

In The Matter Of:
Arizona Manufactured Housing Board Meeting

Reporter's Transcript of Proceedings
July 16, 2014

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ARIZONA MANUFACTURED HOUSING BOARD MEETING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Phoenix, Arizona
July 16, 2014
1:00 p.m.

REPORTED BY:

TERESA A. VANMETER, RMR
Certified Reporter
Certificate No. 50876

PREPARED FOR:

Board of Manufactured Housing

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1 THE ARIZONA MANUFACTURED HOUSING BOARD taken at
2 1:00 p.m., on July 16, 2014, at the Offices of Arizona
3 Manufactured Housing, 1110 West Washington Street, Room 3100B,
4 Phoenix, Arizona before TERESA A. VANMETER, RMR, a Certified
5 Reporter in and for the State of Arizona.

6

7 PARTICIPANTS::

8 Board Members:

9 Sam Baird, Chairman
10 Arthur Chick
11 Paul DeSanctis
12 Terry Gleeson
13 Neal Haney
14 Joe Hart
15 Everette Hoyle
16 Michael Minnaugh

17 Agency Members:

18 Gene Palma
19 Debra Blake
20 Jean Calvin
21 Ayde Marquez

22 Public:

23 Knute Knutson, DMI Design Modulators, Inc.
24
25

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P R O C E E D I N G S

CHAIRMAN BAIRD: Okay. Let's call this meeting to order. This Wednesday, July 19th, 2014, 1:30 p.m. meeting of the Board of Manufactured Housing is called to order. Roll call, please?

MS. MARQUEZ: Sam Baird?

CHAIRMAN BAIRD: I'm here.

MS. MARQUEZ: Arthur Chick?

MR. CHICK: Here.

MS. MARQUEZ: Paul DeSanctis?

MR. DESANCTIS: Here.

MS. MARQUEZ: Terry Gleeson?

MR. GLEESON: Here.

MS. MARQUEZ: Neal Haney?

MR. HANEY: Here.

MS. MARQUEZ: Joe Hart?

MR. HART: Here.

MS. MARQUEZ: Everette Hoyle, absent.

Michael Minnaugh?

MR. MINNAUGH: Here.

MS. MARQUEZ: Zeek Ojeh, not able to attend.

Gene Palma?

MR. PALMA: Here.

MS. MARQUEZ: Debra Blake?

1 MS. BLAKE: Here.

2 MS. MARQUEZ: Jean Calvin?

3 MS. CALVIN: Here.

4 MS. MARQUEZ: That's it.

5 CHAIRMAN BAIRD: That's it. You're here, too.

6 MS. MARQUEZ: I think so.

7 CHAIRMAN BAIRD: Great. We all had a chance to
8 review the transcript and the minutes from last week's.

9 Oh, good, we have -- Mr. Hoyle has joined our
10 party. Nice to see you.

11 MR. HOYLE: Good afternoon. Apologize for my
12 tardiness.

13 CHAIRMAN BAIRD: Thirty seconds is all you
14 missed.

15 So everybody had a chance to look at those?
16 Chair would entertain a motion to accept unless there needs to
17 be any discussion.

18 MR. HANEY: So moved.

19 CHAIRMAN BAIRD: Second?

20 MR. GLEESON: Second.

21 CHAIRMAN BAIRD: In all in favor, aye?
22 Opposed? Motion carried.

23 Great, because now I can stop talking.

24 Ms. Blake, would you like to carry on starting now?

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

1 I will go over the departmental information
2 that's agendized as number four on the agenda.

3 Legislative updates: It's a bit early in that
4 process, but the legislative liaisons are already beginning to
5 meet to discuss the next session and any legislative proposals
6 that may be coming forth. The only one that I am aware of,
7 and I don't have clarification on it, but Neal Haney may be
8 able to clarify, last year MHCA brought a bill, House Bill
9 2275 that had to do with the abandonment of mobile homes and
10 the sale of them in parks. It did not run through the whole
11 legislative session last year. It's my understanding from
12 Susan Brenton that they may run that legislation again this
13 year.

14 MR. HANEY: That is correct.

15 MS. BLAKE: Okay. The only other one I'm aware
16 of is not at the state level, but I wanted to bring it to your
17 attention because it is going to be at the federal level. The
18 RV industry is proposing an amendment to create and legitimize
19 a new class of unregulated structures, and they are called
20 towable RVs and park models, and they would be exempted --
21 well, the amendment they're seeking would exempt them from any
22 federal manufactured housing laws, obviously eliminating
23 protections provided by local building codes or the federal
24 government.

25 Park models is a big concern of the Department

1 that we have discussed with AAMHO for the past several years
2 about bringing legislation to regulate the construction and
3 installation of park models, because certainly in Arizona and
4 other states, they are often lived in at times full time or
5 seasonally, several months at a time. The concern is that
6 they are peppered among mobile homes and manufactured homes in
7 parks. Nobody is inspecting gas connections, other utility
8 connections. They're not being inspected by any official
9 regulatory agency when they're being constructed. And so
10 there is some concern about their safety. But that would be
11 something that one of our stakeholders would need to consider
12 if it's of interest to them to move it forward for
13 legislation.

14 MR. HANEY: Can I add something to that,
15 Debra?

16 MS. BLAKE: Certainly.

17 MR. HANEY: Most municipalities, if you're
18 going to put a park -- what we refer to as a park model in a
19 mobile home or even a permanent site in a RV park, do have --
20 require permits and inspections for utility connections.

21 MS. BLAKE: Okay. Okay.

22 MR. GLEESON: I think Mesa does.

23 MR. HANEY: Mesa, Apache Junction, Yavapai
24 County.

25 CHAIRMAN BAIRD: Casa Grande.

1 MR. GLEESON: Casa Grande.

2 MR. HANEY: Yeah. Most of them do.

3 MS. BLAKE: Thank you. I'd heard Yuma County
4 was creating an ordinance to do so, but I was not aware of the
5 others.

6 CHAIRMAN BAIRD: Debra, excuse me. Does
7 everyone know what a park model is?

8 MR. DESANCTIS: Yes, and I was going to ask
9 that when you said they want to designate a new. I always
10 look at park models under 400 square feet, et cetera, but is
11 this before people are taking trailers and building? You see
12 this all over the place now.

13 CHAIRMAN BAIRD: Add on. Arizona room.

14 MR. DESANCTIS: They tow kind of on just a
15 flatbed trailer. So when they said new, park models have been
16 around a long time.

17 MS. BLAKE: Well, I think they want to have a
18 new class. It's not that the structure is new. They want to
19 designate it as a new class, which is basically totally
20 unregulated.

21 MR. DESANCTIS: On a trailer so they can move
22 it.

23 MS. BLAKE: Yeah.

24 MR. DESANCTIS: Because you normally can't site
25 those on land, almost anywhere. I know some places in Tonto

1 Basin you can, but it has to be in a leasehold community;
2 otherwise, you're regulated to, like, a 14-day stay. And I've
3 heard some of this from the national forests and such, because
4 people are going up there with these things. They're not in
5 an RV the way you think of an RV. It's truly stick built on a
6 trailer, and they're trailering them up there, and they're
7 overstaying the 14 days, which is typical that you have to
8 move.

9 MR. CHICK: Mr. Chairman.

10 CHAIRMAN BAIRD: Mr. Chick.

11 MR. CHICK: From a consumer's point of view,
12 this would not be in the best interest to categorically
13 combine RVs, towable trailers and park models into one unit.
14 If anything, they should be separated. Park models should
15 have their own designation, as do manufactured homes. The
16 manufactured home and the park models are very similar except
17 in size and square footage. That's the only thing that
18 differentiates them.

19 MR. HANEY: And code.

20 MS. BLAKE: They're built to different code.

21 MR. CHICK: And code, right. But if you go to
22 a manufacturing home plant that manufactures both, I can
23 almost assure you that they're using the same material right
24 out of the same stock bin and building them to a manufactured
25 home specification.

1 MS. BLAKE: Well, I can't speak to that.

2 MR. CHICK: I can't either.

3 CHAIRMAN BAIRD: Well, they're not building to
4 the manufactured home specifications, and there's a regulatory
5 agency, RVIA does conduct inspections at the factory.

6 MR. CHICK: That's the national standards.

7 CHAIRMAN BAIRD: National -- they do that.
8 It's an association that conducts this. They also do -- they
9 inspect RVs, you know. Okay. An RV is kind of what you pull
10 behind a car. Okay. That's kind of an RV. A park model is
11 something that's a little larger. Typically they're
12 11-and-a-half to 13 feet wide, but they're always under 399
13 square feet no matter how wide.

14 MR. CHICK: On the floor.

15 CHAIRMAN BAIRD: Excuse me?

16 MR. CHICK: On the floor. On the frame,
17 manufactured, they have a frame that's --

18 CHAIRMAN BAIRD: Yeah.

19 MR. CHICK: They've got 300 square feet.

20 CHAIRMAN BAIRD: 399, yeah.

21 MR. CHICK: However, how many are being
22 manufactured with a portion or some part of that structure
23 that you can add on almost like it's already planned for an
24 Arizona room that runs another 30, \$40,000 or whatever?

25 CHAIRMAN BAIRD: A lot.

1 MS. BLAKE: A lot, yes.

2 MR. CHICK: It's a lot. And it adds a
3 considerable amount of floor plan to it.

4 MS. BLAKE: Uh-huh.

5 MR. CHICK: Liveable square foot, living space.
6 So that's a misnomer. When they say a park model is an RV, it
7 is not. It's not a trailer. There's a home, a manufactured
8 home, and it should be treated as a manufactured home and come
9 under the manufactured home standards. That's from consumers'
10 point of view.

11 MS. BLAKE: Uh-huh.

12 MR. CHICK: Because there's thousands and
13 thousands of people who are using, are living in park models
14 with expanded facilities. They're beautiful. They're
15 absolutely gorgeous. You cannot tell the difference when you
16 go into a park model who has an Arizona room that it is a park
17 model. So I think --

18 CHAIRMAN BAIRD: But the park models, those
19 rooms are coded. I mean, they're -- there's regulations.

20 MR. CHICK: Oh, yeah. I'm not saying that
21 they're not --

22 CHAIRMAN BAIRD: There are permits, et cetera,
23 et cetera.

24 MR. CHICK: But the fact that they're all
25 grouped, they're grouped under the RV is where I take

1 exception. They're not a recreational vehicle, and they
2 shouldn't be thought of as a recreational vehicle.

3 CHAIRMAN BAIRD: Part of this problem is HUD,
4 because HUD is the one that said they only control structures
5 that are in excess of 400 square feet.

6 MR. DESANCTIS: Right, right.

7 MR. CHICK: Right.

8 MR. DESANCTIS: But even Fannie Mae and such
9 does that. I had, just an interesting side note, a gentleman,
10 snowbird, RV up in Michigan, RV here. He bought manufactured
11 in Tonto Basin, and we got him primary residence. I spent two
12 days on the phone with Fannie Mae trying to go through this,
13 and they said, well, then it's handled as a rental. We see
14 this as a rental. It is not real estate, and it won't show
15 up, of course, on credit with any kind of financing. You
16 can't get financing on this with Fannie, Freddie. I don't
17 know if FHA does some kind of financing like that, but it's
18 just some -- for wherever this flows from, I know HUD with the
19 square footage, but they're just not looked at as ever going
20 to be real estate, whether it's leasehold or -- they don't
21 even look at it as a residence.

22 CHAIRMAN BAIRD: There's some new parks in the
23 east valley that are selling them with land along with the
24 park model.

25 MS. BLAKE: Uh-huh.

1 CHAIRMAN BAIRD: Along with an add-on room. An
2 IRZ (phonetic) room that's added to the...

3 MR. DESANCTIS: Right.

4 CHAIRMAN BAIRD: So I don't know how they're
5 financing them. Typically, the park models aren't financed.
6 They're just --

7 MS. BLAKE: Cash.

8 MR. DESANCTIS: Cash.

9 MS. BLAKE: Cash, yeah.

10 CHAIRMAN BAIRD: They're -- it's generally just
11 a cash deal.

12 MR. DESANCTIS: Right.

13 CHAIRMAN BAIRD: So there's more than one parks
14 that are selling.

15 MR. DESANCTIS: Oh, they can, and I think,
16 like, again, Tonto Basin even allows the park model to be
17 permanently affixed to land out there, just in that area. I
18 don't know how. One -- some of the broker realtors out there
19 told me the story awhile back, which is really, really rare.

20 CHAIRMAN BAIRD: Yeah.

21 MS. BLAKE: So just bringing that to your
22 attention. The Board can't really take any action. I'm just
23 making you aware. So as we move further towards the
24 legislative year, I just wanted to make you aware of what I'm
25 aware of at this point, and what I hear is going to be moving

1 at the federal level. As I get more information, I'll make
2 you further aware of it.

3 Staff changes from the last board meeting: We
4 were entertaining applications. We did make a hire. His name
5 is Ron Booher. He is the Tucson installation inspector, took
6 the position as of May 9th. His training has been completed.
7 Of course, training is an ongoing thing, but he's good to the
8 point that he can go out and do inspections on his own. Seems
9 to be doing a very good job of it while he's yet building
10 confidence and getting to learn the different players.

11 Mike Mueller (phonetic), who was our Tucson
12 installation inspector, was promoted a couple of months ago to
13 our IGA liaison. Unfortunately, he hasn't been able to help
14 much with that, because he's been busy inspecting and training
15 Ron, but he's transitioning into it now. He's been working on
16 facilitating some contract renewals.

17 We have a new partner with Dewey-Humboldt.
18 Cottonwood had a shakeup of all or their leadership. So they
19 have all new building officials, and so he'll be working with
20 them. Ayde is going to work with their permitting up there to
21 help them get up to speed with it.

22 And then Greenlee County also went through some
23 major staff changes. So our training with those jurisdictions
24 will continue so that we can continue those partnerships.

25 Other changes: Last time I let you know about

1 Pamela Danner, who is the new HUD administrator. She has
2 really aggressively moved forward with a lot of issues. It's
3 a very welcome change for all of us who rely on HUD. The most
4 notable change, I think, is that now there is an official
5 administering organization for the Manufactured Housing
6 Consensus Committee, and we had our first telephone conference
7 last month since 2012. So it looks like things are going to
8 move forward quickly with that. We will be having a face-to-
9 face meeting in Washington, DC late this fall. So those are
10 all good signs.

11 Wanted to share with you that the Arizona IPIA,
12 which is our In-Plant Inspection Agency, are out in the
13 plants, the HUD manufacturing plants doing monitoring on a
14 regular basis. We are audited by HUD. We meaning the IPIA.
15 We had two inspections back-to-back recently. Both of those
16 audits found the IPIA to be performing without issue, and so
17 that's a great accomplishment. It doesn't happen very often
18 with any state that they get a good score like that. So we're
19 very proud of our IPIA inspectors. Wanted to share that with
20 you.

21 Department staff including Ayde and I presented
22 in June at the Manufactured Housing Communities Association
23 annual conference. We were asked to be guest speakers to talk
24 about the plan review process, permitting and the basics of
25 installation and mobile home parks.

1 Because we've been bringing to the board over
2 the last couple of years some cost analysis to help us as the
3 basis for determining fees, just as a note for you, we had
4 some time tracking software in place that was called Office
5 Time. We had been using it for better than a year, maybe two
6 years. What we learned with this system is although it
7 tracked time, the reporting mechanism that was part of the
8 software package was not really user friendly or not really
9 useful. And so recently we transitioned to a different time
10 tracking. It's called Replicon. It's already producing
11 reports that are going to help us more accurately measure all
12 the different activities within Manufactured Housing. The
13 office of the state fire marshal is using the same system, and
14 so we will be able to better evaluate how those different
15 activities relate to the cost so you all can set fees
16 appropriately to cover those costs.

17 Last but not least is just a recap of the
18 action items from the prior board meeting. Later in the
19 agenda, I will be presenting to you the process for the
20 recovery of bond claims. The fee schedule for fiscal '15 that
21 you approved last meeting took effect July 1st, and it posted
22 on our web site. The fees did not change from the prior
23 fiscal year, but nonetheless, those fees have been shared with
24 our IGA partners so they know the maximum they can charge as
25 an IGA partner, and it is posted.

1 You'll recall at the last meeting we had quite
2 a few public members. A couple of them addressed the board
3 and had some issues and some concerns about the frequency of
4 re-inspections and the cost of invoicing, and I did meet with
5 them within a few weeks of the meeting. I think we had a good
6 meeting. I think they were satisfied. They know my number,
7 so they can call me. Frankly, I haven't heard from them, but
8 I think it was good. We had the inspectors there with us, so
9 everybody's hearing the same thing at the same time, and so I
10 thought that went very well.

11 Also at the last meeting, Knute, who is in the
12 public today, had requested that the FBB industry members have
13 a meeting with the department, and we are still working on a
14 date where the industry members can all come together, and we
15 will schedule a meeting, hopefully sometime next month.

16 And that concludes the departmental updates.

17 CHAIRMAN BAIRD: Great. Thank you very much.

18 Any questions anybody has about the state of
19 the state of the department? No? Great.

20 Okay. Let's move on to the financial report.

21 MS. BLAKE: Thank you.

22 CHAIRMAN BAIRD: You had time to catch your
23 breath, Debra.

24 MS. BLAKE: Yes. Thank you, Mr. Chairman,
25 board members.

1 So beginning on page 8 in your booklet, you
2 will see the financial reports for March, April and May. Of
3 course, the one that you will all be most interested in, as
4 will I, will not be available until the next board meeting,
5 because that will include not only June, which is the end of
6 the fiscal year, but the State has the 13th month reporting as
7 well where basically expenditures get paid. And so it's, I
8 guess if you will, revised totals for the fiscal year, and we
9 will not have that until we have -- probably sometime
10 mid-August until they got everything closed out 13th month in
11 July. So that is the information there for those three
12 months, March, April and May.

13 MR. HANEY: Mr. Chairman?

14 CHAIRMAN BAIRD: Yes.

15 MR. HANEY: Is it possible when that does
16 become available in early August that we could have that sent
17 to us rather than waiting until the next board meeting?

18 MS. BLAKE: Sure.

19 CHAIRMAN BAIRD: That would be great. Thank
20 you. Good idea.

21 Turn to page 13, everybody. I want to just
22 point out something here regarding the state of our industry.
23 You'll notice at the top left the highlighted column where it
24 says 161. If you just look at the -- go up to January. You
25 can see that January with 142 units, right? And you've got to

1 go all the way back to 2008 to get a better number than that.
2 If you look at February, 127, you've got to go all the way
3 back to 2008. Just keep going, and you'll see that we have
4 done really well this year. So business is on a definite
5 uptick, adding these up. It's -- we're probably 35, 40
6 percent above last year. And we're still down where we were
7 if you go back to the 80s and 90s, but it's significant. And
8 that will certainly -- I bring that up because it will impact
9 the department. The revenues will be up, but expenses will,
10 also, so...

11 Anybody got any comments on the financials?
12 Questions? Yes. Joe? No.

13 MR. HART: No, I have none. Looking good.

14 CHAIRMAN BAIRD: The Chair will entertain a
15 motion to accept them as printed.

16 MR. GLEESON: Make a motion.

17 CHAIRMAN BAIRD: Mr. Gleeson. Second?

18 MR. DESANCTIS: Second.

19 CHAIRMAN BAIRD: All in favor, aye? Opposed?
20 Motion carried. Yeah.

21 All right. I think I lost my place here.

22 Next thing is our recovery fund, which used to
23 be a biggie for us, but maybe not so much now.

24 MS. BLAKE: Mr. Chairman and board members, if
25 you look in your packet under page 17, you will see the

1 Recovery Fund Summary of the credits, debits, current balance.
2 Looking in the debit section, there are no claims pending,
3 either that have been to hearing and are waiting payment or
4 that have been scheduled for hearing or not scheduled for
5 hearing. So those are good zeros to see.

6 MR. GLEESON: Really.

7 MS. BLAKE: The not so good news, but it's
8 moving in a good way, is the balance. As you know, this fund
9 used to have over a million dollars in it, and it is currently
10 at a balance of \$241,594. Other than that -- I'm sorry.

11 MR. GLEESON: That's primarily because they're
12 all going into an escrow account now, right? Because they're
13 going through an escrow account, is there still money -- are
14 they still paying money into the recovery fund?

15 CHAIRMAN BAIRD: They? Whoever sells a house.

16 MR. GLEESON: Whoever sells a house. I don't
17 think...

18 MS. BLAKE: If dealers are using the services
19 of an escrow company for the transaction, then they don't --
20 and it's a new home or a used home \$50,000 or more --

21 MR. GLEESON: Right. Okay.

22 MS. BLAKE: -- then they don't pay into the
23 recovery fund.

24 MR. GLEESON: Right. Okay.

25 MS. BLAKE: So that certainly impacts us.

1 The other news is I think a lot of different
2 processes and changes have been made that have reduced the
3 number of consumer complaints. Some of those things are that
4 the manufactures for the last few years have been required by
5 HUD to have quality systems, quality controls in place. We
6 have tracked and seen significant improvements in the number
7 of what are called floors, the number of floors that can be
8 consecutively produced without any flaws, without any defects,
9 and that's been across the board for all the manufacturers.
10 That has been an improvement.

11 I think that in 2009 when the federal
12 government came out with their federal installation standards,
13 that has helped significantly. So that I think the
14 construction is better, the installation is better, and so as
15 a result, we're not seeing as many complaints now.

16 Obviously a lot of this comes, and the recovery
17 fund certainly, the way a consumer gets to the recovery fund
18 is for the actions or non-actions of the dealer. You'll
19 remember a few years ago there were some dealers who were not
20 operating ethically. They were taking consumers' money, not
21 delivering homes, and that's where the huge balance in the
22 recovery fund went, to pay back those consumers to make them
23 whole again. And so there are internal processes where we're
24 on top of that better, being able to identify those potential
25 issues much sooner. So I think there's been a lot of things

1 that have really helped including the new escrow law.

2 CHAIRMAN BAIRD: So the fund is now funded via
3 interest money off of bonds --

4 MS. BLAKE: Uh-huh.

5 CHAIRMAN BAIRD: -- and homes sold.

6 MS. BLAKE: Homes sold that don't meet the
7 criteria for new or over \$50,000, pre-owned. Yeah.

8 CHAIRMAN BAIRD: So we're slowly creeping
9 toward a quarter of a million.

10 MS. BLAKE: Yeah.

11 CHAIRMAN BAIRD: And we haven't had any claims
12 in quite some time.

13 MS. BLAKE: Correct.

14 MR. CHICK: Debra.

15 CHAIRMAN BAIRD: Just let me say one more
16 thing. I think that -- just to add to what I've already said.
17 The walk through program that the State has initiated and
18 required is working dramatically. We'll find out in six to
19 eight weeks after someone moves in if there's a problem with
20 any of the licensees that would create a problem with this,
21 create a consumer complaint, and so those are handled very
22 expeditiously now. Everybody's got a vested interest to make
23 this work as an industry member or an industry licensee. It
24 affects us all.

25 So if it's a retailer problem, you've got the

1 manufacturers involved, you get the setup involved, or if it's
2 a setup issue, everybody's involved. If it's a manufacturer
3 issue, you know, we get calls. They say, hey, fix this. So
4 the peer pressure within the industry is a part of that as
5 well, so... Thank you.

6 Yes.

7 MR. CHICK: Quick question for Debra. Is any
8 part of this balance or this money part of a transfer from
9 that bond interest that we got, or is this just money that
10 primarily gets to --

11 MS. BLAKE: In the recovery fund?

12 MR. CHICK: Yeah.

13 MS. BLAKE: No.

14 MR. CHICK: So this money that -- this big slug
15 of money that we received from the -- was transferred over
16 from the cash bond fund for all prior years' interest, it --
17 that still remains there?

18 MS. BLAKE: Well, it's included in this
19 balance. The big transfer that was done a few years ago of
20 the cash bond interest was part of the money that was paid out
21 when we had to pay out a lot of claims.

22 MR. CHICK: Okay.

23 MS. BLAKE: Okay. When you look at page 17,
24 Art, and you see that we are effectively recording the cash
25 bond interest every month now.

1 MR. CHICK: Yeah.

2 MS. BLAKE: So that first column for the
3 credits, your balance brought forward, the prior month's cash
4 bond interest earned, making your new balance.

5 MR. CHICK: Good.

6 MS. BLAKE: Okay. But that big sum, what was
7 it, three or \$400,000.

8 MR. CHICK: Yeah. 315,000.

9 CHAIRMAN BAIRD: 323.

10 MS. BLAKE: That was -- it would have been
11 reflected in the recovery fund balance a few years ago, a
12 couple of years ago, but then we paid out a million dollars in
13 claims, it went away.

14 MR. CHICK: Okay. Yeah.

15 MS. BLAKE: Okay.

16 MR. CHICK: See, we're not used to seeing a
17 nice, healthy balance like this of recent.

18 MS. BLAKE: Right.

19 MR. CHICK: Now it's nice.

20 MS. BLAKE: Right. It's growing --

21 MR. CHICK: Yeah.

22 MS. BLAKE: -- slowly but steadily.

23 CHAIRMAN BAIRD: In '12 and '13 we had a
24 negative balance.

25 MS. BLAKE: Yes, we did.

1 CHAIRMAN BAIRD: We had consumers waiting to
2 get it built back up.

3 MS. BLAKE: Waiting to get paid.

4 CHAIRMAN BAIRD: If you go to page 12, you'll
5 see what he's talking about.

6 MS. BLAKE: Right.

7 CHAIRMAN BAIRD: It's a column on the bottom
8 right there. It's just listed. You see last year in fiscal
9 year '13 we collected \$4,600 almost for -- from the bond
10 interest; is that right?

11 MS. BLAKE: Yes.

12 CHAIRMAN BAIRD: And Art was specifically
13 referring to that 323,000, which we hadn't transferred in yet.
14 So we transferred it in, and then we paid the complaints out.
15 Fortunately, we had it there or we'd still be in the hole
16 there.

17 MS. BLAKE: Right. And if I may just for a
18 moment, so everybody's clear and for Mike's benefit, that
19 bottom section of educational grants always is confusing at
20 times for board members. So I'll just take a quick minute,
21 and what state law says is that 75 percent of the prior year's
22 recovery fund interest can be earmarked, I guess, for
23 educational grants. And for those of you who have been in the
24 industry for awhile, you know that different stakeholders, the
25 Arizona Housing Association, AAMHO -- I'm not sure of

1 Manufactured Housing Consensus Committee [sic] -- but have
2 requested grants for educational purposes. That's the point
3 of this fund.

4 And so that 75 percent balance that you see in
5 that column there isn't a separate pot of money. It's part of
6 the recovery fund, but that dollar portion could be used for
7 educational grants. And so you will see in that chart that --
8 in fiscal '07 and '08 -- or fiscal '08 and '09, there were
9 some grants given, 13,000, 5,000.

10 Fiscal '09 is when the abuse of the recovery
11 fund came forward by some dealers, and so it was board
12 discussion, board decision that we wouldn't make any more
13 grants, because the balance in the recovery fund, although it
14 shows there's money available for grants, there was no money
15 in the recovery fund. So you can't give money that's not
16 there. As it started to build a little bit and be in a
17 positive balance, the Board continued to have the opinion that
18 until the fund got healthier, it wouldn't be prudent to give
19 educational grants.

20 So that may be something that you want to
21 re-address at a future meeting. But that's just a brief
22 explanation of that educational money.

23 CHAIRMAN BAIRD: Who deems the -- I think we
24 deem that money is to be expended out of that fund at a 75
25 percent level to an educational request.

1 MS. BLAKE: Right. Any request for educational
2 support has to come in writing from -- it's usually our
3 stakeholders, and then it comes to the board for review and
4 vote for approval.

5 CHAIRMAN BAIRD: Okay.

6 MS. BLAKE: Okay. Let's go back to page 18 in
7 your booklet. This information is all of the complaints that
8 go to the point that they're verified by inspection that we
9 have had in fiscal '14. And it shows you the date it was
10 filed, the date it was verified, if the issues identified were
11 verified to the manufacturer. If so, you've asked to know who
12 that is. Dealer, same thing, or installer.

13 We've also added a column for you whether or
14 not it's possible that it could be a recovery refund payout,
15 and then a recovery refund note as to what happened.

16 So you can see on that first page, the
17 complaint we received in November 2013 was potentially a
18 \$61,000 claim against the recovery refund. Fortunately, the
19 dealer's license was valid. That dealer resolved all the
20 consumer complaints that were verified by the Department as
21 legitimate, and the complaint was closed. So there was no
22 recovery fund claim.

23 And then if you go on to the second page, you
24 will see the last complaint we've had was March of this year.
25 It was verified to the dealer, Best Buy Homes, and it is

1 pending. The dealer's license is valid, but we are awaiting
2 follow-up information on whether or not the corrections
3 required have been completed at this point. So...

4 CHAIRMAN BAIRD: So let's just explore this
5 just for a second. So if the dealer doesn't do this and the
6 consumer has already been to the recovery fund, already been
7 to the --

8 MS. BLAKE: It's not been to recovery fund yet.

9 MR. GLEESON: Hearing.

10 CHAIRMAN BAIRD: Hadn't been to the hearing
11 yet.

12 MS. BLAKE: No.

13 CHAIRMAN BAIRD: The dealer's bond is \$25,000.

14 MS. BLAKE: 25,000.

15 CHAIRMAN BAIRD: Okay. So which we would go
16 after if we -- if it did --

17 MS. BLAKE: Yes.

18 CHAIRMAN BAIRD: -- go through the process and
19 the money was actually paid to the consumer, we would go after
20 the bond.

21 MS. BLAKE: Yes.

22 CHAIRMAN BAIRD: Yeah.

23 MS. BLAKE: And we would immediately suspend
24 the dealer's license. He's out of business until he satisfies
25 the amount of the bond plus a 10 percent fee on top of that.

1 CHAIRMAN BAIRD: Right.

2 MS. BLAKE: And we're going to talk about that
3 bond collection process here in just a minute.

4 CHAIRMAN BAIRD: Thank you.

5 MS. BLAKE: Okay?

6 CHAIRMAN BAIRD: Question?

7 MR. DESANCTIS: What determines when we see
8 possible recovery fund, no, yes? Where you see the possible
9 recovery fund --

10 MS. BLAKE: Well, I'm on page 19, so if you
11 look at the first complaint received on March 1st --

12 MR. DESANCTIS: Uh-huh.

13 MS. BLAKE: -- you'll see that the complaint
14 was verified to the installer. The only way you get to the
15 recovery fund is by the failure to perform of the dealer.

16 MR. DESANCTIS: Oh, okay.

17 MS. BLAKE: So in that case --

18 MR. GLEESON: Or the installer.

19 MS. BLAKE: No.

20 MR. GLEESON: No?

21 MS. BLAKE: Only the dealer.

22 MR. GLEESON: Oh, okay.

23 MR. HANEY: Well, if the dealer contracted and
24 made --

25 MR. GLEESON: What if there was a repo?

1 MS. BLAKE: Yeah.

2 MR. HANEY: -- then they're going through the
3 dealer --

4 MS. BLAKE: Correct.

5 COURT REPORTER: Wait. Everybody's talking at
6 the same time, and I need time to designate the speaker.

7 MS. BLAKE: Okay. Only complaint items
8 verified to the dealer can get to the recovery fund, and then
9 Neal Haney was adding?

10 MR. HANEY: If the dealer writes a contract
11 that includes other things --

12 MS. BLAKE: Like the installation.

13 MR. HANEY: -- even though it didn't have to do
14 with the purchase of the home itself, but that was included in
15 the contract, then it's verified to the dealer and recovery
16 fund accessible.

17 MS. BLAKE: Correct.

18 MR. HANEY: If the buyer, consumer purchases a
19 home and contracts separately with an installer, then it's not
20 a recovery fund accessible.

21 MS. BLAKE: Correct.

22 MR. HANEY: Is that -- well, on the first of --
23 on page 18, the first one, I assume that that's what happened
24 there, but it -- in notes, it says that the complainant had
25 until July 7th to file an appeal. Do you know whether they

1 did or not or where we are on that one? Went to ALJ, and ALJ
2 apparently ruled in favor of the installer?

3 MS. BLAKE: The ALJ did rule in favor of the
4 installer, and to my knowledge, the complainant did not file
5 for appeal.

6 MR. HANEY: Okay.

7 CHAIRMAN BAIRD: If I'm correct, it wouldn't
8 have been able to hit the recovery fund in any event.

9 MS. BLAKE: Correct.

10 MR. HANEY: Right.

11 MS. BLAKE: Any other questions about that?

12 Okay. Beginning on page 20 is just more
13 detailed information as you have requested in the past as to
14 what the issues were that brought the complaint to us.

15 And then any questions about any of that, or
16 can we move to bond collection?

17 Okay. Beginning on page 23 of your booklet,
18 Donna Grant, who is our licensing, auditing, investigations
19 manager is now going to take responsibility for reacting to
20 these bond claims. We actually started this bond collection
21 process a few years ago. Many of you remember Beth Soliea
22 (phonetic), who was with the agency as the compliance manager,
23 and she had developed some processes for recovering these
24 bonds. Unfortunately, when she left, that process kind of
25 stopped for awhile. And so Donna Grant is taking

1 responsibility for it.

2 What she has developed is some process steps
3 that you'll see on page 24. It's a pretty simple process,
4 basically. We are going to have the complaint section notify
5 her when a complaint is received and classified as a possible
6 recovery fund claim. At that point, she will draft a letter
7 noticing the bond company of the potential claim.

8 If the complaint is closed without the claim,
9 then she'll send a letter to the bond company advising them
10 there will be no claim against the bond. If, in fact, it does
11 go to a claim and there is a final order from the Office of
12 Administrative Hearings, the Department will draft a letter to
13 the bond company then advising them of the claim and will
14 enclose of a copy of the final recovery fund order and the
15 administrative law judge decision and then move forward to the
16 follow-up procedures, which are identified there under step
17 number three.

18 After the bond company acknowledges the claim,
19 she will stay in communication with the bond company every 30
20 days to determine the status of the claim. So not a difficult
21 process, but one that certainly needs attention.

22 Beginning on page 25, 26 and 27 are sample
23 letters of those communications that she will make with the
24 bond companies.

25 There is only one recovery claim currently that

1 we are attempting collection on, and it was a case with a
2 dealer, U.S. Homes. The consumers' names were Mark and Marla
3 Payne. It was a 2013 case, and the total payout of the
4 recovery fund was \$15,320. Donna has contacted the bond
5 company. She has not heard back from them. In fact, so she
6 has e-mailed them, I believe, last week. So she's following
7 her process and keeping on it.

8 The actions that were taken against the
9 licensee is that they were suspended in 2012 as the result of
10 a different case; suspended in 2013 for yet another case, and
11 then they were revoked in 2013. And this pretty much all
12 occurred before the final order in this Mr. and Mrs. Payne
13 case. So the dealer's gone, and what we are left with is
14 trying to recover the 15,000 from the bond company.

15 CHAIRMAN BAIRD: Debra, significant in this
16 sample letter going out is the initial request. I'm told that
17 bond companies work off -- the first request gets the first
18 payout. They can't pick and choose what they do. It comes on
19 a sequential basis. So they -- if we would have -- could have
20 back in 2012, if we'd have had this system in place and sent
21 this sample letter out, we could have been in first place.
22 Right now \$25,000 doesn't go very far, and it could already be
23 gone by whoever could hit their fund.

24 MS. BLAKE: Correct.

25 CHAIRMAN BAIRD: You know, so this is an

1 excellent program you've come up with here. Get us in line
2 first quickly.

3 MS. BLAKE: Yes.

4 CHAIRMAN BAIRD: Whether or not it goes through
5 or not, we're still in line.

6 MS. BLAKE: Well, I think the other thing,
7 Mr. Chairman and board members, we were trying to correct is
8 we had a couple of claims over the past years where they filed
9 a claim, they went to the recovery fund. Unbeknownst to us,
10 they filed a claim with the bond company as well. They ended
11 up getting a double payment. So the bond company was not
12 aware what we were doing, and therefore -- and, you know, try
13 to get it back from the consumer once they get the money in
14 their hands. Not happening. So this early notification --

15 CHAIRMAN BAIRD: Of course.

16 MS. BLAKE: -- will address that as well.

17 CHAIRMAN BAIRD: Exactly. Well, good.

18 MS. BLAKE: So thank you.

19 CHAIRMAN BAIRD: Sounds great.

20 Any issues? Recovery fund? Other questions?
21 Anyone?

22 Okay. Let's move on. Next item is a standing
23 item. It's the review of our fee structure, which we just
24 implemented and took effect July 1st and will be our fees
25 through this fiscal year. There were basically no changes,

1 right, on the --

2 MS. BLAKE: Correct. No changes.

3 CHAIRMAN BAIRD: -- from the previous fiscal
4 year. So...

5 MS. BLAKE: Mr. Chairman, I will correct.
6 There weren't changes, but one thing that the board voted on
7 on its last meeting was to add the installation training fee.
8 The board had approved that back in 2008.

9 CHAIRMAN BAIRD: Right.

10 MS. BLAKE: But we had never, I guess, noticed
11 that it wasn't included on our fee schedule. So you'll see
12 that reflected on page 29 now, and certainly in future years.

13 CHAIRMAN BAIRD: It's a \$100 fee for
14 installers, for installation training. Well, we were charging
15 it. We just didn't have it on the sheet.

16 MS. BLAKE: We were charging it. It just
17 wasn't on the fee schedule. Correct.

18 CHAIRMAN BAIRD: Any discussion on the fees?
19 Okay. Let's move on. Oh, it's me.

20 MS. BLAKE: Yay.

21 CHAIRMAN BAIRD: I just wanted to talk about
22 attendance, our term expirations and the telephonic deal. I
23 think we've learned over the past few meetings that the
24 telephonic process doesn't work real well. People on the
25 other end are typing or they're doing other things or they're

1 distracted, and then they -- communication itself isn't right.
2 We have a responsibility here, and part of that is to be here,
3 but then telephonically it's not.

4 So I'd like to propose that we do away with the
5 telephonic portion of this, and if you can't be here, you
6 can't be here, because I think it almost takes away from the
7 process rather than adds anything to it significantly. So I'd
8 like to ask Paul to comment on that, because he's the one
9 that's used it the most.

10 MR. DESANCTIS: Yeah. As a matter of fact and,
11 you know, I'm on more than one board -- I was just asked to be
12 on the appraisal board, which I had to tell the office I just
13 couldn't do it -- and I think one of the reasons why I
14 initially stated that was from my familiarity with other
15 boards, and for whatever reason, just device wise, it doesn't
16 seem to work as well here.

17 CHAIRMAN BAIRD: Right.

18 MR. DESANCTIS: But the whole purpose of this
19 came about at the time when the former chairman, there was a
20 big issue and it was -- I know I took a lot, because I got the
21 schedule and -- but I was so used to getting e-mails, but I
22 think this happened to a lot of people, quorum wasn't met, and
23 a lot of people came a long way. So the whole issue of --
24 really was about meeting quorum to not have an issue at the
25 last minute why that's used.

1 CHAIRMAN BAIRD: I see.

2 MR. DESANCTIS: And as a matter of fact, that's
3 happened in some of the other boards where something could
4 happen with any party. One person can say I won't be there
5 ahead of time, and they'll scramble and say, can you get on
6 the phone so we can meet quorum and go forward with the
7 meeting. So it's definitely not something that it's very --
8 it's not functional from the other end.

9 CHAIRMAN BAIRD: It's not functional from this
10 end either.

11 MR. DESANCTIS: You cannot hear what anybody's
12 saying. You know, you get calls dropped and it's not
13 functional, but it's legally -- it's -- I mean, it's okay and
14 so we can meet quorum. I think that was the big thing.

15 CHAIRMAN BAIRD: I think since I've been
16 chairman, I don't know how long it's been, but it's been a
17 couple of years probably, we haven't had a quorum issue.

18 MS. BLAKE: Correct.

19 CHAIRMAN BAIRD: So if that was, indeed, the
20 reasoning we added it, I don't think that's an issue right
21 now. But anyway, if -- do we need to vote on this to see if
22 we want to keep it or not keep it?

23 MS. CALVIN: You might want to decide as a
24 general practice not to have telephonic appearances, but not
25 have a total bar in the event that you do have a quorum issue.

1 Then that would allow you to call someone who maybe is
2 otherwise not available and tap them in so the meeting could
3 take place.

4 CHAIRMAN BAIRD: That's an excellent -- would
5 someone like to make that motion?

6 MR. HART: Aye.

7 CHAIRMAN BAIRD: Joe makes that motion. Have a
8 second?

9 MR. DESANCTIS: I'll second that.

10 CHAIRMAN BAIRD: Second. Great. All in favor,
11 aye? Opposed? The motion carried.

12 Thank you so much. Thank you. Yeah. That
13 makes a lot of sense. Great.

14 Okay. The other thing, if you turn to page 30,
15 I went to school, so I just asked Debra to do this for us just
16 so we could see it, and the whole emphasis is not on, you
17 know, who's got a good attendance record or who's not, but
18 really, it goes to if we want to serve, then we want to
19 serve. That means we want to be here.

20 I mean, we have four meetings a year. Some
21 years we don't have. Some years we only have three. And
22 their meetings last an hour-and-a-half, two hours max. I
23 don't even think they last that long. If you bundle a half
24 hour travel or even an hour travel, you know, we're only
25 asking for eight or 12 hours a year.

1 So if you want to be part of the board, I --
2 it's my feelings that you ought to commit to being here. You
3 know, not everybody can be every time, but if you look at some
4 of these numbers and you take away the telephonic ones, I
5 mean, there's some, you know, not so happy numbers here, and
6 this is a three-year thing.

7 I know we all travel. I know we all have lots
8 of things going on. We all have responsibilities, but when
9 you're thinking about signing up again and doing that, and
10 Debra's going to get into that here in a second about our term
11 explorations -- expirations, excuse me, that you really need
12 to consider that, because typically you're representing
13 somebody. There's somebody that you're representing and they
14 need to have representation. They need to have it here.

15 So I would just urge you to look in that mirror
16 and say, okay, can I do this? Can I be here every time? Can
17 I commit to that? And I would say if you couldn't commit to
18 that, then maybe you should ask somebody else that's a party
19 to your recommendation to do so. That's a personal feeling.

20 Any other comments on that?

21 MR. HANEY: I agree.

22 MR. GLEESON: Agree.

23 MR. DESANCTIS: Agree. And that came up. The
24 Appraisal Board --

25 CHAIRMAN BAIRD: Yeah.

1 MR. DESANCTIS: -- it's one day a month, but it
2 is all day.

3 CHAIRMAN BAIRD: Oh my.

4 MR. DESANCTIS: And they allow telephonic. I
5 said, how is that possible? It's like eight hours.

6 MS. CALVIN: I represent the board. You speak
7 the truth. Board members typically don't appear
8 telephonically for those eight-hour meetings that we let, you
9 know, respondents come in telephonically, but some of the
10 committee meetings that are shorter, board members do patch
11 in.

12 CHAIRMAN BAIRD: That's amazing. Okay. Well,
13 that being said, it's just, you know, do what you got to do,
14 right, but the bottom line is we need you here, and who you're
15 representing needs you here. And it doesn't matter what
16 branch you're representing. Everybody needs you here. So
17 please keep that in mind when you make your decision whether
18 to do it or not.

19 And to that end, Debra, let's look at the next
20 page, which is --

21 MS. BLAKE: Page 32.

22 CHAIRMAN BAIRD: -- term.

23 MS. BLAKE: So Ayde created this nice little
24 list of the members. And by the way, she did the attendance
25 tracking, too. I want to give her credit. So if you're mad

1 about it, see Ayde, not me.

2 So on page 32, as you can see, all except for
3 our newest board member, Michael, expire January 2015. So
4 you're getting close to there. So if you would like to
5 continue on the board, you can make the commitment with your
6 schedules as Sam just talked about. I will go over just a
7 minute on how you re-apply.

8 The other thing I want you to note on this
9 chart that Ayde prepared for you is it's important that you
10 note the segment of the industry that you represent, because
11 if you decide that you cannot make the commitment going
12 forward, we need to look for a replacement in that particular
13 segment. Okay? So when you make your decisions, if you would
14 let Sam or I know if you are not going to move forward, that
15 will give us extra time to start seeking some replacements.

16 MR. DESANCTIS: I talked with Sam about this.
17 You know, in 2009 it was actually an issue being on the
18 Housing Finance Authority Board that there might have been a
19 conflict, and then it was checked and okayed. And Sam, when
20 you and I spoke -- and I think this is always good. How long
21 have I been on this board? Ten years?

22 MS. BLAKE: You know, I'd have to look at the
23 history. It's been awhile.

24 MR. DESANCTIS: And I just also have looked at
25 there should be change-ups sometimes.

1 CHAIRMAN BAIRD: Yeah.

2 MR. DESANCTIS: It's healthy. I mean, and I've
3 said to Ken and folks all along, if I'm needed I'll -- you
4 know --

5 CHAIRMAN BAIRD: I think most of us feel the
6 same way, Paul.

7 MR. DESANCTIS: I mean, two terms, three times.

8 CHAIRMAN BAIRD: Yeah.

9 MR. DESANCTIS: But when it goes on and on,
10 it's -- you know, feel like going out there and rattling some
11 other folks, because, you know, we don't make money doing this
12 and say, you're part of it, too. Get in there.

13 CHAIRMAN BAIRD: Well, most of you are probably
14 like me. You're doing this not for your own particular
15 interests, but I'm just trying to give back. I mean, you
16 know, I've been in this industry for -- well, since 1972.

17 MS. BLAKE: A year or two.

18 CHAIRMAN BAIRD: You know, I just -- I think
19 doing things like this with not my company in mind, but with
20 the consumer in mind and what we can do for them, it's a way
21 of giving back, and I think it's a responsibility that we all
22 like to have. It's part of the hierarchy of need thing,
23 right? Way back when. All right.

24 MS. BLAKE: Jean can probably speak to this
25 better than that. I've only been involved with a few boards.

1 Most boards, I think, have a limit on the number of
2 consecutive terms that you can serve. Would that be fair?

3 MS. CALVIN: That's correct.

4 MS. BLAKE: This is one of the few boards that
5 it's a three-year term, but there's no cap on the number of
6 consecutive terms you can serve. So...

7 MR. HANEY: I think there's two aspects to it.
8 I totally agree with you. I serve on several boards, and I
9 like to see turnover. On the other hand, there is some value
10 in having a history.

11 CHAIRMAN BAIRD: Absolutely.

12 MR. DESANCTIS: Well --

13 MR. HANEY: You know, I look at some of the
14 stuff that some of you have been on the board quite awhile.
15 Well, you know, I remember back in, you know, whatever year,
16 this is why we did that. This is why we had to go that
17 direction --

18 MR. DESANCTIS: Sure.

19 CHAIRMAN BAIRD: Sure.

20 MR. HANEY: -- and things like that. So there
21 needs to be turnover. Yes, I agree with that. Except we have
22 a tendency to get stale, stuck in our ways.

23 MR. DESANCTIS: Yeah.

24 MR. HANEY: My kids remind me of that. But
25 there also needs to be a sense of history.

1 MR. DESANCTIS: Very good point. And the
2 reason why for myself was because of how many years did this
3 escrow thing go on? And after speaking with folks --

4 MS. BLAKE: Right.

5 CHAIRMAN BAIRD: Yeah.

6 MR. DESANCTIS: -- it was decided, you know, we
7 go through ADOT, the permits and all that, but that context so
8 much to lending that it was you've been following this thing
9 for so long, and that's actually why I had said, okay, and I
10 wanted to. I was like, nope, he's going to...

11 CHAIRMAN BAIRD: Well, most parts are doing it
12 on a staggered basis, you know --

13 MR. HANEY: Yeah.

14 CHAIRMAN BAIRD: -- so you don't have -- you
15 have, like, a third or a fourth going on. If you've got a
16 four-year term, you know, you've always got them like that.
17 Just like our association, the first year you're vice
18 chairman, and you do that for two years. Then you're
19 chairman, and you do that for two years. Then you're past
20 chairman, and you do that for two years. So you've got a
21 six-year commitment, and you just -- and it rolls in and out
22 that way. So you've got context, which is what you're
23 referring to. You can really get it going. So that's
24 probably something we should think about.

25 MR. HANEY: How is it we all ended up with the

1 exact -- except for Michael, why -- did he just get
2 appointed?

3 MS. BLAKE: Yes.

4 MR. MINNAUGH: Yes.

5 MR. HANEY: For one year?

6 CHAIRMAN BAIRD: Two years.

7 MR. MINNAUGH: Three years.

8 MS. BLAKE: Three.

9 CHAIRMAN BAIRD: Three years.

10 MR. HANEY: Then why does it expire in --

11 MS. CALVIN: In '16.

12 MR. HANEY: -- in '16?

13 CHAIRMAN BAIRD: You only got two years, Neal.

14 MR. MINNAUGH: Right.

15 CHAIRMAN BAIRD: One year. It shows one year.

16 MS. BLAKE: I'll follow up with them on that.

17 CHAIRMAN BAIRD: Basically a year-and-a-half,
18 whatever it is.

19 MR. HANEY: But how is it we all got appointed
20 at the same --

21 MS. CALVIN: That's what surprised me.

22 MR. HANEY: I mean, usually we would have a
23 third of us --

24 CHAIRMAN BAIRD: I mean, all the same day.

25 MS. BLAKE: Yeah.

1 CHAIRMAN BAIRD: I remember being there and
2 speaking when a couple of you were there.

3 MR. DESANCTIS: Could it be that I think some
4 things are lagging there? I could have sworn the other board
5 I had to go give some information again, because I was
6 supposed to go through the whole confirmation again.

7 MR. HANEY: Right.

8 MS. BLAKE: Yeah.

9 MR. DESANCTIS: Again, and it's -- they're way
10 behind. I know that. That's what I heard from the Boards'
11 information.

12 MS. BLAKE: Yes, they are.

13 MR. DESANCTIS: So I was -- I'm wondering if
14 people aren't actually past their term and this is just when
15 it's coming up again.

16 MS. BLAKE: I'll follow up with Boards and
17 Commissions to verify these dates. I think I recall that if
18 you've not been Senate confirmed, it's a two-year term. But
19 once you're Senate confirmed, it's three. Jean?

20 MS. CALVIN: No.

21 MS. BLAKE: No?

22 MS. CALVIN: Typically if you have to be
23 confirmed by the Senate, you have one year to serve, and if
24 the legislature adjourns without confirming you, then your
25 term is up.

1 MS. BLAKE: Okay.

2 MS. CALVIN: You have the one year.

3 MS. BLAKE: Well, that is --

4 MS. CALVIN: But that doesn't change the length
5 of your term.

6 MS. BLAKE: Okay.

7 MS. CALVIN: Except you're off if they don't
8 confirm you.

9 MS. BLAKE: Well, that helps. Thank you.

10 So Michael, that's why you're down for one
11 year, because the date that this was established, you had not
12 had your Senate confirmation yet. Now, you did get it in
13 before the legislature closed.

14 MS. CALVIN: But did they confirm him?

15 MS. BLAKE: They did.

16 MR. MINNAUGH: They did.

17 MS. CALVIN: Okay.

18 MS. BLAKE: Yeah.

19 CHAIRMAN BAIRD: Okay. So they probably --

20 MS. BLAKE: But at the date that they gave us
21 the list, he hadn't had his confirmation yet.

22 CHAIRMAN BAIRD: Hadn't caught up to him yet.

23 MS. BLAKE: But I will follow up and verify
24 these to make sure, but at least at this point in time it
25 appears that everyone except our newest member is up for

1 termination or renewal at your discretion.

2 CHAIRMAN BAIRD: One good thing is our next
3 meeting is scheduled for January 15th. So no matter what you
4 decide to do, you're still legal on the 15th.

5 MS. BLAKE: Mr. Chairman, we have an October
6 meeting.

7 CHAIRMAN BAIRD: Oh.

8 MS. BLAKE: Sorry.

9 MR. HANEY: At your discretion.

10 MS. BLAKE: At your discretion. If you'd like
11 to cancel that now...

12 CHAIRMAN BAIRD: I don't think that might be
13 very appropriate. Well, now, we're all legal in October, too.
14 We're still legal.

15 MS. BLAKE: Okay. So to follow up on that
16 discussion then, on page -- pages 33, 34 and 35 is the web
17 site for Boards and Commissions. My understanding in speaking
18 with them is that the renewal process is the same as the
19 initial application process. And so you would go online, you
20 would fill this out. As indicated above, you need to give a
21 current resume, and you need to have letters of
22 recommendation.

23 So that's how that works. The web site is at
24 the bottom --

25 CHAIRMAN BAIRD: Yeah.

1 MS. BLAKE: -- of page 33. If you have any
2 questions, have any difficulty navigating it, please feel free
3 to call me and I'll do what I can do to help you.

4 CHAIRMAN BAIRD: Do you have any idea of lag
5 time?

6 MS. BLAKE: I don't. As Paul just said, and I
7 can confirm, Boards and Commission is months and months behind
8 on what they're doing. The vacancies have just been out there
9 for quite some time. So we were lucky to get ours filled and
10 get it done in time.

11 CHAIRMAN BAIRD: Yeah.

12 MS. BLAKE: So -- but so I'm not sure what the
13 current status is, but that was my last understanding as well.

14 CHAIRMAN BAIRD: It's even more important if
15 you're deciding that you don't want to serve again to let
16 Debra or myself know so that we can start a selection process,
17 because then they've got to do all this, get it submitted in
18 time for there to be appropriate continuity. Okay?

19 Yes, Terry.

20 MR. GLEESON: Do we go through Senate
21 confirmation again?

22 MS. BLAKE: I'm sorry?

23 MR. GLEESON: Go through another Senate
24 confirmation?

25 CHAIRMAN BAIRD: Yeah.

1 MS. BLAKE: Yes.

2 CHAIRMAN BAIRD: You have to do the whole
3 thing. Yeah. I've done it three times.

4 MR. GLEESON: Have you?

5 CHAIRMAN BAIRD: But not consecutively, you
6 know. I had sense enough to get out, but then I had not
7 enough sense to get back in.

8 MS. BLAKE: Was it the begging or the pleading
9 that got you back?

10 CHAIRMAN BAIRD: Yes.

11 MS. BLAKE: Okay.

12 CHAIRMAN BAIRD: Coercion, perhaps, another
13 factor.

14 All right. What's next on our agenda?
15 Unless -- if there's no other discussion on that. No?

16 Okay. Public comment? Call to the public.

17 MR. KNUTSON: No. Thank you.

18 CHAIRMAN BAIRD: Have no comment from the
19 public. Okay.

20 While we're in this section, we talked about
21 this, or several of us have talked about this, about the call
22 to the public, whether or not that should be moved up to the
23 beginning of our meetings so that there can be some discussion
24 that could perhaps be pertinent during the meeting or leave it
25 where it is. As we all know, there can't be a lot done when

1 some -- other than making an agenda item for the next meeting
2 three months from now, or we could direct the Department to
3 take action or to investigate or to have discussions with.
4 That's the only deal. And I don't know if it's a big deal or
5 not, but sometimes we're here for an hour-and-a-half.

6 MR. DESANCTIS: Yeah. It's courteous. We're
7 pretty boring.

8 CHAIRMAN BAIRD: I mean --

9 MS. BLAKE: Hey, speak for yourself.

10 CHAIRMAN BAIRD: We need -- you know, we need
11 to take classes or something. I agree.

12 MS. CALVIN: Mr. Chairman, even if you have it
13 last on the agenda, that doesn't prohibit you if someone is in
14 the audience and wants to speak to take that item first --

15 CHAIRMAN BAIRD: Okay.

16 MS. CALVIN: -- just because it appears last.

17 CHAIRMAN BAIRD: Okay.

18 MS. CALVIN: So you can...

19 CHAIRMAN BAIRD: Well, how would we know that?
20 I've been here, all -- every one I've ever been to, we just --
21 everybody just sits there, and then when they -- they wait
22 until it's their turn.

23 MS. CALVIN: Typically, they have forms that
24 you require them to fill out so that you would know that ahead
25 of time.

1 CHAIRMAN BAIRD: There you go. Then we would
2 know.

3 MS. CALVIN: Right.

4 CHAIRMAN BAIRD: Yeah. That's a great idea.
5 You should come more often.

6 MS. CALVIN: You know, I'm available. Whatever
7 you need.

8 CHAIRMAN BAIRD: That's wonderful.

9 MS. BLAKE: Be careful what you volunteer for,
10 Jean.

11 MR. PALMA: She's too expensive.

12 CHAIRMAN BAIRD: Is she pricey?

13 MS. CALVIN: Then I'd get out of those --

14 CHAIRMAN BAIRD: I think it's a wonderful
15 idea. Then that would solve it, and we would leave it where
16 it's at as long as we can know that, and we can bring it up
17 and discuss it. Yes.

18 MR. GLEESON: We could ask the public if
19 there's any issues they have before we -- well, I mean, I
20 guess it is call to the public, though, isn't it?

21 CHAIRMAN BAIRD: That's the call to the
22 public. Same thing.

23 MR. GLEESON: Yeah.

24 CHAIRMAN BAIRD: So --

25 MS. BLAKE: Well, it's been my experience, and

1 Jean can confirm or deny it, is that just because it's
2 agendized in a certain order, you can identify it on the
3 record that you're going to talk about Agenda Item 4 --

4 CHAIRMAN BAIRD: Yeah.

5 MS. BLAKE: -- now. You don't have to follow
6 the agenda in the order it's listed; is that correct?

7 MS. CALVIN: That's correct, unless you have an
8 item that is set for a particular time. Like if you were to
9 do a hearing at two o'clock, you can't take it before two
10 o'clock.

11 MS. BLAKE: Okay.

12 CHAIRMAN BAIRD: Right. But other matters that
13 aren't set for a time --

14 MS. CALVIN: Whenever you want, yes.

15 CHAIRMAN BAIRD: -- we can do that whenever we
16 want. That's our discretion, the Board's discretion.

17 MS. CALVIN: Yeah.

18 MS. BLAKE: So Mr. Chairman and board members,
19 are you asking the Department to create a call to public form,
20 and do you want to implement that process?

21 CHAIRMAN BAIRD: Yes.

22 MS. BLAKE: Thank you.

23 CHAIRMAN BAIRD: You're welcome. Thank you for
24 bringing it up.

25 Okay. Nothing call to public. So

1 announcements of future meeting dates. Yes.

2 MR. HANEY: Mr. Chairman, can I ask a
3 question? As long as we've got our watchdog here.

4 CHAIRMAN BAIRD: Watchdog.

5 MR. HANEY: When we're having a discussion, are
6 we allowed to solicit information from the public who is here
7 at the same time? Oftentimes during our discussion we may
8 have somebody who has some experience or expertise in a
9 particular field. I know we as a board are going to make the
10 decision, but if we know that somebody's sitting over here,
11 can we ask their opinion, or can they during our discussion
12 ask to --

13 CHAIRMAN BAIRD: Be heard.

14 MR. HANEY: -- be heard concerning that topic?

15 MS. CALVIN: That would be -- whether they
16 could be heard on that topic would be up to the Chair, and you
17 could ask for input. If -- and it's hard to say on what issue
18 you should seek input. If you have a hearing, I wouldn't want
19 you to have input, get in --

20 MS. BLAKE: We don't do hearings.

21 MS. CALVIN: You don't do hearings?

22 MS. BLAKE: No.

23 MS. CALVIN: Okay. So generally on most topics
24 you could get input from someone in the public that you -- one
25 or more of you believes to have expertise in that area.

1 MR. HANEY: Okay.

2 CHAIRMAN BAIRD: But we did that, Neal, when we
3 were talking -- I remember when we were talking about the
4 escrow laws.

5 MS. BLAKE: Yes.

6 CHAIRMAN BAIRD: There was a lot of not
7 controversy, discussion --

8 MS. BLAKE: Opinions.

9 CHAIRMAN BAIRD: -- opinions, and uncertainty
10 involved. And so we did hear from an association chairman --
11 the president was here --

12 MS. BLAKE: Scot Butler.

13 CHAIRMAN BAIRD: -- sought his opinion, and
14 there was a couple of other people that we've asked, and we've
15 done that from time to time. We were told at that time it was
16 okay to do that.

17 MS. BLAKE: Correct.

18 CHAIRMAN BAIRD: So I think it's okay. You
19 know, we try to make it as informal possible, but we want to
20 make informed decisions.

21 MR. HANEY: Right.

22 CHAIRMAN BAIRD: So that would be where we're
23 going with this.

24 MR. HANEY: Move to adjourn.

25 CHAIRMAN BAIRD: What?

1 MR. HANEY: I move to adjourn.

2 CHAIRMAN BAIRD: We can't yet. We're not quite
3 done.

4 MR. HANEY: I thought we were done. I thought
5 you were done.

6 CHAIRMAN BAIRD: Our next meeting is October
7 15th. We are all not terminated at that time, so we can all
8 attend. And at that time, we'll set the meetings for next
9 year on the calendar.

10 When is the third Wednesday in January? Does
11 anybody know what -- the date that is?

12 MR. GLEESON: The 21st.

13 CHAIRMAN BAIRD: Oh, we're all going to be
14 terminated.

15 MR. GLEESON: Yeah.

16 Okay. That's the deal.

17 MR. GLEESON: So do we need to move the meeting
18 up?

19 MS. BLAKE: We can.

20 MS. CALVIN: I would like to look first to see.
21 I just find that extremely hard to believe that you guys all
22 expire on the same day.

23 CHAIRMAN BAIRD: I agree. I agree.

24 MS. CALVIN: I would let her confirm that.

25 CHAIRMAN BAIRD: And we can.

1 MS. BLAKE: Yeah. You can schedule the
2 meetings whenever you want to.

3 CHAIRMAN BAIRD: I know.

4 MS. BLAKE: You've decided in the past to make
5 it, on the quarterly cycle, the third Wednesday of the month.
6 But that's --

7 CHAIRMAN BAIRD: The reason we did that --

8 MS. BLAKE: You can make it whenever you want
9 to.

10 CHAIRMAN BAIRD: Yeah. Well, the reason we did
11 that was to make sure that everybody was here.

12 MS. BLAKE: The calendar.

13 CHAIRMAN BAIRD: And we just branched out for a
14 year or for two years, and you would know, and you could plan
15 around it so you could make sure that you're here.

16 The -- as soon as you find out what that is,
17 what our term dates are, if you could let us all know.

18 MS. BLAKE: I will.

19 CHAIRMAN BAIRD: Great. Thank you.

20 MR. HANEY: There were a whole bunch of us were
21 confirmed on our confirmation hearing on this same date.

22 CHAIRMAN BAIRD: It could be. Yeah.

23 MR. DESANCTIS: Uh-huh. I was there.

24 CHAIRMAN BAIRD: I was there.

25 MR. HANEY: There was a whole bunch of us.

1 CHAIRMAN BAIRD: Okay. So maybe it's right.

2 All right.

3 MS. BLAKE: I'll verify.

4 CHAIRMAN BAIRD: Anything else anyone else
5 would like to talk about?

6 Chair would entertain a motion to adjourn.

7 MR. HANEY: So moved.

8 MR. GLEESON: (Indicating.)

9 CHAIRMAN BAIRD: All in favor. Aye. Thank
10 you.

11 (Proceeding concluded at 2:10 p.m.)

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1 STATE OF ARIZONA)
2) SS.
3 COUNTY OF MARICOPA)

4 BE IT KNOWN that the foregoing proceedings were reported
5 by me, TERESA A. VANMETER, RMR, Certified Reporter,
6 Certificate No. 50876, State of Arizona, and were reduced to
7 written form under my direction; that the foregoing 58 pages
8 constitute a true and accurate transcript of said proceedings,
9 all done to the best of my skill and ability.

10 I FURTHER CERTIFY that I am in no way related to any of
11 the parties hereto, nor am I in any way interested in the
12 outcome hereof.

13 DATED at Phoenix, Arizona, this 1st day of August 2014.

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TERESA A. VANMETER, RMR
Certified Reporter
Certificate No. 50876