4, 2017. Letter sent 9/14/18, email sent 11/14/18.
5. **Granada Court:** Emailed 11/14/18 to pay Q4 2018.
6. **J & J Mobile Home Park:** No response to our legal counsel letter sent on 9/21/18.
7. **Oakway:** Called 11/18/18 to pay Q1, 2018.
8. **Pine Haven:** Called 11/14/18 to pay Q1, 2018.
9. **Pom Run** – New owner up to date with assessments. We will not be able to collect back assessment fees from Mr. Silicato. He has not responded to our contacts by mail, email or phone calls.
10. **Stage Village:** Called 11/14/18 to pay Q1, 2018
11. **The Crossings at Oak Orchard:** Called 11/14/18 to pay Q1, 2018
12. **Woodside:** Called 11/14/18 to pay Q1, 2018

Compliance Investigator Report:

Mr. Sutton had a phone call from the new owners of Murray Manor inquiring about procedures. He explained the procedures and referred to the DEMHRA website for further instructions and guidance. He also sent a Compliance Investigator to the park to verify the number of homes.

B. Open Dockets Arbitration Matters & Status:

- 1. Docket # 10-2017 (Wild Meadows HOA and Fred Neil vs. Wild Meadows MHC, LLC):** Docket in briefing stage. Final briefs were due 9/27/18. No decision has been rendered at this time. Mr. Gibbs had hoped to have his decision by Thanksgiving.
- 2. Docket # 3-2018 (Layton's Riviera vs. Absher Farms):** Pre-Hearing Conference 10/16/18. Potential Settlement.
- 3. Docket #4-2018 (Pot-Nets Bayside HOA vs. Pot-Net Bayside LLC):** Arbitration Scheduled for 12/12/18 in Mr. Lawson's Office.
- 4. Docket #5-2018 (Murray Manor HOA vs. Murray Manor LLC):** Erin Brignola agreed to Arbitrate.
- 5. Docket #6-2018 (Rehoboth Bay Community vs. Hometown America):** Mary Sherlock agreed to arbitrate. Mr. Sutton received a phone call from Mr. Morton asking this be cancelled because of a technicality. Mr. Sutton informed him this is the arbitrator's decision, not DEMHRA's.

C. Open Dockets – Arbitration Costs:

2017:

- 1. Open Dockets:** Total for 2017 \$30,098.10
- 2. Closed Dockets:** Total for 2017 \$32,922.05
\$62,020.15

2018:

- 1. Open Dockets to Date:** \$ 940.0
- 2. Closed Dockets:** \$ 7,341.00
\$ 8,281.00

VII. Unfinished Business:

- A. Update on St. Jones Landing Relocation Plan:** Lot 37 has been demolished. Mr. Sutton will have our compliance investigator verify that the home has been demolished.
- B. White Oak Relocation Plan:** Two tenants remaining and they have not applied for benefits. Another ROFO letter to be sent in January 2019 if park hasn't been sold.
- C. Update on Right of First Offer (Sales, Closings, Change in Use of Land):** Shady Park not sold yet. Another letter to be sent in April 2019 if not sold.
- D. Update on Community Annual Registration:** 66 outstanding forms.
- E. Update on Board Re-appointments for Messrs. Meldrum and Daly:** Mr. Daly has not heard anything and stated he is here until he does. Mr. Meldrum has not heard anything yet either.

VIII. New Business:

- A. Reybold CPI-U Increase Calculation:** A letter was received from Mr. Heisler regarding incorrect calculation of the CPI-U. Mr. Strine notified DEMHRA that he thought it was not being calculated correctly. Mr. Carroll, Mr. Strine and Mr. Sutton met with DSHA via teleconference to discuss the method of calculating the CPI-U. DSHA originally stood by their method of calculating the CPI-U. All parties were in agreement that ongoing, it should be re-calculated. In the interim, DSHA has changed the method of calculation.
- B. New CPI-U**
The updated CPI-U effective 11/15/18 is on the website and is now 1.263%.
- C. Manufactured Housing Workshop Power Point Presentation:** A handout was included in the Board packet for information only of the presentation by Mr. Sutton. Ms. Fuchs inquired if Kent County had good representation at the workshop and Mr. Sutton informed her they did.

D. Action Items

Mr. Sutton discussed the open action items. The Board did not vote on whether Minquadale and Timber Acres should continue assessment payments since they own the park and what amount they are owed from overpayment since they took over the parks. They were to submit applications for a refund of overpayment. Minquadale submitted an application but asked if DEMHRA could figure out what the refund would be. Timber Acres has not filed their application yet. Counsel, Mr. Denman stated that he would like an idea of what kind of money we are talking about and said that we can probably figure out the numbers from the quarterly reports we receive from the Division of Revenue. Mr. Denman also referenced that Messrs. Morton and Valihura were at a past Board meeting debating the issue of whether a community owned by tenants is subject to the statute since you have an LLC owned by tenants and tenants renting from their own LLC. Legally two separate persons in the eyes of the law and the question is whether that's enough to keep them within the Statute. Mr. Morton made a comment referring to a specific statute that specifically exempts them. Mr. Denman asked Mr. Morton to provide this statute but he has not. If they have the additional authority to support their position, we've asked for it and need to follow up to get that information. Mr. Sutton will follow up with Minquadale's attorney. Mr. Carroll would like this resolved by the next Board meeting in January. It was decided to not vote on this until we have the numbers. Once we have the numbers, we will contact the communities to resolve any discrepancy prior to voting on this issue.

IX. Public Comments: None

X. Executive Session: By motion made and duly seconded the Board went into Executive Session at 11:45 a.m. to discuss arbitrations and any pending litigation for the purpose of receiving legal advice pertaining to such matters.

XI. Next Meeting Date – Adjournment

The Board set the next meeting date as January 15, 2019 at 1:30 p.m.

Mr. Meldrum made a motion to adjourn the meeting. Mr. Dunn seconded the motion. The motion passed 4:0:1 with one in absentia. As there was nothing further to discuss, the Board adjourned at 12:00 p.m.

Respectfully submitted,

Gregg Sutton
Executive Director