

In The Matter Of:
Arizona Manufactured Housing Board Meeting

Reporter's Transcript of Proceedings
April 16, 2014

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ARIZONA MANUFACTURED HOUSING BOARD MEETING

THE REPORTER'S TRANSCRIPT OF PROCEEDINGS

Phoenix, Arizona,
April 16, 2014
1:00 o'clock p.m.

PREPARED BY:
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Certified Court Reporter
Certificate #50089

PREPARED FOR:

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1 THE ARIZONA MANUFACTURED HOUSING BOARD
2 taken on April 16, 2014, commencing at 1:00 p.m. at the
3 Offices of ARIZONA MANUFACTURED HOUSING, at 1110 West
4 Washington Street, Suite 100, Phoenix, Arizona, before
5 CAROLE A. WHIPPLE, a Certified Court Reporter in the State
6 of Arizona.

7

8 APPEARANCES OF BOARD MEMBERS:

9 Sam Baird, Chairman
10 Arthur Chick
11 Paul DeSanctis (telephonic)
12 Terry Gleeson
13 Neal Haney
14 Joe Hart
15 Everette Hoyle
16 Zeek Ojeh (telephonic)

14 APPEARANCES OF AGENCY MEMBERS:

15 Gene Palma
16 Debra Blake
17 Bridget Harrington
18 Ayde Marquez

17 ALSO PRESENT:

18 Michael Minnaugh, New Board Member

19

20

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22

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1 Phoenix, Arizona
2 April 16, 2014
3 1:09 o'clock p.m.

4 P R O C E E D I N G S

5 MR. BAIRD: Okay. Let's call the meeting to
6 order. This is Wednesday April 16 --

7 MS. BLAKE: Mr. Chairman.

8 MR. BAIRD: Yes.

9 MS. MARQUEZ: Could you do that again, I'm sorry.

10 MR. BAIRD: Thank you. I'd like to call the
11 meeting to order, the April 16th meeting of the Board of
12 Manufactured Housing. Roll call, please.

13 MS. MARQUEZ: Okay. Sam Baird?

14 MR. BAIRD: I'm here.

15 MS. MARQUEZ: Arthur Chick?

16 MR. CHICK: Here.

17 MS. MARQUEZ: Paul DeSanctis?

18 MR. DESANCTIS: Here.

19 MS. MARQUEZ: Terry Gleeson?

20 MR. GLEESON: Here.

21 MS. MARQUEZ: Neal Haney?

22 MR. HANEY: Here.

23 MS. MARQUEZ: Joe Hart?

24 MR. HART: Here.

25 MS. MARQUEZ: Everette Hoyle?

1 MR. HOYLE: Here.

2 MS. MARQUEZ: Zeek Ojeh?

3 MR. OJEH: Here.

4 MS. MARQUEZ: Gene Palma?

5 MR. PALMA: Here.

6 MS. MARQUEZ: Debra Blake?

7 MS. BLAKE: Here.

8 MS. MARQUEZ: Bridget Harrington?

9 MS. HARRINGTON: Here.

10 MR. BAIRD: Everyone, great. Thank you. First
11 item on the agenda is a review of our minutes from the last
12 meeting. We've all had this sent to us electronically. Any
13 comments or discussion need to be had on that? No? If not,
14 the chairman will entertain a motion to accept.

15 MR. HART: Second.

16 MR. BAIRD: No, we have to have a first first.

17 MR. HART: Oh, first.

18 MR. GLEESON: Second.

19 MR. BAIRD: Thank you. All in favor signify by
20 saying aye. Thank you very much. All right. Departmental
21 information is the next step. We've asked the state for
22 those of you who don't know to give us kind of a state of
23 the state update on what's been going on, what's going on
24 now with the department. Debra?

25 MS. BLAKE: Thank you. Mr. Chairman, board

1 members, first topic I'd like to give you is the legislative
2 update. Governor Brewer has signed the state budget last
3 week. So that is good news. This is also probably an
4 indication that the session will be done very soon.
5 Sometime this month most likely.

6 Our continuation bill now is in the final
7 steps in the senate process and is ready as soon as they
8 have at least one more meeting to be transmitted to the
9 Governor for signature. We did have some opposition to the
10 bill. However, it appears that the bill is moving forward
11 as drafted with an eight year continuation. AMHO, one of
12 our stakeholders, has a bill also making its way through the
13 final processes. It did have a meeting with the House
14 committee yesterday, April 15th, but it did fail through
15 that process. So my understanding is that it is to be
16 reheard tomorrow. I don't know the reasons as to why it
17 failed. But the two key pieces in that bill that tend to
18 change statutes, one the department brought forth to AMHO,
19 that is there's a statutory limit of \$1000 to assist those
20 who qualify based on their financial income to rehabilitate
21 an older mobile home to make it safer. It appears based on
22 information that the department has received it's just
23 basically impossible to do it for \$1000 and we've asked that
24 to be raised to \$1500. AMHO took that forward for us. And
25 that's just to make it align with the current costs and

1 labor.

2 The other piece was to correct language
3 currently in statute that indicates payments from the
4 relocation fund are to be made based on department rule.
5 There are no rules in place for landlord/tenant statutes.
6 It's Title 33. And so the language now proposed in the bill
7 is consistent with the department's current written policy
8 on who we pay and when we pay. And so, again, I will give
9 you an update when I know where that bill is going.

10 The Manufactured Housing Consensus Committee
11 also had a bill that they ran this legislative session that
12 had to do with abandonment of homes in parks and it did not
13 receive a hearing as it moved through its process in the
14 legislature, and according to my conversation with Susan
15 Brenton who is the executive director for that organization
16 the bill will not make it through this session but they may
17 address it again next session.

18 Board changes: Governor Brewer appointed
19 Mike Minnaugh to the public seat. Senate confirmation was
20 this morning. Mr. Minnaugh joined us today in public. We
21 are waiting for his loyalty oath. Once that is signed he'll
22 be able to participate as a board member beginning with the
23 next quarterly meeting.

24 Staff changes for the department: We did
25 post for the Tucson installation inspector position in

1 March. We received about 35 applications. Of that nine
2 applicants were selected for interviews and we'll be doing
3 second interviews next week hoping to finalize the decision
4 on that.

5 Other changes: HUD announcement. HUD has a
6 new administrator that was appointed on March 6th. Her name
7 is Pamela Danner. She has a history from the 1980's as
8 serving as counsel to HUD and direct experience with
9 manufactured housing in that role as well. She is the
10 principal of a law firm in D.C. Actually in Virginia. I've
11 had good feedback from a couple of HUD employees this week
12 who have indicated they're really pleased so far. When they
13 bring questions to her they actually get an answer and that
14 had not been their experience for the last couple years. So
15 that's good news.

16 Along with that HUD is making some staff
17 changes in terms of it appears moving people around. Our
18 new FELEA liaison had changed from Rick Mendelin who has
19 been in that role certainly since I've been with the
20 department for eight years. The new individual who I spoke
21 with on the phone is Eric Burrs. Based on a brief phone
22 conversation it seems like he is excited about his new
23 responsibilities and looking forward to working with us.

24 As you know from the last board meeting we've
25 established some quarterly meetings with Arizona Housing

1 Association at their request. The purpose is to look at
2 primarily installation issues. We did meet last week. We
3 were able to resolve one issue that had to do with Yavapai
4 County who is an intergovernmental partner with us to
5 perform inspections in the county, and apparently they were
6 requiring separate permits for air conditioning for
7 manufactured homes. And there are other topics that we're
8 still working on.

9 The other thing having to do with in that
10 same arena is we've identified a real increase with our own
11 licensee installers, beginning work without permits, closing
12 off work before it's inspected and other violations.
13 According to those licensees I spoke with they pointed the
14 finger at retailers putting the pressure on them to get the
15 work done as quickly as possible. I've had conversations
16 with Ken Anderson would is here today as well who is the
17 president of Arizona Housing and he's agreed to get the word
18 along to retailers. So we appreciate any help there.

19 Just a quick recap of the action items from
20 the prior board meeting. In January the installation
21 training schedule has been completed thanks to Ayde. She
22 posted it on the website. We have emailed it to all of our
23 installer licensees, all Registrar of Contractor licensees,
24 who purchased installation certificates or insignias from
25 all of our IGA partners. And we also emailed an invitation

1 to all manufacturers, dealers, salespersons and have also
2 posted that on our website. So they are invited to attend,
3 encouraged to attend and there will be no fee for them.

4 And the last item that we followed through
5 with was Ayde did a good job you'll see in this board packet
6 of removing new licensee information which you all get
7 through email communication every month and only providing
8 the monthly graphs for the most current month. In this
9 particular packet you're going to get that twice because
10 you're getting fiscal '13 information. So she did provide
11 that as charts for that as well. That's all the department
12 updates.

13 MR. BAIRD: Great. Thank you, Debra. Anybody
14 have any comments? Questions from the department? As
15 always very complete. Thank you.

16 MS. BLAKE: You're welcome.

17 MR. BAIRD: The next item is a financial review.
18 Who should we ask to take us through that? Debra, would you
19 please do that?

20 MS. BLAKE: Okay. Yes. Thank you, Mr. Chairman.
21 Before we start to look at the financial reports -- well, no
22 I'm sorry. I'll wait on that. Under the tab marked
23 financial report -- we thank you, again, Ayde, for putting
24 the packets together so well. The first financial report
25 provided there for you is the June 2013 which is the end of

1 the fiscal year for us. So I wanted you to have those as a
2 point of reference for the fee discussion that we'll get to
3 when it's available on the agenda shortly. And then the
4 most current three months for this fiscal year which are
5 December, January and February. Any questions or comments
6 or changes that you would like to these reports?

7 MR. BAIRD: Most of us have already looked at it
8 I would assume as part of the email. So give everybody a
9 few seconds to look through it. I'll make a comment about
10 the production. If you look at the production report, the
11 amount of units being built are significantly higher than
12 last year. Can't say the same -- if you look across the
13 board you can see that the industry is enjoying a little bit
14 of an uptake.

15 MR. HANEY: Do you have any indication whether
16 that -- what type of shipments those are? Private land?
17 Subdivisions?

18 MR. BAIRD: We don't break it down that way.

19 MR. HANEY: I thought you might have an idea.

20 MR. BAIRD: You mean from my personal business
21 aspect?

22 MR. HANEY: I thought that you knew everything.

23 MR. BAIRD: No, I don't.

24 MR. HANEY: Okay.

25 MR. BAIRD: I think overall it's been a general

1 increase for both land-owned and in-park business. There
2 has been some uptake in the modular business in Arizona.
3 Not much, but some. There's a project or two down for a
4 mining concern that was a large portion of this over the
5 last three months. Housing for their employees.
6 Morenci/Safford area if that helps. But there's a general
7 uptake. And it's not just Arizona. It's our surrounding
8 area and nationally as well.

9 (Participant from audience starts to speak.)

10 MR. BAIRD: I'm sorry, you have to wait for the
11 genral public comments according to statutes. Okay. If
12 there is no other questions or no other comments the
13 chairman will entertain a motion to accept the financial
14 statements.

15 MR. HANEY: So moved.

16 MR. BAIRD: So moved. Second?

17 MR. GLEESON: Second.

18 MR. BAIRD: All in favor aye? All right. The
19 recovery fund is next.

20 MS. BLAKE: Begins on page 23 under the tab
21 recovery fund. On that page you'll see just the summary of
22 the balance, the interest earned, adjusted new balance.
23 Currently there are no claims waiting for hearing, none that
24 have been to hearing waiting for payment and so son. So
25 that new balance moving forward at this point is 206,000

1 which is a far cry from what it used to be but it's going in
2 the right direction.

3 Beginning on page 24 is a summary of the
4 consumer complaints that we've had and there are four of
5 those. They're listed for you. One of them, the third one
6 down, Consumer Bailey, potentially is available for recovery
7 fund if needed. The purchase price of that home was 61,000
8 and, however, the dealer license is valid, so we would seek
9 recourse there first.

10 Beginning on page 25 and 26 there's some more
11 detail of each of those complaints as to what the issues
12 were, who their manufacturer, installer or dealer were that
13 was cited as responsible for repairs to the complaint.

14 MR. BAIRD: So this one for the customer named
15 Complainant Bailey, that's all been assigned to the
16 retailer?

17 MS. BLAKE: Yes. I understand the retailer has
18 been out there to address the corrections. But at this
19 point in time we're waiting to hear back from the homeowners
20 to the status of what those corrections are and whether or
21 not they're going to sign off on them.

22 MR. BAIRD: So we have an installer's bond and
23 retailer's bond --

24 MS. BLAKE: Yes.

25 MR. BAIRD: -- that we could go after.

1 MS. BLAKE: Just the dealer bond.

2 MR. BAIRD: Nothing's been assigned to the
3 installer?

4 MS. BLAKE: Nothing's been assigned to the
5 installer. Just to the dealer.

6 MR. BAIRD: Okay. Any issues?

7 MR. HANEY: It seems to me that with the uptake
8 in shipments that the complaints don't seem to be -- we've
9 only -- the overall number of complaints seems to be down in
10 spite of the fact there's being more shipped.

11 MR. BAIRD: Good observation I think. Personal
12 observation is that the escrow law that we undertook was
13 working the way we hoped it would and that the licensees are
14 accepting responsibility much better than they have in the
15 past.

16 MS. BLAKE: Mr. Chairman and board members, I
17 would just add to that that the quality assurance programs
18 that were driven so hard in 2009 and '10 in all the
19 manufacturing facilities, we began to track and see fewer
20 complaints as a result of that. The installation standards
21 program that came in January of 2009 impacted that in a
22 positive way as well. A lot of that increase in shipments,
23 too, just pointed your attention to our shipments that are
24 going out of state. So if there would be a complaint we
25 should still hear about it but it may take a bit longer. So

1 I think in general it's certainly much better.

2 MR. HART: It is working so well I'd like to put
3 on the table again that the master installer for
4 manufactured homes be able to install a commercial modular
5 building.

6 MR. BAIRD: Okay. We can add that as an agenda
7 item to the next meeting.

8 MR. HART: Perfect.

9 MS. BLAKE: Yes, Mr. Chairman and board members.
10 We have talked about that at past board meetings and we can
11 certainly agendize it to talk about it more and be aware too
12 that that takes a change to the rules to be able to do that.

13 MR. BAIRD: We'll talk about that next time. So
14 let's everybody think about it. If you're in favor of that
15 let's hear the comments we need to talk about. It will
16 require a change in the law which means it would be a
17 legislative change. So keep that in mind. And the timing
18 of it.

19 MR. HART: Uh-huh.

20 MR. BAIRD: No problem with that. All right.
21 Any other issues on the recovery fund? I will say one more
22 thing since you brought up the out-of-state business. I
23 think all of our surrounding states are experiencing similar
24 results as we are. Fewer and fewer complaints being
25 advanced. Debra decided the main reason is probably the

1 2009 change and the oversight of our business basically by
2 the federal government.

3 Okay. We'll go to the next item then which
4 would be licensing review. We talked about this at one time
5 and made it an agenda item just to close the loop on it.
6 Debra, you want to talk on that a little bit again?

7 MS. BLAKE: Yes, absolutely, Mr. Chairman. At
8 the last board meeting we provided the board members with a
9 list of the other state agencies and what their frequency of
10 renewal is for their licensees. Again, we discussed that
11 should the Board entertain wanting to change the annual
12 renewal cycle to something else, that is going to take
13 legislative change. And so we can continue to agendize it
14 if you want to talk about it in the future or if you prefer
15 us to agendize it when the Governor's moratorium on the rule
16 making or before the next legislative session.

17 MR. BAIRD: Anybody have any comments on this? I
18 do. Go ahead.

19 MS. BLAKE: Did you want to address the noise on
20 the phone or not?

21 MR. BAIRD: Oh, I don't hear it.

22 MR. HANEY: Whoever is typing on their keyboard
23 we can hear it over the phone.

24 MS. BLAKE: Can you put it on mute, please?
25 Thank you.

1 MR. BAIRD: My thoughts are when it first came
2 out, oh, what an idea. It's maybe a good idea. We could do
3 this. Since then we realize it would require a change in
4 our rules. And the second thing we realized is that we
5 would -- go ahead, do it again.

6 MR. HANEY: Excuse me, one of the people who have
7 called in on the conference call we can hear you typing on
8 your keyboard and it's coming through loud and clear. We'd
9 appreciate it if you could either put your phone on mute or
10 stop typing. Thank you.

11 MR. DESANCTIS: This is Paul on the phone. I can
12 hear that too very loudly.

13 MR. OJEH: Yeah. I hear that, too.

14 MR. BAIRD: Well, it sounds like it stopped.
15 Thanks whoever stopped. Okay. So the one thing is a rule
16 change. The second thing is recognizing the revenue. If we
17 did something for two or three years we would recognize the
18 revenue but the expense would go forward and we wouldn't be
19 able to cover it the next year, recover those costs. In the
20 way that we do the accounting here it would give us not so
21 great view of what's going on. We couldn't allocate it per
22 year. We couldn't do that. So we'd have to recognize it in
23 '15 even though, for example, if it's a three year license
24 we would have no revenue coming in in '16 or '17. It would
25 have all been recognized in '15. I don't think that we need

1 to look at it anymore personally, you know. Does anybody
2 think we need to keep agendizing it?

3 MR. HART: If you can't accrue it, no.

4 MR. BAIRD: I think we talked about it enough,
5 explored it and moving on. Okay. Thank you, Debra. Next
6 thing will be our fun yearly meeting fee structure. Review
7 and discussion and possible action. We have to take action
8 today or the current fee status stays the same as they are,
9 correct?

10 MS. BLAKE: You have until May 1st so this is the
11 scheduled meeting. If you were unable to make a decision
12 today, you can have a special meeting. But the purpose of
13 this meeting is to discuss and make any of those decisions.

14 MR. BAIRD: Thank you.

15 MS. BLAKE: You're welcome. So under the tab
16 marked fee schedule, the presentation that was sent to each
17 of you in a separate email was a one-page Excel spread
18 sheet. You'll find that on page 27 in your packet. It is
19 just really laying out for you where we are, where we have
20 been and where we think we're going. So the top part of
21 that chart, if you would reference it, is basically a review
22 of the fiscal '13 fees, the current fiscal '14 fees, the
23 revenue collected, the actual costs based on our cost
24 analysis of plan review, installation and inspection, where
25 that fell in terms of a cost differential, and what

1 percentage of the total revenue for the department was
2 represented there. The blue box or shaded in blue directly
3 below that, is kind of a snapshot where we're at in your
4 statutory requirements to set fees so that you're in the 95
5 to 105 proration revenue to expenses.

6 So in fiscal '12 expenses were very high,
7 revenue a little bit lower and the proration ended up at
8 86.1 which obviously falls short of the 95 minimum. So the
9 board reviewed that, took action in fiscal '13, applied some
10 recommendations made by the board, and for fiscal '13 where
11 it ended up was successful that the proration came out at
12 96.2 percent for fiscal '13. So very good. So we're within
13 that proration.

14 Now, you'll recall the whole sunset audit.
15 The Auditor General's recommendations says the board must
16 recover full recovery costs. So based on that audit the
17 goal is to get to 100 percent. And so the next thing we
18 looked at -- we'll leave the fiscal '14 discussion for in a
19 few minutes.

20 To the right of the blue box you'll see some
21 fiscal '14 assumptions. As you know, based on the financial
22 reports provided for you in your packet we are eight months
23 into the fiscal year. The numbers provided there for you is
24 the current volume, the prior year-to-date volume, the
25 current year-to-date revenue and the prior --

1 MR. BAIRD: Excuse me, Debra, year-to-date
2 through what month?

3 MS. BLAKE: Year-to-date through February.

4 MR. BAIRD: February.

5 MS. BLAKE: So eight months into it.

6 MR. BAIRD: Eight months.

7 MS. BLAKE: July through February, that's where
8 we're at. So obviously that information lets us make some
9 assumptions which is what we have done for you. So based on
10 those assumptions, if you make no -- I'm back in the blue
11 box -- if you make no changes to fees and the assumptions
12 hold true for the remainder of the fiscal year, we end up
13 with revenue at about 920,000, expenses at 905,000, which
14 ends up with a proration of about 1.2 percent.

15 MR. BAIRD: So 101.8 percent.

16 MS. BLAKE: Yes. I'm rounding. Thank you.

17 MR. BAIRD: Yeah.

18 MS. BLAKE: So breaking it down to the very
19 specific task level what we know from the first chart is
20 that we are meeting the cost of the task in all areas except
21 for installation inspection of manufactured homes. Although
22 that's where you have made in the past your fee increases,
23 you know from a couple of years ago that the board voted to
24 make a gradual attempt at recovering full -- achieving full
25 recovery of that cost, and where we are right now with the

1 biz would require a \$29 per license increase, again, based
2 on the assumptions to get us at a hundred percent recovery.
3 So the permit fee would be 350 currently. The
4 recommendation for full recovery would be to raise it to
5 379.

6 MR. BAIRD: Which is about an eight and a half
7 percent, 8.8 percent increase.

8 MS. BLAKE: You're good off the top of your head.

9 MR. BAIRD: Yeah.

10 MS. BLAKE: I don't know.

11 MR. BAIRD: Last year we went from 300 to 350
12 when this first came up and that was a little less than
13 17 percent. So this year you're saying we need another 8 or
14 9 percent or 29 more dollars?

15 MS. BLAKE: Yes.

16 MR. BAIRD: So instead of paying 350 for a permit
17 -- what does that include by the way?

18 MS. BLAKE: It includes three inspections. It
19 also includes the cost of -- give me one second. It
20 includes the cost of three inspections. It includes the
21 permit cost issuing the permit and it includes issuing and
22 processing what we used to call the insignias, the
23 installation certificates.

24 MR. BAIRD: So all expenses involved with the
25 inspections, the drive time --

1 MS. BLAKE: Staff salary.

2 MR. BAIRD: Getting there, salary.

3 MS. BLAKE: Cost of fuel, cost of office space.

4 All costs considered.

5 MR. BAIRD: Debra, I thought when we talked about
6 this last year and we went from 300 to 350 that we were
7 estimating the cost of an inspection to be a little over
8 five hundred bucks? Maybe I'm not recalling that right.

9 MS. BLAKE: No, you are recalling that
10 accurately. Every year we do a cost analysis beginning with
11 last year. This year we've had changes in staff, the volume
12 of staff. We've had changes in the number of permits that
13 have been issued, the number of insignias that have been
14 issued.

15 So plugging in all of those numbers, volume
16 of inspection, inspection time, travel time, because
17 geographically where we're going makes a big difference as
18 well. In looking at that our current cost for manufactured
19 home per permit is \$395.82. Three inspections, insignias
20 and permits.

21 MR. BAIRD: Okay. But I heard you say earlier
22 that the 379 would put us at a hundred percent.

23 MS. BLAKE: Oh, I'm sorry. That 395 is combined
24 for FBB and manufactured housing.

25 MR. BAIRD: Okay.

1 MS. BLAKE: Manufactured housing specifically is
2 379.

3 MR. BAIRD: So the costs have come down a bit.

4 MS. BLAKE: That have. There have been factors
5 that have reduced that cost a bit.

6 MR. BAIRD: Several of us in the industry think
7 that business is going to be better yet this year and maybe
8 even to a 10 to 15 percent increase over last year. What
9 effect would that have on the cost? I know there's fixed
10 costs and variable costs, right?

11 MS. BLAKE: Right.

12 MR. BAIRD: With everything. Would a 10 percent
13 increase in the volume, would that 379 rate cover that and
14 keep us within our proration rate do you think?

15 MS. BLAKE: It's a number that's hard to nail
16 down, you're right. The fixed costs we know what they are.
17 The travel time, the number of permits.

18 MR. BAIRD: Inspectors.

19 MS. BLAKE: The best we can guess is where we're
20 tracking so far for the year, eight months. Is it accurate?
21 No. But it's the best information we have for us. Will it
22 impact it? Absolutely.

23 MR. BAIRD: One would think if you do more then
24 the cost per would be reduced. Typically that's how it
25 works.

1 MS. BLAKE: One would think. Except that we're
2 in the process of hiring a new installation inspector. So
3 we have salary and benefit costs there that have to be
4 brought back into the equation.

5 MR. BAIRD: One more comment for all of our
6 benefits in deliberating this, in 2015 a lot of people are
7 projecting a 25 to 30 percent increase. We're kind of stuck
8 halfway between here because our fiscal year ends half way
9 through some of these years. So if there is this kind of
10 significant increase we have to worry about that because the
11 time frame we're talking about is July 1st of '14 through
12 June of '15.

13 MS. BLAKE: Yes.

14 MR. BAIRD: Then just for whatever it's worth
15 there could be another 25 percent increase in '16 which
16 would get us back to before-this-all-started levels. And,
17 you know, nationally we did 50,000 homes. This could be
18 over 100,000 by the end of '16 which is what several,
19 several prognosticators are saying. So that will be very
20 interesting.

21 MR. GLEESON: I have a question. Would you
22 consider raising it a little higher and then allowing more
23 inspections, like four inspections? Would that be something
24 you'd think about?

25 MS. BLAKE: That's for you all to consider. The

1 department doesn't make those decisions.

2 MR. GLEESON: Well, I mean --

3 MS. BLAKE: Well, because we break it down per
4 inspection, I can tell you that for each inspection each of
5 the three, for manufactured housing, based on the fixed
6 costs, based on an average of the other costs, fuel and so
7 on, it costs \$104.89 for every trip we make out to inspect.

8 MR. GLEESON: What if you do two at the same
9 time?

10 MS. BLAKE: You mean like in a park?

11 MR. GLEESON: Yeah. You're driving to a park,
12 you're doing two.

13 MS. MARQUEZ: There's no guarantees they're all
14 going to be at the same location.

15 MR. GLEESON: I'm just saying there's times when
16 we try to consolidate them because have to tie up a guy to
17 meet with the inspectors. I'm speaking as an installer.

18 MR. HANEY: Can I ask just a couple of questions
19 out of ignorance? When I used to do construction there were
20 a series of inspections required. At certain stages there
21 were certain inspections that had to be done. Is that true
22 with the installation of manufactured homes?

23 MR. GLEESON: Yes.

24 MR. HANEY: Is there a difference in the number
25 of inspections that need to be done, for instance, between a

1 home that is perhaps ground set on private land as opposed
2 to one that is above ground set in a mobile home park?

3 MR. GLEESON: Yes.

4 MS. BLAKE: Yes.

5 MR. GLEESON: Can I answer that?

6 MR. BAIRD: If you do an above-ground set you can
7 usually do it in two inspections. If you set the home and
8 get it inspected and do the skirting and if you're doing
9 vinyl where you don't require any framing inspection, you
10 can do vinyl and skirting, the awnings and then call for a
11 second inspection. As long as everything is done right.

12 MR. HANEY: Right.

13 MR. GLEESON: If it's a ground set with block
14 it's usually six inspections.

15 MR. HANEY: Would it behoove us to differentiate
16 in our fee structure between those two installations?

17 MR. GLEESON: You mean above ground would be
18 less?

19 MR. BAIRD: Do you have an idea, a feel for the
20 percentage that require three now instead of one or two?

21 MS. BLAKE: We haven't looked at those results in
22 a couple of years. When we last looked at it the overall
23 average of everything was three. To Terry's point if
24 there's a lot of activity in parks because you've already
25 got your grounds -- you already have your infrastructure,

1 they're usually no grading, the drainage has already been
2 addressed, typically if everything goes well, you can get
3 two inspections and you're done. As you said with a lot of
4 new homes being sold, the installations on a lot of those
5 become's much more complex. They're adding accessory
6 structures, they're adding garages, they're setting them
7 below ground, digging a pit. So, yes, we actually looked at
8 that a few years ago.

9 Do we offer different permit fees? So you
10 get up to three and you could buy a permit for the 379 to
11 350. If you know you have a complex set and you're going to
12 need six inspections, we could set that. What we do today
13 to address that is every additional trip we make out we
14 charge you time and travel. Basically we're charging you
15 around 106 to \$110 for every time we go out there. Well,
16 the net result is the same. Whether you buy a permit for
17 six and you only need five, you're not getting a refund. If
18 you buy a permit for three and you pay for two, three, four
19 more inspections, you're still paying the same money. So we
20 can do it whichever way the board directs us to do it. But
21 that's for you to discuss and decide.

22 MR. BAIRD: Okay. So, Terry, as an installer
23 would you prefer to pay 379 plus 106 is \$485 and get four
24 inspections or would you rather leave it alone and chance on
25 having four or five?

1 MR. GLEESON: Well, or go somewhere in between.
2 Go 400 and get four inspections because you're not always
3 going to go get four inspections.

4 MR. CHICK: Mr. Chairman, clarification. Are we
5 selling inspections or are we selling a total package? I
6 know there's a big charge \$300, \$350 per unit or just a
7 series like credits?

8 MS. BLAKE: No, it's per permit. A permit
9 follows the home. So the permit has a particular home, a
10 serial number and with that you get three inspections
11 because that's been the average over history and you pay for
12 each additional inspection if they're required for time and
13 travel. Also in that package, as you referred to it, you
14 also get the cost of Ayde, in this case processing the
15 permit, issuing it and the cost of processing the
16 installation certificates that have to be affixed to the
17 home before inspection. So it's a package.

18 MR. CHICK: If it's a ground set they're going to
19 pay the initial \$350 plus an additional out-of-pocket costs
20 associated with more inspections.

21 MS. BLAKE: Exactly.

22 MR. CHICK: Now back to the ground set, is it
23 more prevalent now to have ground set units than it has in
24 the past. In other words, I'm seeing more ground sets than
25 I'm seeing on stilts.

1 MR. HART: Mr. Chairman?

2 MR. BAIRD: Yes.

3 MR. HART: If 379 works and we're even and if
4 there's some oops they're going to charge it anyway, it
5 sounds like it's fixed.

6 MR. BAIRD: That's what we're talking about.
7 That may be a little premature. Let's exhaust the
8 discussion first.

9 MR. HART: If it looks like the training is going
10 well, people should be getting better at stalling them. So
11 they just might get that six inspections down to five or
12 four and start putting that money in the educational fund.

13 MR. BAIRD: Thank you, Mr. Hart. Yes, there is
14 an increase in the number overall percentage of homes being
15 sold with ground sets. Would you agree with that, Terry?

16 MR. GLEESON: Yes. No doubt. I'm sitting here
17 and I'm thinking it's almost like we're penalizing somebody
18 who puts a home above ground and away they go. And they're
19 paying 180 per inspection versus, or whatever half of that
20 is, versus somebody who has a difficult thing who may have
21 to do four. On average per inspection it's 110 or
22 something. But it's the average and that's what, you know,
23 unfortunately that's what we have to work on. We don't want
24 to make it overly cumbersome. You can apply for a permit
25 for a park if we decided to have a two-tiered deal, you can

1 apply for an in-park above ground set and you can apply for
2 an in-ground, below-ground set and you can apply for a
3 private land above-ground and a private land in-ground. You
4 could apply for one with a garage and without a garage. I
5 don't know.

6 MR. HANEY: Seems to me that that's getting
7 really complicated --

8 MR. BAIRD: It really is.

9 MR. HANEY: Whereas the way it is now. And I
10 just brought that up because I was ignorant. I know there's
11 more inspections. I've talked to some installers and
12 they're saying, well, we're having to come out and get four
13 five, six inspections where we didn't before. But from what
14 I understand from this discussion is generally speaking a
15 simple set can be done in two or three inspections.

16 MR. GLEESON: Yes.

17 MR. HANEY: If it's more complicated than that
18 there are additional costs and those costs are attributed or
19 billed to eventually the consumer on a per inspection basis.
20 And so if it ends up they need five inspections they got the
21 first three included and pay for two more. If they only
22 need four then they get the first three included and only
23 pay for one more. It seems to me that at that point it
24 seems fair. Certainly that three inspections if somebody
25 shouldn't, but for some reason they happen to fail one of

1 their inspections, that they still have a free one coming.

2 MR. BAIRD: Let me add one more point of
3 clarification for our understanding. These inspections
4 aren't arbitrary. These are required specifically by HUD
5 and they're required in every state.

6 MS. BLAKE: Absolutely.

7 MR. BAIRD: And we're following what is required
8 by the HUD mandate. And it's the same in every set. I
9 mean, you know, it doesn't change. So we should be getting
10 to the point, as Joe said, we should be getting better and
11 better at this as we are with handling consumer complaints.
12 And we are getting better with the installers I think.
13 Okay. So of all of our revenues and all our fees let me say
14 that the department is recommending that we leave everything
15 alone except for this one installation inspection and
16 they're recommending a \$29 per permit increase. All of the
17 fees can stay the same. That may indeed put us over the
18 hundred percent but still be within our 95 and 105. We
19 could lower some of the other fees. I don't know. I think
20 my personal feeling is we've got -- we're heading into some
21 unchartered waters here. Businesses are going to be
22 fluctuating. We hear estimates up, we hear estimates down.
23 We don't really know. Right now we know if we keep it about
24 the same we're going to cover ourselves and do our duty as a
25 board. That's what we're going to do. Anybody else have

1 any discussion? Anybody else have any questions? If not
2 the chair will entertain a motion to address this.

3 MR. HOYLE: Mr. Chairman?

4 MR. BAIRD: Yes.

5 MR. HOYLE: Currently we're hitting -- this would
6 also be for Debra -- at the current rates, current volume,
7 we're hitting 96.2 percent?

8 MS. BLAKE: That's what we did last year, end of
9 fiscal year '13.

10 MR. BAIRD: June 30, yeah.

11 MR. HOYLE: With the projections without the
12 bump, where would we hit?

13 MS. BLAKE: If you look in the box --

14 MR. GLEESON: 101.8.

15 MS. BLAKE: Third one down, FY14 based on these
16 assumptions 101.8.

17 MR. HOYLE: That was non-inclusive of the bump?

18 MS. BLAKE: Not inclusive of any fee increase.

19 MR. HOYLE: Okay.

20 MS. BLAKE: In addition to the fees just so I
21 have it on the table for you to consider is if those
22 assumptions are correct we're going to get to full-cost
23 recovery. And at the same time we're not getting the full
24 cost recovery to the one particular fee that you set and
25 that is for installation inspections for manufactured

1 housing.

2 MR. BAIRD: I think what I hear Debra telling us
3 is that the sunset law review asked us to get to 100 percent
4 recovery in each of the categories, not just overall. Is
5 that right?

6 MS. BLAKE: I'll defer to Director Palma. I
7 believe it was overall.

8 MR. PALMA: Mr. Chairman, that is the way that
9 the department interpreted that recommendation was the
10 overall expense, not each particular category.

11 MR. BAIRD: Oh, okay. So if we don't change
12 anything and business stays about the same as it is or two
13 years projections, then we're going to be at 101.8 percent.

14 MS. BLAKE: Yes, that's the prediction.

15 MR. CHICK: Debra, didn't you say that we were
16 adding more personnel.

17 MS. BLAKE: We have an open position in Tucson
18 for an installation inspector. So there will be that salary
19 that will be added to the cost analysis for next year.

20 MR. CHICK: That had not been included in this
21 past year. Is this an additional cost that we're going to
22 be absolving?

23 MS. BLAKE: Yes.

24 MR. BAIRD: Was that an additional or is that
25 replacement.

1 MS. BLAKE: It is a replacement.

2 MR. BAIRD: We didn't increase our staff.

3 MS. BLAKE: No, we did not. But it's a vacant
4 position for awhile.

5 MR. BAIRD: But you've included their potential
6 expense when filled in the overall expense.

7 MS. BLAKE: It was not included in the fiscal '13
8 analysis. We were down one FTE, sorry, full time employee,
9 and so that analysis for fiscal '13 was short one person
10 which is why it went from 500 and something down to 379 per
11 permit. It was a factor.

12 MR. BAIRD: Got you. So this 101.8 percent does
13 not include that one guy we're hiring?

14 MS. BLAKE: Yes, it does.

15 MR. BAIRD: That was the point Arthur was asking,
16 I think.

17 MR. HANEY: As you pointed out, Mr. Chairman, we
18 have several responsibilities, one of which is to make sure
19 that our -- by statute we're between 95 and 105 and on the
20 review we need to be at 100 and not 95. We also have a
21 responsibility primarily as a consumer protection board to
22 make sure that we're not doing things that would be harmful
23 for the consumer. And it seems to me that if we're looking
24 at what we have right now without a bump and being at 101
25 that we fulfilled both of those obligations as was noted

1 last year. If we find that halfway through the fiscal year
2 we're running at a deficit either because of unforeseen
3 expenses or a drop in revenue, we could make adjustments at
4 that time.

5 MR. BAIRD: Can we?

6 MS. BLAKE: You can only adjust the fees once per
7 year was my understanding.

8 MR. HANEY: I thought that's what we did last
9 year.

10 MR. BAIRD: That's been my understanding as well.

11 MS. HARRINGTON: We have once a year.

12 MS. BLAKE: It's annually.

13 MR. BAIRD: By May 1st.

14 MS. BLAKE: Yes, by May 1st.

15 MR. BAIRD: By May 1st. Here's our shot for the
16 year, you know. Last year we're at 96. This year if the
17 way business goes we think it will get better, not worse.
18 It's a shot. So we just have to decide basically I think do
19 you want to leave it alone or do we want to up the
20 installation fees by 29 bucks?

21 MR. HANEY: Do we want to guess it being a 101 or
22 do we want to guess it being a 104.

23 MR. BAIRD: It suggests both ways. I think we've
24 explored it. Do you have anything else to say?

25 MR. HANEY: No, I don't.

1 MR. BAIRD: Yes, Mr. Gleeson?

2 MR. GLEESON: I'd say we leave it at 350.

3 MR. BAIRD: Is that a motion?

4 MR. GLEESON: I make a motion we leave the fees
5 at 350.

6 MR. BAIRD: To include that why don't you talk
7 about all the fees?

8 MR. GLEESON: I make a motion that we leave all
9 the fees the same.

10 MR. HOYLE: I second the motion.

11 MR. BAIRD: All in favor signify by saying aye.

12 Opposed. Motion carries. Oh, phone. Zeek?

13 MR. OJEH: Yeah?

14 MR. BAIRD: How would you like to vote?

15 MR. OJEH: I did say aye.

16 MR. BAIRD: And Paul. I think Paul left us.

17 Paul, are you there now?

18 MR. DESANCTIS: Yes, I am. I dropped out on my
19 phone.

20 MR. BAIRD: Okay, fine. We had a motion and a
21 second and we asked for votes. Did you hear part of that?

22 MR. DESANCTIS: Probably right in the middle of
23 it. Just real bullet point, what?

24 MR. BAIRD: The motion was to leave fees as they
25 are right now for this year and it was seconded and it's

1 been voted on. You didn't have -- so far everyone has voted
2 for it.

3 MR. DESANCTIS: Yes, I do.

4 MR. BAIRD: You do?

5 MR. DESANCTIS: Aye.

6 MR. BAIRD: Unanimous.

7 MS. BLAKE: Mr. Chairman and board members,
8 before we move out of this exciting topic on fees, I have
9 two more points that I would like to bring before you. The
10 first one doesn't require a vote. It's just informational.
11 At a board meeting back in November of 2008 for those of you
12 who were -- I know Neal was there --

13 MR. HANEY: I just can't remember that far back.

14 MS. BLAKE: What did we talk about at that
15 meeting, Neal? I'm just teasing you. I know what we talked
16 about. The board voted at that meeting to prepare for us to
17 be compliant with the HUD 3285 requirements with
18 installation. Part of all of that discussion is installers
19 are required to attend annual training. It was voted on by
20 the Board that the department would provide an opportunity
21 to achieve that training requirement by developing some
22 training and we would also offer other opportunities. Some
23 stakeholders have annual conventions. And so it's about
24 getting information out there. The Board voted at that
25 point to establish a training fee and that training fee

1 would be \$100 per licensee that's required to do it which is
2 an installer per year. So the reason that I'm bringing that
3 to your attention we have never included that in our
4 schedule of fees. So we plan to do that when we publish the
5 fee schedule for the upcoming fiscal year. So just a point
6 of information. If there's any questions and if anyone
7 would like to see a copy of those transcribed minutes,
8 they're available on our website. If you have any problem
9 getting to those and you want to see them Ayde can help you
10 with that.

11 MR. BAIRD: Since you brought it up, do we have
12 any idea about the cost involved in putting these on?

13 MS. BLAKE: No. We have not done a cost analysis
14 recently. We used to provide certificates, we used to
15 provide a binder with all the materials and we found that
16 was not cost effective. So we don't do that, we have staff
17 salaries but we can add that to our list of let's do a cost
18 analysis. So for next year's discussion on these fees we
19 can have that for you and decide whether or not that fee
20 needs to be adjusted going forward.

21 MR. BAIRD: Or if we don't add that to our list
22 we can do it at the next meeting.

23 MS. BLAKE: You can't adjust the fee, though. We
24 can work towards a cost analysis, but you can't adjust the
25 fee.

1 MR. BAIRD: Let's wait until we're doing the same
2 thing next year.

3 MS. BLAKE: Want to wait until next year?

4 MR. BAIRD: Yes. We can't change it now -- we
5 could change it now but we'd be guessing again. Thank you.

6 MS. BLAKE: One more item while we're still on
7 this part of the agenda. Making sure it was agendized.
8 Yes.

9 MR. BAIRD: It is.

10 MS. BLAKE: Thank you. Okay. So we've had
11 discussion over the last several board meetings about should
12 we change from measuring for purposes of permit fees
13 buildings based on linear foot or should we convert to
14 square foot which is a more common industry approach to it.
15 And so I put this chart together for you to see what -- for
16 you to look at what that would mean and if we need to reopen
17 for discussion on the fee for that piece of it. What we do
18 know about the permits for factory-built buildings is we're
19 covering costs. So there is not a recommendation to change
20 the fee. What the discussion has been is should we be
21 calculating it linear foot or square foot. So this chart
22 that was in your separate handout is in your packet.

23 The most common building sizes are listed
24 there for you. The calculation for linear foot is there and
25 cost of the permit based on the current fee schedule of

1 \$4.50 per linear foot. If you use that same dollar amount
2 and convert it into square feet, what it really does it
3 doesn't change the bottom number that is going to be paid by
4 the industry, but it changes what we would present on our
5 fee schedule into the fee per foot. So the most common 12
6 by 60 instead of being \$4.90 a linear foot calculates out to
7 90 cents per square foot. The bigger the building the lower
8 the per foot cost as is represented to you. So you've got a
9 36 by 60, you are still paying \$864 for the permit, but the
10 actual per foot cost for the square footage is 40 cents
11 opposed to 90. So that's the information for you to move
12 forward with your discussion on that agenda item.

13 MR. BAIRD: Uh-huh. So, okay. So if we use the
14 64 cent average that 12 by 60 permit fee would go from \$648
15 down to \$461 or \$187 less or almost 30 percent less.

16 MS. BLAKE: Good point, Mr. Chairman. I provided
17 the average for you. But for your consideration and
18 discussion, again, and there is certainly a representative
19 on the board from that part of the after industry --

20 MR. BAIRD: Right.

21 MS. BLAKE: -- the most common box they build is
22 12 by 60, so we would lose revenue if we applied the
23 average. So it would be the department's recommendation to
24 consider breakdowns based on those building dimensions. If
25 there are any odd-sized buildings or not part of the common,

1 we would have to figure it at the 450 but convert it into
2 square foot.

3 MR. BAIRD: Thank you. I think Joe or Everette
4 brought this up. Joe, I think you did. Joe, maybe you
5 could take us back to why you brought this up and the
6 rationale behind it.

7 MR. HART: I don't know if I was the one who
8 brought it up.

9 MR. BAIRD: Okay.

10 MR. GLEESON: Where's the commercial FBB's on the
11 chart.

12 MS. BLAKE: On the fee schedule?

13 MR. GLEESON: It says it's residential. Put it
14 in the residential?

15 MR. BAIRD: It's included in that fee I think.

16 MS. BLAKE: Are you looking on page 29 in your --

17 MR. GLEESON: Page 27. Is it on page 29?

18 MS. BLAKE: It's on page 29. That's your current
19 fees.

20 MR. GLEESON: No, I was talking about in the year
21 to date summary.

22 MR. HANEY: On 27.

23 MS. BLAKE: The residential?

24 MR. GLEESON: Well, no, the FBBs.

25 MR. HANEY: It looks like all the FBBs are

1 included.

2 MR. GLEESON: The commercial FBBs are not
3 included.

4 MS. BLAKE: On page 27 he's saying under the --

5 MR. GLEESON: The installation inspection shows
6 450. That's for residential. Where's the commercial -- is
7 there a chart that shows --

8 MS. BLAKE: They're not broken down by
9 residential and commercial. Just by FBB.

10 MR. GLEESON: Okay. It's just 450 which is a
11 permit fee for residential, correct?

12 MS. BLAKE: Yes.

13 MR. HART: When it came up we were talking about
14 two stories.

15 MR. BAIRD: Oh, so a two-story 12 by 60 has the
16 same permit fee as if it was one story.

17 MS. BLAKE: No, it's per story. The fee today is
18 450 per linear per story. So if you've got a two story it's
19 going to be the same thing in the chart. Ayde calculates
20 them all the time. The same would be in the square foot.
21 If you decide to convert to square foot it would still be
22 per story.

23 MR. HART: Right. But it wasn't.

24 MS. MARQUEZ: It always has been per story.

25 MR. HART: It always has been?

1 MS. MARQUEZ: Uh-huh.

2 MR. BAIRD: So maybe we misunderstood the way it
3 was.

4 MS. BLAKE: Well, the fee schedule actually says
5 that and always has for the last several years. So much per
6 story.

7 MR. BAIRD: Does anyone have an argument that we
8 should change from linear to square on the board?

9 MR. HART: It depends on how you're going to --
10 are we talking about going with an average?

11 MR. HOYLE: No.

12 MR. BAIRD: No. I don't see how we could. We
13 could do whatever, but it's going to catch up to us when we
14 start analyzing for next year when we start falling within
15 the 95 to 105. Have you had complaints?

16 MS. BLAKE: No, we have had no complaints. It's
17 just been a discussion that has been laying out there for
18 the board for some time. And so I hoped it might be helpful
19 to present it with the breakdown.

20 MR. BAIRD: I think it is.

21 MS. BLAKE: Differently.

22 MR. HART: And inspection-wise the FBBs are doing
23 fine?

24 MS. BLAKE: Are you talking about the revenue?

25 MR. HART: Revenue?

1 MS. BLAKE: Yes. They're covering cost.

2 MR. BAIRD: Yes, Mr. Chick?

3 MR. CHICK: Does this require any action on the
4 board's part?

5 MS. BLAKE: If you want to change from the linear
6 foot measurement to square foot, yes, we would need you to
7 do that.

8 MR. CHICK: I think that we need to leave well
9 enough alone.

10 MR. BAIRD: Do I have a second?

11 MR. HANEY: I'll second that.

12 MR. BAIRD: On the phone, Zeek and Paul?

13 MR. HOYLE: Zeek?

14 MR. OJEH: Yes.

15 MR. BAIRD: Zeek, Paul?

16 MR. OJEH: Yes.

17 MR. BAIRD: There's a motion to continue with our
18 linear foot charge for commercial FBB permitting fees versus
19 changing to a square footage.

20 MR. OJEH: Yes.

21 MR. BAIRD: You vote yes to leave it the same.

22 MR. OJEH: Yes.

23 MR. BAIRD: Paul, how about you? Do you vote?

24 MR. DESANCTIS: Aye.

25 MR. BAIRD: Thank you. Okay, motions carries.

1 Any other items on the financial fee review, Ms. Blake?

2 MS. BLAKE: No, Mr. Chairman. I think we're
3 ready to move forward.

4 MR. BAIRD: Thank you. Thank you. And thanks to
5 everybody. Next item is call to the public. Yes, Mr.
6 Anderson?

7 MR. ANDERSON: Mr. Chairman, members of the
8 board, excuse me for not standing with the lap folder. My
9 name is Ken Anderson with the Arizona Housing Association.
10 There was an action item from the January meeting. Because
11 the recovery fund is near and dear to me U.S. Home had a
12 claim of 15,000 against them. Do they currently have their
13 license?

14 MS. BLAKE: Thank you, Mr. Anderson. Give me one
15 second.

16 MR. ANDERSON: On page 3 of the previous notes.

17 MR. HANEY: Is that a dealership out of Tucson?

18 MR. ANDERSON: They have U.S. Home locations in
19 two or three different spots but they were also in Tucson.

20 MS. BLAKE: Thank you. Let me go back on the
21 agenda item, the departmental update. That is there and I
22 apologize for skipping over it. As follow-up to the board
23 meeting in January, the responsible licensee for that
24 \$15,000 recovery fund payout was U.S. Homes as we reported
25 previously. The current status of their license is it was

1 suspended on July 15th and remains suspended at this time
2 because they have not reimbursed the recovery fund for that
3 payout.

4 MR. ANDERSON: Thank you.

5 MR. BAIRD: Since it's on the table what's the
6 process on hitting their bond?

7 MS. BLAKE: Yes, the department has a process in
8 place, Mr. Chairman, board members, that we do file a claim
9 against the bond. But I don't have a status on that. I
10 will send an e-mail after this board meeting --

11 MR. BAIRD: Thank you.

12 MS. BLAKE: -- to let you know where we're at on
13 bond recovery.

14 MR. BAIRD: How much is their bond?

15 MS. BLAKE: They have a 12, 25,000.

16 MR. BAIRD: Okay. Anything else, Mr. Anderson?

17 MR. ANDERSON: No.

18 MR. BAIRD: Thank you. Yes?

19 MR. WHEELER: My name is Gary Wheeler.

20 MR. BAIRD: Wheeler?

21 MR. WHEELER: Yes. I'd like to talk about the
22 inspection process. It seems like we're getting an awful
23 lot of failures for silly reasons. We've had failures for
24 --

25 MR. BAIRD: We can add this as an agenda item.

1 MR. WHEELER: Okay.

2 MR. BAIRD: If it's not on our agenda we can't
3 talk about it. But we can certainly add a discussion for
4 the next meeting.

5 MR. FEDERICK: I second that, too.

6 MR. HANEY: We can listen to what he has to say.

7 MR. BAIRD: Yes.

8 MR. HANEY: We just can't take any action on it;
9 is that correct?

10 MR. BAIRD: I think that's correct.

11 MS. HARRINGTON: You can't take any action, nor
12 can you even discuss it with him.

13 MR. BAIRD: Right.

14 MS. HARRINGTON: All you can do is direct staff
15 to put it on the next agenda. You can hear what his issue
16 is and direct staff to put it on the agenda.

17 MR. BAIRD: That seems appropriate.

18 MS. HARRINGTON: You can't answer his questions.

19 MR. BAIRD: We will listen to you and we will add
20 an agenda item.

21 MR. WHEELER: Well, what I've got problems with
22 is we're having a lot of failures in inspections for silly
23 things. We've had failures to inspections because he wanted
24 to see documentation for an all-thread bolt saying it's a
25 grade bolt. We've had inspections fail because they want to

1 see documentation for galvanized nail. And another thing
2 about inspections is it used to be when we would do our
3 skirting, after the foundation was passed, it was okay to do
4 the skirting, we had an access panel, we do the whole
5 skirting. The whole skirting would be completed. The
6 inspector would come out, go underneath and check it all out
7 and it was a done deal. Now it takes two days to put a
8 skirting on one building and our costs have been doubled. I
9 believe that inspectors need to do their job, open the door
10 and go underneath and look so they don't have to make two
11 trips. There's a lot of things that you can say about doing
12 an inspection at one time. Get underneath and look. They
13 don't want to crawl under there. That's my issues. Bring
14 it up next time. I appreciate you listening.

15 MR. BAIRD: Please state your name and your
16 company.

17 MR. JONES: Dave Jones with Modular Spaces. What
18 we've been informed with the commercial modular
19 installation, and I'm talking about the water and sewer
20 connections to the building, if we are not hired to oversee
21 it or install the water and sewer, we are also -- we are
22 responsible for that work. What I mean by that the
23 contractor installing the water and sewer has to pull a
24 local permit. That inspector comes out and inspects it and
25 passes it, yet the state inspector requires looking at the

1 same thing, inspecting the same thing and has the potential
2 to fail if he wants to for whatever reason. That means I
3 have to take time out there to meet with the inspector on a
4 water and sewer line that's already been inspected by the
5 city, permitted by the city, inspected and passed by the
6 city, but yet the state is going to hold us responsible for
7 it passing and failing in the OMH inspector's eyes. There
8 is something wrong here with this. We're double inspecting,
9 we're double wasting my time and if the inspector finds an
10 issue I have to deal with the contractor to correct it on
11 work that I'm not even paid to do that. But because our
12 modular building's on the project we are held responsible
13 for the water and sewer connections to the main tap.
14 Although it's locally inspected and passed we're still held
15 responsible for it. I think that's wrong. I think it needs
16 to be reviewed.

17 MR. BAIRD: Thank you. Any other comments?

18 MS. BLAKE: Mr. Chairman, board members, we can
19 either put this on the next agenda if it falls within the
20 scope of the board's powers and duties. If it's a
21 discussion that needs to be had by the public with the
22 department in terms of us adhering to our statutory
23 obligations, which is what I heard from Mr. Jones, then
24 maybe it would be best to schedule a meeting with the
25 department and maybe we could help determine if it requires

1 a rule change which is under your powers and duties, or if
2 it's not really related to that. Would that be helpful or
3 do you want me to agendize it and then talk about it after
4 we have a discussion with any ROC contractors or licensee
5 that we need to?

6 MR. BAIRD: I don't know. What do you guys
7 think?

8 MR. HOYLE: I think that they should meet with
9 the department first.

10 MR. BAIRD: I agree. Similar issues have been,
11 in the past several issues that you mentioned, some of these
12 things happen with the HUD side and I think that was alluded
13 to earlier that we've been having meetings, scheduled
14 meetings, with the association has just kind of taken the
15 charge. But it doesn't have to be the association. It
16 could just be an open invitation from the department to the
17 licensees to get together and discuss things. I don't think
18 it's the board's purview to be a referee, if you will or an
19 interpreter of the rules. But we could see how these things
20 go.

21 MS. BLAKE: So we would have discussions with
22 Mr. Wheeler, with Mr. Jones, and anyone else who needs to
23 have discussions over the department's policies?

24 MR. FEDERICK: I want to be put in this also.
25 Tom Federick, Arizona Modular.

1 MR. BAIRD: Right. I think what we should do is
2 put it out to all licensees.

3 MS. BLAKE: Anyone who needs to have a meeting
4 with the department should send an email to me and schedule
5 it. And then if there are issues that come that need the
6 board's review we could determine it at that point.

7 MS. HARRINGTON: At that time you can just
8 discuss it with the chairman what you need to put on there.

9 MS. BLAKE: Is that fair to everybody?

10 MR. BAIRD: Sounds good.

11 MS. BLAKE: Mr. Chairman.

12 MR. BAIRD: We'll proceed that way.

13 MR. FEDERICK: Tom Federick with Arizona Modular.
14 That's why we have three or four inspections. You send them
15 out the first time you get one inspector. You send them out
16 the next time you get another inspector. He finds something
17 different than the first inspect. I'm taking care of what
18 the first inspector said and now I've got another one. So
19 now I have to call them back again. That's what's
20 happening. That's why we have three or four different
21 inspectors and it's costing us money.

22 MR. BAIRD: I'll make this comment to all of you.
23 The department has never in the history -- I've been in
24 business a long time -- and they've never been more open to
25 talk to everybody about anything and everything. So they're

1 there for you. They will meet with you at any time. Okay.

2 MS. BLAKE: Mr. Chairman, before you move on to
3 adjourning the meeting if that's where you're at, Ayde?

4 MS. MARQUEZ: I provided in the board's packet
5 the roster with all the board members information. If you
6 could double check and make sure your phone numbers are
7 still accurate, your email address, mailing address. If not
8 just email me so I can have that corrected.

9 MR. BAIRD: Thank you.

10 MS. BLAKE: Thank you, Ayde.

11 If I may add to that. Please be aware that
12 this roster is generated by Boards and Commissions with the
13 Governor's office. It is a public record. If you have
14 contact information on there that you would not like to be
15 public should there be a request for it, please address that
16 with Ayde in the e-mail with any changes.

17 MR. BAIRD: Thank you. All right. Great meeting
18 everyone. I'll remind everybody that the next meeting is
19 scheduled for July 16th, same time, same place. Let's make
20 our plans accordingly. The chairman will now entertain a
21 motion to adjourn.

22 MR. CHICK: Mr. Chairman?

23 MR. BAIRD: Yes, sir.

24 MR. CHICK: Question on the agenda.

25 MR. BAIRD: Yeah.

1 MR. CHICK: We -- our statutory obligation is how
2 many times a year?

3 MR. BAIRD: I'm not sure.

4 MS. BLAKE: There is no statutory obligation.
5 It's by determination -- called by the chairman.

6 MR. CHICK: If I may I'd like to make a motion
7 that the July 16th meeting be waived unless there's an
8 emergency or anything that would require us getting
9 together.

10 MR. BAIRD: Why?

11 MR. CHICK: Because I think --

12 MR. OJEH: Aye. I'm going to be on vacation.

13 MR. CHICK: Why?

14 MS. BLAKE: Point of order. The chairman didn't
15 call for a vote.

16 MR. OJEH: I like that idea.

17 MR. CHICK: Get away from the heat. At least,
18 you know, I'm speaking for myself. I'm not sure if anyone
19 around the table would agree with me. That's why I threw it
20 out there with a motion.

21 MR. BAIRD: We have a motion on the table. Is
22 there a second?

23 MS. HARRINGTON: You don't need a motion on this.
24 You probably shouldn't because it's not on the agenda. You
25 can have a discussion because you have on the agenda just

1 future dates. The chairman can direct staff to schedule or
2 not. You can do it to see who would be available. If there
3 is not a quorum I think you probably wouldn't be able to
4 have a meeting anyway.

5 MR. CHICK: I speak from actual experience
6 because I was away last July and I tried this telephone
7 thing and where I was it was not successful. And to sit
8 there for a couple of hours and listen on the telephone is
9 not the nicest way to attend a meeting. And I do apologize
10 for missing last meeting because I had pneumonia. And I
11 don't want to miss another one.

12 MR. BAIRD: Don't do that again. Get pneumonia I
13 meant. Comments from other members.

14 MR. HOYLE: I'm available.

15 MR. HART: You told me if I ever missed a meeting
16 I was going to be president. So I think he's going to be
17 the next president.

18 MS. BLAKE: Mr. Chairman and board members, would
19 it be helpful as we get closer to that scheduled meeting,
20 and again, it's scheduled for your planning purposes, to see
21 if there are topics that are necessary or of interest to the
22 board to have the meeting and then the chairman will either
23 call or cancel the meeting scheduled?

24 MR. HANEY: Seems to me that we did that once
25 before, that there was nothing on the agenda and the meeting

1 was canceled.

2 MR. BAIRD: Exactly.

3 MR. HANEY: That's your prerogative.

4 MR. BAIRD: We've done that over the years and
5 that's a prerogative we have. We're asking four times a
6 year. We know that we all can't be here at every meeting.
7 It happens. Okay. And there is no requirement for us to
8 all be here for every meeting. It's four times a year and
9 we meet for, what, we've been here an hour and a half now.
10 Give an hour both ways for travel. So ten hours a year is
11 what we're committing to here and I think we should just
12 stick to our schedule myself. If there's nothing to talk
13 about there is no reason to have a meeting. And Debra and I
14 can decide that and we have decided that.

15 MS. BLAKE: Mr. Chairman, it's for you to decide.

16 MR. BAIRD: Yes, I know. I made the decision
17 based on input there was nothing to talk about. So I'd like
18 to keep it that way.

19 MS. BLAKE: It's up to your discretion.

20 MR. BAIRD: Okay. Motion that we adjourn. Did
21 we do that?

22 MR. GLEESON: I make a motion we adjourn the
23 meeting.

24 MR. HART: I second.

25 MR. HOYLE: I second.

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MR. BAIRD: All in favor?
Thank you Paul, thank you Zeek. It's over.
(The meeting was adjourned at 2:36 p.m.)

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C E R T I F I C A T E

I, CAROLE A. WHIPPLE, hereby certify that the foregoing pages numbered from 1 to 57 inclusive, constitute a full, true and accurate record of the proceedings had in the above matter, all done to the best of my skill and ability.

DATED this 20th day of April, 2014.

CAROLE A. WHIPPLE
CERTIFIED COURT REPORTER
Certification #50089