

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

**1979 S. State St.
Dover, DE 19901**

Pursuant to 29 Del. Code 10004, the Board of Directors of the Delaware Manufactured Home Relocation Authority shall convene a meeting on **July 22, 2021**, commencing at **1:30 P.M.** at 1979 S. State Street, Dover, Delaware 19901.

Minutes of July 22, 2021 Board Meeting

IN-ATTENDANCE:

Authority: Mitch Crane
George Meldrum (Absent)
William Dunn (Absent)
Richard Hrycyshyn
Andy Strine
Pat Malone (Non-Voting Member) (Via Zoom)

Gregg Sutton (Executive Director)
Lorraine Hrycyshyn (Office Assistant)

Legal Counsel: Melissa Rhoads

Other: William Kinnick, President, Delaware Manufactured Homeowner's Association
Jen Allen, First State Manufactured Housing Association
Rose Marie and Robert Pritchett, Bree Street Enterprises
Senator David Lawson
Jerry Brainard, Treasurer, Village of Cool Branch (Via Zoom)
Kathleen & Michael Bonner – Pot Nets Bayside (Via Zoom)

I. Call to Order:

Mr. Crane called the hybrid Zoom meeting to order at 1:35 p.m. Roll was called for those in attendance, as well as those who called in via Zoom.

II. Review and Approval of Minutes:

Mr. Hrycyshyn cited an error in the June 3, 2021 meeting minutes on page 8 of the board package. Ms. Jen Allen's agency was mistakenly referred to as the Delaware State Housing Authority when the correct name for her agency is the First State Manufactured Housing Association. The minutes were corrected to reflect this change before being posted on the DEMHRA website. A motion to approve the June 3, 2021

meeting minutes with the necessary changes was made by Mr. Strine, and seconded by Mr. Hrycyshyn. The motion carried 3-0.

III. Chair's Report:

- The legislative session ended June 30, 2021 and none of the bills this Authority requested were filed. There was a bill that was proposed by Representative Kim Williams that ended up being passed which posed major concerns for us. We were able to work out some compromises.
- Mr. Crane's term expires at the end of August. He will remain on the Board until a new Chair is appointed.

IV. Executive Director's Report:

Mr. Sutton noted that since the last regular Board Meeting on June 3, 2021, the following has occurred:

- The HOA's were audited and those that did not comply with sending in their most recent by-laws and proof of incorporation were contacted to do so. All have responded to our request, and all HOA's are now compliant.
- We have updated our Policies and Procedures Manual with an effective date of June 2021. We added the relocation assistance applications to our policies and procedures. This information is not included in Chapter 70, but it is in the DEMHRA Policies and Procedures on our website.
- It has been one year since we moved to the State Street location. Mr. Sutton reviewed the lease and noticed that our rent increases by 3% each year of the three (3) year lease. He notified Keller-Williams that we would be sending an additional \$90.00 for the two months we did not pay the additional \$45.00. He also notified our accountant to pay the new monthly amount.
- The new CPI-U was published and is effective July 15, 2021. It has increased to 2.356%. It has been verified for accuracy and has been posted to the DEMHRA website.
- Since there was no quorum to vote on salary increase proposals for DEMHRA staff, Mr. Sutton requested this be tabled until the next Board Meeting.

V. Legal Counsel Report:

Ms. Rhoads provided an update on delinquent park accounts. Since her last report on June 3, the following has occurred:

- Delinquent Parks assigned for legal action:
Bowers MHP, Holly Hill MHP, Daltons MHP, Hedgerow Hollow MHP, Lakeside MHP,
Sandhill MHP, Crossings at Oak Orchard, and Quality Homes have all paid and will be dismissed.

Delinquent Parks Assigned for legal action (Continued)

Sussex Manor is still pending due to the court delays.

Magnolia Estates, Hartly MHP and Oakway MHP all received demand letters. Hartly and Magnolia no response. Oakway promised to pay but has not yet. Sea Air has a credit but is still on the delinquent report. Ms. Hambleton will be contacted regarding this.

At the June 3, 2021 meeting, Ms. Rhoads was asked to contact the following communities for follow-up on outstanding issues:

- Mason-Dixon MHP – We were advised that they are a seasonal property. This will be discussed later in the meeting under New Business.
- Bree Street Enterprises – At last month's meeting, a letter that Ms. Rose Marie Pritchett submitted was reviewed. Ms. Pritchett is seeking a refund of assessments she paid that were not owed as the homes are on separate tax parcels of land and do not qualify under Chapter 70. The Board authorized Ms. Rhoads to send Ms. Pritchett an offer letter regarding the refund. This will be discussed under Unfinished Business later in this meeting.
- Resident Owned Communities: A letter was sent to Minquadale as requested by the Board indicating they respond to delinquent payments by the end of this month. Chapter 70 specifically excludes them from one area and doesn't address them at all in other areas. It is our job to read and apply what is there. Minquadale has refused to pay assessments. Mr. Crane earlier this year wrote to the current legislative representatives and one response was that Minquadale should check with their legislator.
- Rent Increase Procedures: Legal Counsel was asked to provide the body of a letter to be used by the Authority to advise the community owners of what their responsibilities are when there is a rent increase. They should be notifying the authority of any rent increase, even if it is not above the CPI-U. The Authority has the obligation to ensure that there are no violations regarding only one rent increase per year.
- Properties under Chapter 70 that consider themselves to be seasonal properties: We received a letter from counsel for Paradise Cove indicating they are paying the correct amount of assessments because they are only paying for the portion of the property that has full time tenants. They consider themselves to be a mixed-use property, and as such, there is some other portion within the park that allegedly has seasonal leases. We do have copies of the seasonal leases. Our legal counsel discussed this with Bob Valihura, legal counsel for Paradise Cove. He informed Ms. Rhoads that this park has historically been treated this way. The prior owner was Malone's Bayside Marina, and a review of DEMHRA's file on Malone's Bayside Marina does not support that. They did not indicate they were "mixed" use, which is not defined in Chapter 70 and they did not make any argument to only pay assessments for some portion of the rented mobile homes within the community. Mr. Valihura argued that there are other parks like this so there will continue to be an issue. He declined naming those parks. Mr. Valihura provided documentation

regarding the notice of sale which talks about properties plural, and parks plural as though there has always been a misunderstanding of seasonal and year-round. The certificate of compliance was also produced. There was no conclusion on this by the Board. Legal Counsel has no answer on this but what is definitive is that Malone's was paying, and they never had a claim there was any seasonal portion of the park. This is another issue with respect to definitions under chapter 70. There is no such thing as a "mixed" use park defined in Chapter 70, so there is a gray area for the Board to consider.

Two Items in Chancery Court:

Towers MHP – The docket could not be located. The court has been contacted regarding this and it is still pending.

Vanessa MHP – No change from the last update which was the notice of the auction. The next step is having court approval of that auction which hasn't happened yet. Mr. Sutton spoke to Attorney, Donald Gouge, the Trustee today who told him he is hopeful that there will be an approval by the first week in August.

VI. Approval of Financial Matters:

A. Recent Financial Activity and Report (Information Only):

The June 2021 Financial Report was reviewed and has been posted on the DEMHRA Website. Arbitration costs have now been added to the report.

B. Legal Counsel Invoice:

The Board reviewed the May invoice from Tighe and Cottrell in the amount of \$2,135.00, and the June Invoice in the amount of \$3,520.01. A motion to approve these invoices was made by Mr. Strine and seconded by Mr. Hrycsyhyn. The motion carried 3-0.

VII. Reports:

A. Compliance Matters (Executive Director):

1. Delinquency Report:

Previously discussed in the Legal Counsel Report.

2. Compliance Investigator Report:

Mr. Crane asked Mr. Sutton to send a compliance investigator to Donovan-Smith MHP. The park was visited on July 19, 2021, and it was discovered that there was caution tape in areas where there was raw sewage above the ground. He counted 79 homes, 21 lots, 18 of which were vacant. Mr. Crane recalled that there was an issue two years ago with their septic system whereby the overflow was going into a creek. It was not corrected, and sinkholes developed. DNREC investigated the complaints. Apparently DNREC

previously ordered them to connect to the Lewes City water and sewer system. Public Works agreed but Donovan Smith could not come up with the money to do this. DNREC issued them a violation order and a fine. Mr. Crane recalled a similar sewage problem, and the DOJ was involved. There was a very large fine and then it was corrected. Mr. Crane doesn't know what DNREC is going to do, but DEMHRA needs have this addressed and corrected for the health and well-being of the people living there.

Mr. Kinnick added that the landowner has taken a five-million-dollar loan against that community. There is also a three-million-dollar grant authorizing the landowner to fix it by tying into City of Lewes connection site. The bank will not give him that money until he pays down that debt or the debt disappears, and that is the issue we are having. Lewes has refused several requests the owner has made. Sussex County has become involved as well. Mr. Strine would suggest that we are not in the septic inspection business. The only reason to inspect the community would be to say that they are in violation, and per the Code, the rent cannot be raised. Mr. Crane said he only asked our compliance investigator to find out what was going on and since the DOJ representative was attending this meeting, we would refer it to their office.

B. Arbitration:

1. Open Dockets for Arbitration Matters and Costs:

Rehoboth Bay vs. Hometown America (Docket 07-2016 & 08-2016 (Combined)):

These dockets were appealed to Superior Court and were on hold pending the results of the Wild Meadows Write of Prohibition decision. The court ruled in favor of the arbitrator indicating the arbitrator had a right to ask for certain items in discovery. On this docket they were given 60 days to hold a hearing and the arbitrators ruled that the petitioners must provide a list of documents that they want to present for discovery, and they must do this by July 20th. The respondent has until July 30th to present these dockets.

Mr. Sutton received an invoice from the court reporter. Mr. Valihura told Mr. Sutton that DEMHRA must pay this invoice. Mr. Sutton denied his request as DEMHRA never requested a transcript. The invoice was for \$653.00. Mr. Sutton confirmed with Legal Counsel that DEMHRA didn't request the transcript and is not responsible to pay it. It was discovered that CLASI requested the transcript.

Wild Meadows HOA vs. RHP Wild Meadows MHC (Docket 07-2018):

This case was also pending waiting on the Supreme Court Decision on another Wild Meadows case. There is a hearing scheduled for the week of August 16th.

Murray Manor vs. RHP Properties (Docket 03-2019):

This case was also pending waiting on the Supreme Court Decision on another Wild Meadows case. The arbitrator requested additional time because they have 60 days from the court decision.

Wild Meadows HOA vs. Wild Meadows LLC (Docket 04-2019):

This case was also pending waiting on the Supreme Court Decision on another Wild Meadows case. Mr. Sutton will contact the arbitrator before August 6th for an update.

Winterset Farms HOA vs. Winterset Farms MHC (Docket 01-2020):

This case was also pending waiting on the Supreme Court Decision on another Wild Meadows case. Mr. Sutton will contact the arbitrator by August 5th to see if he has scheduled a meeting with the parties involved.

Wild Meadows HOA vs. Wild Meadows LLC (Docket 04-2020):

Mr. Sutton will contact the arbitrator by August 5th to see if he has scheduled a Meeting with the parties involved.

Shady Park HOA vs. Shady Park MHC LLC (Docket 01-2021):

Mr. Sutton will contact the arbitrator by August 5th to see if he has scheduled a Meeting with the parties involved.

Ridgewood Manor HOA vs Ridgewood Manor II MHC, LLC (Docket 02-2121):

Mr. Sutton will contact the arbitrator by August 8th for an update.

Mr. Crane requested that DEMHRA contact the arbitrators and notify them that they must provide a monthly update on the status of open dockets. This should be part of their job. Mr. Sutton will include this responsibility in the arbitrator appointment letter.

VIII. Unfinished Business:

A. Update on Right of First Offer (Sales, Closings, Change in Use of Land):

Up Country MHP – Right of First Offer letters were sent by DEMHRA on July 9, 2021, as there is no HOA. They have 30 days to form an HOA.

Sussex Manor – We were notified on July 20, 2021, of the intent to sell. Right of First Offer letters will be sent by DEMHRA as there is no HOA.

B. Update on Lynch's Sale of Park:

Park is sold. DEMHRA has tried to contact the new owner and has been unsuccessful. Ms. Jen Allen (FSHMA) has been contacted by the new owner and

they are fully aware of what they need to do. Mr. Kinnick reported they are going to form an HOA.

C. Update on Sale of Vanessa MHP:

This was previously discussed.

D. Update on Bree Street MHP – Status of Ms. Pritchett’s Decision on Reimbursement of Funds:

This was briefly discussed in the Legal Counsel Report. In addition, Mr. and Mrs. Pritchett were in attendance. Ms. Pritchett was given the opportunity to present her case. She stated that neither the tenants nor she and her husband as Bree Street owners should have been liable for the assessment fees in the first place, as each one of the lots had their own individual tax ID’s. In the past, she said that she mentioned this several times to the Authority whenever she received letters or phone calls from them, and at that she was told she had to pay the assessment fees. She has been paying assessment fees since 2004.

Ms. Pritchett recently contacted the Authority, whose response to her was that there was no evidence provided to confirm that the tenants did not contribute to the assessments. She had documentation dating back to 2004 indicating that the tenants only paid rent; they didn’t pay any fees. She has the deposit tickets and checks proving that they paid rent only. Ms. Pritchett continued to pay the fees out of their business account for several reasons. One reason was she had several tenants who at that time were very ill. There were only 9 lots, so she continued to pay the fees. She has evidence to show that she never collected any fees from her tenants. Mr. Crane asked if the leases required that the tenants pay her for the fees. She said fees were not in the lease, only the rent.

Mr. Strine and Ms. Rhoads discussed the issue of collecting fees from the tenants. Ms. Rhoads confirmed that even if the landlord could not collect the fees from the tenants, they are still required to pay them. Mr. Strine reiterated that since the lots were separate parcels, they never were responsible for paying fees. Ms. Rhoads sent the Pritchett’s an offer letter to refund them the half that would have been the landlord’s responsibility.

Mr. Crane deferred a vote until the Board can meet in Executive Session at the next Board Meeting to determine whether the money can be returned to the Pritchett’s legally. Ms. Rhoads requested a copy of the lease.

Senator Lawson requested he be notified of any issues with mobile home parks and offered his assistance to help resolve the issues.

E. Update on Paradise Cove Seasonal Park Status:

This was previously discussed.

F. Update on Silver Oak Tax Parcel Research: Legal Counsel is working with the new owner.

G. Update on Towers MHP Regarding Collection of Assessment Fees:

This was previously discussed.

H. Minquadale Delinquent Payments:

This was previously discussed.

I. Trust Fund Replenishment Request:

The check was received.

J. Update on Letter Sent to all Communities Notifying them of Solicitor's Interpretation of the Law Pertaining to Rent Increase Notification Letters:

This was previously discussed. Mr. Strine suggested we copy Jen Allen and DMHOA.

K. Update on Pine Point Park Change in Use:

One application was received for relocation assistance, and this will be voted on for approval under New Business.

IX. New Business:

A. Application for Relocation Assistance (Pine Point Park):

Ardella Pauling, 17 Pine Point Lane, Millsboro, DE

Ms. Pauling is requesting abandonment payment in the amount of \$1,500.

Mr. Strine made a motion to approve payment which was seconded by Mr. Hrycyshyn. The motion carried 3-0.

B. Approval of Falcidian Engagement Letter:

Falcidian is our accountant. They have not raised their fees in about 2 years. As you recall, they are now preparing our financial report that BDO used to do. A motion was made by Mr. Strine and seconded by Mr. Hrycyshyn. The motion carried 3-0.

C. Book & Associates Representation Letter in Connection with Audit of Financial Statements:

Mr. Sutton reviewed the letter and found some errors. A new letter with the corrections was re-submitted. Mr. Sutton asked to defer Board approval until he reviews the updated letter for accuracy. Mr. Crane has no problem with the price. He questioned why Book & Associates never does an in-person audit. It is done remotely. He would like to have an in-person audit. Mr.

Sutton thought there should be more guidance from them. This will be tabled until the next meeting.

D. Barclay Farms Rent Increase Above the CPI-U:

Mr. Hrycsyhyn was informed by the Board of Barclay Farms that when the seven-year multi-year leases came out, a resident received their increase of 3%. Two days later they were informed that there was an error, and it should have been 4.2%. Mr. Hrycsyhyn questioned if it was legal to use the Regional CPI in the lease instead of the CPI-U. Mr. Strine added that it is governed by what is in the lease, and that rent justification comes up every time a lease is renewed. When a new lease comes up or when a new tenant is given a lease, a year-to-year option must be offered. Barclay must offer year to year leases, and if they do not, they should be referred to the DOJ.

E. Approval of Policy for New Community Owner Responsibilities:

This would be a policy that would be sent to a new owner of a community informing them of their responsibilities. It was discussed and determined that this is an administrative matter, and no vote was required.

F. Mason-Dixon MHP – Seasonal Park Status:

This was previously discussed. In addition, Legal Counsel sent a letter that they were delinquent with assessment fees. Attorney Pam Scott called Ms. Rhoads and informed her that Ms. Scott's parents own that park, and she has their Power of Attorney. They have been paying assessments that they do not owe because it is a seasonal park. Ms. Rhoads requested a copy of a lease so that it could be determined whether it is a seasonal park or not. The leases were reviewed, and it was determined that this park is seasonal and does not fall under Chapter 70. Mr. Sutton will send a compliance investigator in the winter to verify all utilities are turned off. We will send a letter notifying them that it appears it is a seasonal park, but in November we will be sending a compliance investigator verify that all utilities are turned off. This will be re-addressed after we get the results of the compliance investigator results.

G. Up Country MHP ROFO for Sale of Park:

This was previously discussed

H. Sussex Manor:

This was previously discussed

I. Action Items:

All action items were covered except for the Salary Proposal for DEMHRA Staff which was previously discussed. Mr. Crane asked Mr. Sutton to send his proposal to all the board members before the next meeting. Mr. Sutton will send the staff evaluations to Mr. Crane. This will be discussed in an Executive Session at the next Board Meeting.

X. Public Comments:

Mr. Crane welcomed any comments or questions from the public.

XI. Executive Session: The Board may discuss, in Executive Session, pending arbitration cases, personal matters, and litigation for the purpose of receiving legal advice relating to such matters.

As there were no items to discuss, the Board did not go into Executive Session.

XII. Next Meeting Date: Adjournment

The Board set the next meeting date as September 2, 2021, at 1:30 p.m.

The regular meeting was adjourned at 3:05 p.m. Zoom Meetings will continue until the Board decides to discontinue them.

Respectfully submitted,

Gregg Sutton
Executive Director