

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
1979 S. State Street
Dover, DE 19901

Minutes of the October 17, 2024 Board Meeting

Authority: Jerome Rogers
Richard Hrycyshyn
George Meldrum
Andy Strine
William Dunn
Patrick Malone (Non-Voting Member)

Legal Counsel: Melissa Rhoads

Gregory Sutton – Executive Director
Jane Sabo (Assistant to the Executive Director)

Other Attendees: Jen Allen - FSMHA
Dietmar Panzig – Southern Meadow Community

I. Call to Order:

Mr. Rogers called the meeting to order at 1:30 p.m. There was a quorum.

II. Review and Approval of Minutes:

The September 5, 2024 minutes were reviewed. A motion to accept the minutes as written was made by Mr. Hrycyshyn and seconded by Mr. Strine. The motion passed 5-0. The minutes will be posted on the DEMHRA website.

III. Chair’s Report:

Mr. Rogers opted to defer his report until later in the meeting when House Bill 442 (affordable housing) and the audit report, are discussed.

IV. Executive Director’s Report:

Since the last meeting, the following has occurred:

- At the September board meeting, Mr. Hrycyshyn requested clarification on whether or not a bill that has already passed and has not been signed by the Governor in 10 days, automatically becomes law. Mr. Sutton contacted Ms. Debbie Gottschalk, Senior Legislative Attorney and was informed that this is the case; however, bills are sent to the Governor’s desk in batches, not one at a time. This could result in some of the bills over-extending the 10 days but would still fall under the 10-day ruling and would automatically become law.
- Mr. Sutton attended the first task force committee meeting on October 7, 2024. There were several people in attendance, and about 20 others attended via Zoom. The main committee is called The Affordable Housing Production Task Force (HB 442), and it was created for the purpose of recommending ways that the state and local governments can increase the supply of affordable housing in Delaware. There are several sub-committees and Mr. Sutton is a member of the manufactured housing sub-committee. The next sub-committee for manufactured housing will be on October 29, 2024 from 10:00 AM to 12:00 PM at Legislative Hall. All meetings are open to the public.

- We received the engagement letter from Atlantic Blue Advisors. Ms. Jessica Main from Atlantic Blue Advisors (Savant Auditing Division) was here on October 1, 2024 for our yearly audit. Mr. Sutton noticed that there were areas that were missing from the engagement letter such as best practices for outsourcing HR functions with regards to accounts receivable and payable, procedures for petty cash reconciliation, credit card usage, and paying insurance directly (we have L&W Insurance for our broker). She was of the opinion that we should continue with Falcidian (our accountant) who currently handles H.R. and finance functions for DEMHRA. She also mentioned that using an insurance broker would be cheaper than if DEMHRA paid the insurance carriers directly. Mr. Sutton was also informed that the engagement letter is strictly related to the financial side of the operation, and if we added any additional services, a separate engagement letter would be required and we would incur an additional cost for this service of around \$1,500. She said she could offer advice if asked. It was agreed that the HR policies, petty cash, credit cards and insurances should not be part of the audit and would be addressed in our policies and procedures.
- Ms. Main also found an error in our yearly lease renewal. The discount from the income of the rented office was not applied. The realtor was contacted, and the error was noted and corrected.

V. Legal Counsel Report:

- Of the seven delinquent parks assigned for legal action at the September meeting, all have paid except Lakeside Homes, and they are working with Ms. Hambleton at the Division of Revenue. Spring Creek Rentals has not contacted Ms. Rhoads.
- From the list that was referred to Ms. Rhoads in August, only two remain (Spring Creek Rental and J&J MHP), and they have advanced to the next step for legal action.
- At the last meeting it was discussed that the definition of a parcel in Chapter 70 is not clearly defined. Mr. Sutton was asked to follow up with Ms. Debbie Gottshalk, State Legal Counsel, for her opinion. Her opinion was that the term parcel was not clearly defined.

Ms. Rhoads continued that the pressing issue for DEMHRA now is that there was an email in which DEMHRA's opinion regarding Cedar Crest Park defined that Cedar Crest Park does not fall under Chapter 70. This is affecting other legal proceedings. Last month we learned that there is no mechanism to evict if a park doesn't fall under Chapter 70. Additional research indicates that we have consistently said in the past several years that Chapter 70 applies to parks with two or more mobile homes for rent on the same tax parcel. It was brought to our attention that there are more parks that do not meet this definition that they are not paying into the Trust Fund.

Ms. Rhoads was in discussions with Mr. Brian Eng of the Department of Justice regarding this. In lieu of his giving us an opinion letter, his work-around would be that we retract the statement with respect to Cedar Crest Park and instead acknowledge that this has been brought to our attention, and there is a discrepancy with some parks electing to pay into the Trust Fund even though they do not meet the definition that we are utilizing, and there are other parks that have come forward indicating they do not want to be a part of Chapter 70. Ms. Rhoads recommended that we retract the statement regarding Cedar Crest and acknowledge the current status of the situation. We should also acknowledge that we are working on this by the proper means to add the definition in Chapter 70, which requires legislative action, and now that we have someone willing to cooperate and coordinate this process, we should proceed with it.

- Mr. Strine was asked questions regarding parcels and he explained the different situations that could occur when it comes to homes on separate parcels/subdivisions, etc.
- Issues not relating to the definition of parcels in Chapter 70 (evictions) should be handled by CLASI.
- Mr. Sutton added that he will bring this matter before the manufactured housing sub-committee.
- Ms. Rhoads was informed by the parties that Mr. Sutton received a request to send the record for Canterbury Crossing, Docket 03-2021, to the Kent County Prothonotary, but what he sent was not the complete record. She contacted Mr. Jamie Sharp, the arbitrator on this case, to confirm what the record was. It was determined that what Mr. Sutton never had the complete record. She sent a letter to the court on the Authority's behalf, indicating that there was a clerical error. In response to the letter, the judge called for a Zoom meeting the following morning to discuss further. Of interest, Ms. Rhoads added that whenever an arbitration is appealed and Mr. Sutton sends the record to the Prothonotary, the record is confidential, but the paper record that the

Prothonotary keeps is available for the public to review. Because of the issue with the record, it was not docketed at the Prothonotary office, but the parties already had a court order on the motion to seal the confidential record.

The judge wanted to meet with us to ensure that the record we gave to the Prothonotary office was kept confidential. We are still in the process of getting the parties to sign off and acknowledge that the paper copy in the Prothonotary's office be redacted. By stipulating that all parties sign off acknowledging that the paper copy in the Prothonotary's office be redacted. If it gets appealed to Superior Court, or higher, then it has to be noted that the Court requires an unredacted copy. Two versions of the record exists, and we are in the process of getting that stipulation in place. It has to be noted that the Superior Court requires the unredacted copy. Two versions of this record exist and we are in the process of getting that stipulation in place. Ms. Rhoads had to pick up the undocumented record before coming to today's board meeting because the court would not accept it. We must make sure that the arbitrator sends Mr. Sutton the complete record. Ms. Rhoads' recommendation on any current or future matters in arbitration is that the arbitrator should not be paid the final invoice until the record is certified and Mr. Sutton receives the entire record. Going forward, DEMHRA should notify the arbitrator if an arbitration gets appealed, and that the complete record be sent to him.

Mr. Sutton will incorporate into our policies and procedures that arbitrators must certify and provide the complete record to DEMHRA and provide the complete order and transcript. We will also add in our policies and procedures that the arbitrators must be notified of any appeals

VI. Approval of Financial Matters:

A. Recent Financial Activity & Report:

Mr. Sutton reviewed the August and September reports. These reports are for informational purposes only and will be posted on the DEMHRA website. DEMHRA provides a yearly comparison of the Trust Fund in each report.

B. Approval of Invoices:

The following invoices were presented for approval:

Tighe & Cottrell for legal services for August in the amount of \$2,380.00.

The Spanish Group for translation services for \$212.04 and \$177.21 respectively.

The WSFS Credit card in the amount of \$76.27.

Moore & Rutt for arbitration fees for Docket 02-2021, Canterbury Crossing in the amounts of \$300 and \$45.00.

A motion was made by Mr. Hrycyshyn and seconded by Mr. Strine to approve the above invoices collectively. The motion passed 5-0.

VII. Reports:

A. Compliance Matters (Executive Director):

1. Compliance Investigator Report: No Report

2. Delinquent Parks Report:

This was discussed previously in the legal counsel report.

B. Arbitration (Update on Status of Open Dockets):

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

As of 10/10/24, Mr. Cahall reported that the parties have agreed on the terms of settlement, and are working out the exact terms.

Docket 02-2021 (Ridgewood Manor vs. Ridgewood Manor II LLC):

As of 10/10/24, Mr. Sharp is still waiting on the entire record and transcripts.

Docket 03-2021 (Canterbury Crossing):

As of 10/10/24, Mr. Panicola reported that the case is awaiting action from DEMHRA as to the proper filing of the record.

C. Rent Increase Certification Requests (September):

There were 47 rent increase certifications processed during the month of September.

VIII. Unfinished Business:

A. Update on Parks for Sale:

Holly Oak MHP – Right of First Offer Letter sent 9/30/24. Awaiting response from tenants to form an HOA if they intend to purchase.

Dalton’s MHP – As of 10/10/24, park is still for sale.

Hedgerow Hollow – Sold. Owner has registered with the Division of Revenue.

Mt. Pleasant MHP– Sold. Settlement is scheduled for 12/16/24.

B. Update on Parks Going Through Change in Use Update:

1. **Timberlane** – There are 17 remaining.

2. **Pine Haven** – There are 2 remaining.

3. **Lazy Pine Resort** – No applications have been received.

Mr. Sutton added that we recently received the notice of change in use of Lakeland Park. 17 tenants are affected.

C. Approval of Applications:

Timberlane: There were no new applications received.

Pine Haven: There were no new applications received.

Lazy Pine Resort: There were no applications received.

Lakeland Park: There were no applications received.

D. Follow-up on Audit Proposal (Savant Tax & Consulting):

1. Prepare an Addendum to Atlantic Blue Auditors Engagement Letter:

This was previously discussed. No addendum is needed as it was decided to not engage their services other than the financial audit.

Copies of the final audit will be sent when finished. It was also noted by Mr. Sutton that we pay \$10,500 a year and this seems to be reasonable. We will continue to send out bids for this service every three years.

2. Board Vote Required for Approval:

The original engagement letter was executed by Mr. Rogers and Mr. Sutton will hand-carry to their office. A motion was made by Mr. Dunn and seconded by Mr. Hrycyshyn to approve the invoice for auditing services in the amount of \$10,500. The motion passed 5-0.

E. Legislative Update:

HB 422 was previously discussed.

F. Exclude Resident-Owned Communities from Relocation Authority Collection Fees as Well as Application for Relocation Benefits:

Mr. Strine’s proposed that we look at and clear up any non-controversial things in the bill and submit to the legislature for their review. Mr. Sutton referenced a report that was previously prepared by our board that addresses suggestion regarding this. He will provide a copy at the next meeting for review.

IX. New Business:

A. Vote to Write Off Sussex Manor Quarter 2 2019 Trust Fund Delinquency. Old Owner Kamm Properties is no Longer a Legitimate Business:

A motion was made by Mr. Strine and seconded by Mr. Meldrum that we not pursue this issue. The motion passed 5-0.

B. New CPI-U of 3.662%, Effective September 16, 2024:

The board was given a copy of the new report.

C. Holly Oak MHP – Sale of Park

This was previously discussed.

X. Public Comments: None

XI. Executive Session:

As there were no items to discuss, the Board did not convene an executive session.

At this time Mr. Rogers asked the board members if they had any comments or suggestions. Mr. Strine reiterated that his community Lakeland is going through a change in use. Meetings will be held with the tenants to explain and assist them with the process. There are 17 affected tenants.

XII. Next Meeting - Adjournment:

The Board set the next meeting for Thursday, November 14, 2024, at 1:30 PM. A motion to adjourn the meeting was made by Mr. Dunn and seconded by Mr. Meldrum. The motion passed 5-0 and the meeting was adjourned at 2:23 p.m.

Respectfully submitted,

Gregory Sutton
Executive Director

Pursuant to 29 Del. Code Section 10004(e), this agenda may be changed to include additional items (including executive sessions) or the deletions of items (including executive sessions) which arise at the time of the Authority's meeting.