

ARIZONA DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY
BOARD OF MANUFACTURED HOUSING

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Phoenix, Arizona
July 17, 2013
1:00 p.m.

REPORTED BY:
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Certified Reporter
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1 REPORTER'S TRANSCRIPT OF PROCEEDINGS was
2 taken on July 17, 2013, commencing at 1:00 p.m. at the
3 ARIZONA DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY, 1110
4 West Washington, Room 3100B, Phoenix, Arizona, before
5 Jennifer Pancratz, a Certified Reporter in the State of
6 Arizona.

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8 **BOARD MEMBERS:**

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- 10 Mr. Sam Baird, Chairman
- 11 Mr. Paul DeSanctis, Member
- 12 Mr. Terry Gleeson, Member
- Mr. Neal Haney, Member
- Mr. Joe Hart, Member
- Mr. Everette Hoyle, Member

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14

15 **ALSO PRESENT:**

16

Department of Fire, Building and Life
Safety Staff:

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- Mr. Gene Palma, Director
- Ms. Debra Blake, Deputy Director
- Ms. Mary Williams, Assistant Attorney
General
- Ms. Ayde Marquez, Board Secretary
- Mr. Jim Lang, Installation Manager

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Public/Industry Members:

- Mr. Tom Frederick, Arizona Modular
- Mr. Jerry Bryant, US Modular Group
- Mr. Ken Anderson, President, Arizona
Housing Association

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P R O C E E D I N G S

CHAIRMAN BAIRD: I'd like to call the meeting of the Arizona Board of Manufactured Housing --

MS. MARQUEZ: Wait a second.

CHAIRMAN BAIRD: I call the meeting to order of the Arizona Board of Manufactured Housing. Meeting of Wednesday, July 7th, at 1:00 p.m.

Roll call, please.

MR. HANEY: What date?

MS. MARQUEZ: Sam Baird?

CHAIRMAN BAIRD: July 17th.

Here.

MS. MARQUEZ: Arthur Chick. Not here.

Paul DeSanctis?

MR. DESANCTIS: Live.

MS. MARQUEZ: John Dingeman? He's not able to attend.

Terry Gleeson?

MR. GLEESON: Here.

MS. MARQUEZ: Neal Haney?

MR. HANEY: Here.

MS. MARQUEZ: Joe Hart?

MR. HART: Here.

MS. MARQUEZ: Everette Hoyle?

1 MR. HOYLE: Here.

2 MS. MARQUEZ: Zeek Ojeh, absent.

3 Gene Palma?

4 MR. PALMA: Here.

5 MS. MARQUEZ: Debra Blake?

6 MS. BLAKE: Here.

7 MS. MARQUEZ: Mary Williams?

8 MS. WILLIAMS: Here.

9 CHAIRMAN BAIRD: Thank you.

10 MS. MARQUEZ: You're welcome.

11 CHAIRMAN BAIRD: First item is to review the
12 transcripts and the minutes of our last meeting, which was
13 May 1st.

14 Anybody have any questions or issues with
15 those? None? If not, the chairman will entertain a
16 motion to accept.

17 MR. GLEESON: I motion to accept.

18 MR. DESANCTIS: Second.

19 CHAIRMAN BAIRD: Thank you. All in favor,
20 say "aye."

21 (Chorus of "ayes.")

22 CHAIRMAN BAIRD: Opposed?

23 Motion carried.

24 All right. Now for the highlight of the
25 meeting, departmental information.

1 Ms. Blake?

2 MS. BLAKE: Mr. Chairman and board members,
3 we have a few agendized items, but first I would like to
4 just provide for you the verbal departmental update, as we
5 typically do.

6 Under the topic of Legislative Updates, as
7 many of you know, the 51st Legislative Session ended in
8 June, so that is all done now. The budget was signed by
9 the Governor. The department was approved for a general
10 fund appropriation increase from the prior fiscal year, as
11 was requested.

12 Just an FYI, and I don't have any detail at
13 this point. There may be some relevant bills for the 52nd
14 Legislative Session, but they're yet to be determined,
15 that -- that impact OMH.

16 Staff changes. Jim Lang, who is -- was a
17 Phoenix installation inspection [sic] prior, many years as
18 a Tucson installation inspector, was recently promoted to
19 the position of installation manager effective July 8th.
20 I've asked him to join us today, and if you would like him
21 to give you a brief update of his background, he's
22 prepared to do so.

23 CHAIRMAN BAIRD: I think that would be very
24 appropriate.

25 MR. LANG: Thank you.

1 Again, I'm Jim Lang. Just to let you know
2 where I came from, I started many years ago in a factory,
3 in a modular building factory back East. I went from
4 there to a CDL driver, pulling houses and modulars. Went
5 from there to remodeling mobile homes for a sales --
6 Desert Sands Mobile Home Sales. Went from there to owning
7 my own business as a setup company, and inspected, and
8 have a pretty good background. And I hope to be an asset
9 to the department.

10 CHAIRMAN BAIRD: Great.

11 MR. LANG: If you guys have any questions or
12 anything, feel free to call me at any time.

13 CHAIRMAN BAIRD: Thank you.

14 MR. LANG: Thank you.

15 MS. BLAKE: Thank you, Jim.

16 We're very excited about Jim in the position
17 because he's got the unique experience of being on both
18 sides of the installation fence, if you will. And I know
19 he'll do a great job.

20 The new job posting went up to replace Jim's
21 vacated position as a Phoenix installation inspector. To
22 date, we've received five applications. As in other
23 postings we've done, there's been some activity by people
24 applying that not only have no relevant industry
25 experience, but no construction, nothing that would really

1 make them a good candidate. We've had librarians. We've
2 had master prepared engineers. But Jim is going to be,
3 obviously, leading that interview process.

4 While we're waiting on that process to end,
5 Jim is supporting inspections in the field. Georgina
6 Marin, who's our department IGA liaison with the local
7 jurisdictions, she also is supporting the installation
8 inspections because we want to ensure that we maintain the
9 service levels and not keep customers waiting to move into
10 their homes.

11 Other changes, we did terminate the IGA
12 contract with the City of Casa Grande. Sent them a letter
13 the beginning of July. The effective date is July 31st.
14 Without going into a lot of detail, just ongoing issues
15 that they were in violation of state law, brought to their
16 attention, wasn't -- was resolved temporarily but not in
17 the long term. And so, obviously, we take our
18 responsibilities very serious, and if the IGA doesn't, we
19 can't continue that relationship.

20 The OMH staff is going to assume the
21 responsibility for permitting and inspection until further
22 notice. We have reached out to Pinal County, who has an
23 IGA with us currently, to see if they would have any
24 interest in picking up that city as well. But we've not
25 heard anything back except that they've received our

1 request and will consider it.

2 The new expedited plan review that the board
3 voted on and approved at its last meeting, the notice has
4 been posted on our website. E-mails with that same
5 information have been generated to our licensees, to our
6 IGA partners. Earlier this week, we also uploaded to the
7 website a "Frequently Asked Questions" document that
8 consisted of both questions that we've received and ones
9 that we're anticipating.

10 As of July 10th, we've received a total of
11 five expedited plans. All of those plans happen to be
12 either supplementals to an existing approved plan or were
13 foundation or installation-only plans. We have committed
14 to retain that type of plan review internally, and we've
15 done so. Our intent is only to send out building
16 construction plans to a third party plan review partner.

17 Just -- and we'll get into this a little bit
18 further down in the agenda, but with regard to those
19 specific expedited plans, three of the five have been
20 reviewed based on the date they were received. One was
21 expedited approved within six business days. Our
22 commitment is seven. Two of the other three were -- had
23 deviations, and those corrections were sent to the
24 engineers, and we're waiting on that.

25 There was also a notice issued and is posted

1 on our website that modified the requirement for the
2 installation certificates for commercial FBBs. And
3 basically, the notice addressed a couple of topics, and
4 that is, we have extended an exemption for basically
5 leased-type buildings, which would be your special events;
6 which would be your temporary, usually they're six months
7 or less; or construction trailers, which may be a leased
8 building or may be not. Because that's really not the
9 intent of the new program. It's for fixed, permanent
10 buildings.

11 Another verification was included in that
12 notice, which basically says if there is a general
13 contractor on a project, and that general contractor for
14 the commercial buildings has licenses that cover all types
15 of the installation work performed, the general contractor
16 is the only one required to affix the installation
17 certificate. However, if the general contractor doesn't
18 have licenses that cover certain scopes, like electrical,
19 he cannot just put his certificate on. The properly
20 licensed person also has to affix their certificate.

21 Just a quick recap of the action items from
22 the prior board meeting, and we'll speak in -- more in
23 depth to them as we go through the agenda.

24 We are going to review the per-linear-foot
25 per-story fee, we're going to review information provided

1 by board member Joe Hart on the City of Phoenix program
2 for self-certification of engineers, and we're going to
3 review the update to the educational grant section
4 provided to you monthly on the financial reports.

5 And last but not least, on the training
6 topic, the annual installation training sessions are
7 continuing both here in Phoenix, Tucson, some outlying
8 locations. Georgina Marin, our IGA liaison; Lon Clifton,
9 our Phoenix inspector; and Jim are participating in those
10 sessions as well to support Georgina in the presentation
11 of materials and to respond to questions.

12 We have seen a rise in the attendance.
13 Obviously, we've been encouraging anyone who wants to
14 attend to come, but I think that probably the increase is
15 because the ROC contractors are now required to attend as
16 a prerequisite for purchasing the installation
17 certificates.

18 And that completes my verbal update.

19 CHAIRMAN BAIRD: Good update.

20 Any questions on the updates before we get
21 into the meat of it?

22 Okay.

23 MS. BLAKE: Okay. Thank you, Mr. Chairman.

24 So under that agenda item, letter a., the
25 department, for the board's consideration, wants for you

1 to discuss, please, the installation training requirement
2 and whether or not that should be extended to require
3 dealer and salesperson licensees to attend.

4 And just a brief background history on it,
5 we have had some consumer complaints where consumers have
6 been delayed in getting into their home, sometimes harmed
7 because of the poor workmanship, that related specifically
8 back to a sales contract by a dealer, transacted by the
9 salesperson, where there was no understanding at all of
10 the department requirements and the process of when you
11 have to get a permit. If the home is set in a flood zone,
12 what the requirements are. Some of that resulted in
13 disciplinary action being taken against licenses.

14 And so it raises the question, is there a
15 need for that class of licensee, dealers and salespersons,
16 to be better educated about the department requirements,
17 the state law on those topics; and, if so, is requiring
18 renewal of their license appropriate for them to attend
19 the installation training?

20 CHAIRMAN BAIRD: Or perhaps other training
21 as well. If you have a real estate license, you have to
22 get ongoing education requirements. We make changes to
23 our laws in here, and do they get -- we are not sure if
24 they get communicated properly to our licensees.

25 So the thought occurred that perhaps we

1 should talk about whether or not we should try to help
2 protect the people, the consumers that we're charged with
3 protecting, by some vehicle along these lines, whether it
4 be by -- like the real estate folks do it or whether it be
5 by some kind of an annual meeting that's required or
6 something along those lines.

7 So we just wanted to open it up and get it
8 on the table and talk about it. We don't even know if
9 it's legal that we can do this without having the
10 legislature approve it or not. So, but we wanted to
11 agendize it so we could get it on there so we could have
12 some research done. I mean, it may take us three years to
13 get this through the legislature, if it even gets through
14 there. Or we may not have to. It could just be a board
15 issue, so we don't know.

16 And then while we're researching, we thought
17 we could get industry input to see whether or not everyone
18 thought it was a good idea. I've personally been involved
19 with a couple of retail salespeople who have no idea about
20 some of these. I'm sure some folks are even more
21 involved --

22 MR. GLEESON: We have a lot of people like
23 that.

24 CHAIRMAN BAIRD: -- with this on an ongoing
25 basis. I mean, and it's just -- it's not that they're not

1 smart enough to know it. They just don't know it. I
2 mean, they took their test how long ago, and they passed
3 it, or they didn't even take a test.

4 MS. BLAKE: Right.

5 CHAIRMAN BAIRD: You know, so we're trying
6 to professionalize ourselves and be better. So is this a
7 good thing or not? So that's why we put it on the table,
8 so I'd like to hear other comments.

9 MR. GLEESON: I think it's a good thing. It
10 would educate the manufacturers and the salespeople.
11 Because, you know, a lot of times you tell the
12 salesperson, and they'll say, well, when did they start
13 requiring that?

14 CHAIRMAN BAIRD: Exactly.

15 MR. GLEESON: January 1st, 2009.

16 CHAIRMAN BAIRD: Right.

17 MR. GLEESON: Or it could have been
18 something that just came up recently, you know.

19 MR. HANEY: Or 1998, we started requiring
20 it.

21 MR. GLEESON: Yeah. Been since I've been
22 here in 1980.

23 CHAIRMAN BAIRD: Yes, Mr. Anderson?

24 MR. ANDERSON: Mr. Chairman and members of
25 the board, Ken Anderson, Arizona Housing.

1 Just wanted to correct one thing, Sam.
2 There is currently no test for salesperson's license. But
3 I think there should be, but there is none.

4 CHAIRMAN BAIRD: There is for retailers.

5 MS. BLAKE: Yes.

6 CHAIRMAN BAIRD: Dealers, and we have some
7 issues with that as well.

8 MR. ANDERSON: Dealer's license, not
9 salesman's license?

10 CHAIRMAN BAIRD: Right.

11 MR. ANDERSON: Okay.

12 CHAIRMAN BAIRD: We have issues with some
13 retailers who don't understand or are outdated themselves
14 as well. True, yeah. And there's currently nothing, I
15 mean, required now for, you know, a salesman. And if you
16 know the process that a sale goes through, the salesman is
17 more involved in doing more of the issues and making more
18 of the commitments than probably anyone else.

19 So, yeah, it's just an awareness and
20 knowledge. So as we go into the future, is this a good
21 thing or not for us to be looking at.

22 So, Everette, any comments?

23 MR. HOYLE: I agree. I think it should be
24 investigated.

25 CHAIRMAN BAIRD: Yeah.

1 MR. HOYLE: The QP for the dealer license,
2 all salesperson, installers, manufacturer's QP, they
3 should all be -- they should all be required for
4 reoccurring credit.

5 MR. GLEESON: Continuing education.

6 CHAIRMAN BAIRD: Yeah, reoccurring credit to
7 be updated as to any changes that have been made, plus to
8 remind us all of what the rules are. We thought it was a
9 good idea to do that.

10 MR. HANEY: I've got a couple of questions
11 along those lines.

12 Certainly we require the dealer or the
13 qualifying party to take a test initially, which for some
14 of us was --

15 CHAIRMAN BAIRD: A long time ago.

16 MR. HANEY: -- a long time ago. Currently
17 installers, the Q -- the qualifying party has to take
18 continuing education; is that right?

19 MR. GLEESON: Correct.

20 MR. HANEY: Do all your employees?

21 MR. GLEESON: No.

22 MR. HANEY: So it's only the qualifying
23 party, the responsible person?

24 MR. GLEESON: Right.

25 MR. HANEY: So would that not carry over

1 into the dealers? Because technically you don't have a
2 contract until the dealer signs off on it. It's the
3 dealer's responsibility to make sure that everything in
4 that contract is correct. So I'm wondering if, you know,
5 if we're going to go down that road, if we would require
6 it of the responsible party and not necessarily employees.

7 CHAIRMAN BAIRD: Well, my thought was that
8 we would do it to licensees, those that have to have a
9 license. Setup people don't have to have a license.

10 MR. GLEESON: No. They work under my
11 license.

12 CHAIRMAN BAIRD: But they work under
13 somebody else's license.

14 MR. GLEESON: Right.

15 CHAIRMAN BAIRD: You would be charged
16 with --

17 MR. GLEESON: Right.

18 CHAIRMAN BAIRD: -- disseminating that
19 information. That's kind of -- yeah, I thought the same
20 thing. Who -- where do you stop? Where do you start?
21 What level do you go down? So I know if you have a
22 license, then you should have some responsibility, you
23 know, if you've got a license.

24 What else?

25 MR. GLEESON: Well --

1 MR. HANEY: Right now, we renew our license
2 every year. Going forward with the real estate license,
3 we don't renew it every year. We only have to get the
4 continuing education at the time of renewal, which at this
5 point is every two years. And that might be something, if
6 we're going to do something like that, then we need to
7 look at that possibility.

8 I mean, there's a lot of classes out there
9 that responsible people are going to take. I don't know
10 that there's anything really available being taught except
11 for perhaps in various associations on the way to go about
12 things, but there's no formal classes being taught. Just
13 like from --

14 CHAIRMAN BAIRD: That would be another
15 involved issue.

16 MR. HANEY: Right. From the Langley
17 [phonetic] community standpoint, there's things that
18 aren't required that I take advantage of simply because
19 oftentimes I want to be informed. Sometimes I wish I
20 wasn't. But, for instance, gas pipeline safety, you know.
21 The ACC offers a course on that every year. I usually go
22 about every other year, sit through that thing again. But
23 it's a good thing.

24 And so I'm not sure that, if we're going to
25 go down that road, I would like to see us extend licenses

1 to more than just annual renewals and tie it to the
2 renewal. More like the real estate does, every two years
3 or three years or whatever we want to do.

4 CHAIRMAN BAIRD: Okay. Any other comments?

5 You know, how we do it is an issue.

6 Getting -- find out whether we can or not, what we have to
7 do to get it going, and then look into it, you know. I
8 think that's -- it's going to be an ongoing process here.

9 Why don't -- why don't we ask Debra to look
10 into it a little bit. We'll ask Mary to look into it.
11 And then you can bring your findings back to our next
12 board meeting, and we'll have another discussion about it.
13 If we all think about it, maybe go back, talk to some
14 folks ourselves, and see what other industries are doing
15 and see what we can do to come up with that. Great.

16 MS. BLAKE: Okay.

17 CHAIRMAN BAIRD: Next, let's see, update is
18 the expedited plan review.

19 MS. BLAKE: Yes. If I may, with your
20 permission, Chairman, move to letter c. under that --

21 CHAIRMAN BAIRD: Sure.

22 MS. BLAKE: -- first. And so if you would
23 look under your tab labeled Departmental Information, and
24 I'm going to take you to page 19 of that section.

25 I just wanted to share some information.

1 We're in the process of, you know, as we implemented this
2 new expedited plan review and really looking at the plan
3 review processes, looking for opportunities for
4 improvement, for streamlining, and things like that.

5 And so one of our staff members is doing
6 some research in the plan review, and I asked them to pull
7 some statistics together so we can begin to get a feel for
8 where are we really at, what are some of the issues that
9 we need to address, and are our assumptions based on any
10 fact. And so before we review the information that Joe
11 provided, I wanted to share this information with you.

12 And basically, just summarizing it, is that
13 what we know now is, and I indicated at the last board
14 meeting, there's a lot of plans submitted to us that are
15 full of errors, omissions, deviations to codes, so on and
16 so forth. So how big is that? And that's what I wanted
17 to bring to you to really help us all understand, you
18 know, where we're at with this.

19 And so this first chart on page 19 tells you
20 that of all the new FBB plan submittals we receive in,
21 79 percent of them require -- require corrections before
22 they can be approved. That's huge.

23 CHAIRMAN BAIRD: So this is a snapshot, a
24 four-month snapshot?

25 MS. BLAKE: Snapshot. This is a snapshot,

1 yes. Of --

2 CHAIRMAN BAIRD: January through April of
3 this year?

4 MS. BLAKE: Uh-huh. Yeah. And I would say
5 that's fairly representative of what we thought. The
6 numbers are a bit bigger. So what we get in is new plan
7 submittals in that first chart, and then we also get
8 supplements to them.

9 And so for all the FBB, and that's the
10 commercial buildings, 79 percent of them have to go back
11 out for corrections. That's got to get fixed.

12 Combination, what that would be is your
13 building construction and your foundation or your
14 installation. 85 percent of those go back out.
15 Installation only, 80 percent of them have errors on them,
16 omissions. Accessories, 50 percent of them.

17 And flood. Flood are much better,
18 20 percent, and you might ask why. The reason why is
19 because before it comes to us, it has to go through the
20 floodplain administrator and get their seal of approval,
21 so it's really already been through its error review
22 before it comes to us. So that's pretty huge.

23 Just another piece of information below in
24 that chart, total number of plans received for FBBs, 29;
25 total number of line item corrections on those 29 plans,

1 155; average corrections per plan, 5.3. And that's just
2 the basic math of that.

3 If you flip to the next page, on page 20,
4 that gets broken down a little bit more. If you look at
5 the top, it's breaking it down by the categories. Are
6 they procedural errors; omissions; expired engineer seals;
7 inconsistent information from page to page; incorrect
8 references, likely to codes; illegible -- incorrect
9 references to tables, I'm sorry -- document not legible;
10 or code compliance issues.

11 And there if you look across, those same
12 categories, FBB, the big hitter, is -- there's stuff
13 missing. Installation, again, that's the big hitter for
14 everything. Line electrical is missing. Engineer seals
15 are missing. You name it. We can get it even further,
16 but that's just the broad categories.

17 So that's kind of a snapshot of all of that.
18 You can read through it more. But if you look at page 21,
19 you're going to see that same information just presented
20 to you in graph format. And it's pretty significant.

21 So, how do we fix it? One of the --

22 CHAIRMAN BAIRD: Well, let me ask a
23 question. This four-month snapshot, do you think it's a
24 pretty good example of the way it is and has been in the
25 last three, four years?

1 MS. BLAKE: My guess is it's very
2 representative. I don't know. I would go back three or
3 four years. I will tell you that since we've been
4 fortunate enough to hire Patty, who's our plan reviewer,
5 who has experience in plan review, in design with modular
6 construction, she was a blessing to us because she brought
7 so much knowledge with her.

8 And so is she finding more things because
9 she had more experience and knowledge about it? That
10 could be part of it. Joe's shaking his head yes.

11 So I think we're doing a more thorough
12 review. And I think that's probably a lot of it. Did we
13 always send out corrections on a big percentage of plans?
14 Absolutely. So I think the quality's better. I'm not
15 sure how it affects the quantity.

16 So that's a problem. One of the things, as
17 you recall, that you voted on with expedited plan review,
18 is that the third party we contracted with required, and I
19 agreed with it, and we're going to implement it here even
20 further, when you submit a plan, there's also a checklist
21 that goes with it. Everette's smiling because he knows
22 this as well.

23 On the checklist, it -- all of the
24 components that usually are there. And there's boxes that
25 you check: Yes, yes, yes. It's kind of a quality control

1 check for the engineer.

2 So we took it a step further and said, okay,
3 they have to fill it out. But we want to make sure that
4 the secretary is not filling it out and the engineer is
5 taking responsibility for it. So we require he seal every
6 page of that checklist. So we know, there again,
7 accountability.

8 So we've received some of those, and as I
9 gave you in my update, we sent out 67 percent for
10 corrections, and they had the seals on them for the
11 engineers. But I think it's a learning curve. I think
12 now that they're starting to get this back, it's like, oh.
13 So we're hoping that helps.

14 Patty has created those same kind of
15 checklists for accessory, foundation plans. They're
16 available. We have not yet moved to requiring them with
17 the submission, but we're going to move there quickly.
18 But we're hoping that it's a reminder sheet. It's a
19 requirement. Helps bring the attention to the engineer
20 that he needs to be more careful.

21 CHAIRMAN BAIRD: Do we do classes?

22 MS. BLAKE: On plan review?

23 CHAIRMAN BAIRD: Yeah, like --

24 MS. BLAKE: No.

25 CHAIRMAN BAIRD: -- this is how you do a

1 plan review. This is what we require. You know, you
2 could have a general class and invite all the licensees to
3 be there, if they wanted to, to say, okay, we just want to
4 try to help everybody here. Trying to get through the
5 process. We're trying to get it done. If we can do it
6 the first time, great. This is what we require. Here's
7 our checklist. Let's go through this and make sure
8 everybody understands it.

9 I don't know if that's a good idea or not,
10 but...

11 MS. BLAKE: Well, we can look into that with
12 your suggestion. I guess my -- off the top of my head, in
13 looking at the stats, I don't know how you further educate
14 them: Don't leave things off. We've given them the
15 checklist, and if we know 54 percent is omission and they
16 have the checklist as a reminder, I'm not sure how you
17 take it beyond that.

18 But we can certainly look at it. You know,
19 we have limited resources, but if the board believes it
20 would be helpful, we could certainly look into that.

21 CHAIRMAN BAIRD: There's something --
22 there's a dynamic that happens between owners and managers
23 and then the folks that are submitting, are responsible
24 for doing this.

25 MS. BLAKE: Right.

1 CHAIRMAN BAIRD: You know, whenever
2 something gets sent back and doesn't get through, the
3 owners, managers, whoever's responsible may or may not get
4 the real reason why it's being sent back. And it may just
5 be because you guys are all screwed up.

6 MS. BLAKE: Right.

7 CHAIRMAN BAIRD: Rather than, oh, yeah, I
8 forgot to put this on there, and I forgot to do this and I
9 forgot that. You know what I'm saying?

10 MS. BLAKE: Right.

11 CHAIRMAN BAIRD: Sometimes if the Joes of
12 the world would know that, know the real reason, say, wait
13 a minute, you're the one that did that wrong, we got to
14 stop that. We can't do that anymore.

15 MS. BLAKE: Right.

16 CHAIRMAN BAIRD: That's what's happening.
17 So that's why I was thinking of the classes, so everybody
18 would be on the same page.

19 MS. BLAKE: Well, I think what you're
20 touching on is key, Sam, because I won't name names, but I
21 can tell you I had an experience with a modular
22 manufacturer who was concerned because all of his projects
23 were delayed and the mean department was writing him up
24 all the time on electrical code violations. "What's the
25 matter with you guys?"

1 And I thought, okay, let's just take the
2 time and research it. So went through all of -- some
3 historical information of all of the inspections that we
4 did, and I'm like, you know, the electrician you're hiring
5 consistently has code violations on electrical. Sent him
6 the examples.

7 And I'm like, so your conversation probably
8 would be best with your electrician, whether it's your
9 employee or whether you're hiring that out, because that's
10 the problem. The problem is not the inspectors always
11 writing up violations and delaying it. It's, you know,
12 you have a responsibility that the people are doing it.

13 So I think you're right. I don't think the
14 Joes and the other folks of the world necessarily have the
15 detailed information they have. Part of compiling all of
16 this data was to help the modular side of the business and
17 the manufactured side that submits plans to us understand
18 what we're dealing with here.

19 Once we get a database created or a tracking
20 system through Excel, we're going to know who those
21 engineers are. And so we would have a history of the
22 violations that would be available. I mean, obviously
23 we're not going to publish it in a public way, but if
24 you're constantly getting delayed on your projects and you
25 want to know how many errors, what kind of problems are

1 there and we can pinpoint it for you, then we can make
2 whatever decision that needs to be made to correct it on
3 your end.

4 CHAIRMAN BAIRD: I would think that, you
5 know, we have 60 percent here being turned down. If we
6 could cut that to 30 percent, I mean, your seven-day thing
7 could go to five days just automatically. Because it's a
8 waste of time.

9 MS. BLAKE: Well, and our three and a
10 half --

11 CHAIRMAN BAIRD: Wasted effort. Which is
12 what everybody's after; right?

13 MS. BLAKE: Yeah. Right. Our three and a
14 half average plan review time could be down to two weeks
15 or one week --

16 CHAIRMAN BAIRD: Yeah.

17 MS. BLAKE: -- which is where it used to be
18 before we had the big influx of structural packages with
19 the new codes and things like that. So there's definitely
20 a lot of things impacting it that we're aware of, we want
21 to work on, and that's why we're taking the time to do
22 this in-depth research to see how we improve upon it.

23 So, unless there are questions about that, I
24 wanted to share that with you and go out of order.

25 Yes?

1 MR. GLEESON: I have one question. If you
2 pay the expedited permit fee and you have a revision sent
3 back, do you pay another expedited permit fee to push it
4 through, or does it just fall back into the normal two to
5 three weeks?

6 MS. BLAKE: No, you don't pay an additional
7 fee anytime there's corrections, at this point in time.
8 But that's something interesting to explore. But you
9 lose -- but the clock starts over. The seven days is
10 gone.

11 MR. GLEESON: But would it be still under
12 the expedited permit, or does it fall under the normal
13 permit?

14 MS. BLAKE: No. It will get expedited
15 review when it comes back in. But you're not necessarily
16 guaranteed -- I mean, you've lost the seven.

17 MR. GLEESON: Right.

18 MS. BLAKE: Can you still get it in 14?
19 Unless there's more corrections and they go out two, three
20 times.

21 MR. GLEESON: That's my question.

22 MS. BLAKE: Yes.

23 MR. GLEESON: Okay.

24 CHAIRMAN BAIRD: Okay, good. I think we all
25 have a much better understanding of this.

1 MS. BLAKE: Okay. Well, then I'll point you
2 back to the correct order of the agenda, and that would be
3 IV.b. And if you look under that same tab, Departmental
4 Information, you'll see some communications between Joe
5 and I, because he did some research and wanted to share
6 information about -- I think it's the City of Phoenix who
7 is -- has this self-certification program.

8 CHAIRMAN BAIRD: Page 17 has got a cover
9 letter. Doesn't say what it is.

10 MS. BLAKE: Yes. And -- I'm sorry?

11 CHAIRMAN BAIRD: Page 17 just says that. I
12 don't know.

13 MS. BLAKE: Well, I think if you look at
14 page 15, this was the most recent information.

15 CHAIRMAN BAIRD: Okay.

16 MS. BLAKE: Looks like City of Surprise is
17 jumping on that bandwagon as well.

18 CHAIRMAN BAIRD: Gotcha.

19 MS. BLAKE: And Joe was also able to provide
20 some handout information beginning on page 16 --

21 CHAIRMAN BAIRD: Yeah.

22 MS. BLAKE: -- that kind of explains the
23 program. So if I may turn it over to Joe to talk about.

24 MR. HART: Mr. Chairman.

25 We did an accelerated plan review on a

1 warehouse, City of Phoenix. Got the permit in one day.
2 Right over the counter, boom. Did not give us a free
3 ride, if you will.

4 Before I did anything, I had to call the
5 inspector of each trade out and meet with them personally
6 on that site, and they reviewed the drawings. It was
7 almost like they did the review in the field. If they
8 wanted you to change anything, you changed it. Period,
9 end of story. It was not a "go for it."

10 It may seem like it's a "go for it," but the
11 biggest thing that they require -- and I do believe if you
12 research it, you're going to see that they all require --
13 if you want to get in the fast lane, you have to insure
14 the City of Phoenix with \$2 million of errors and omission
15 insurance. You need to step up to the plate. And if they
16 find anything wrong now, five days from now, ten days from
17 now, you're going to fix it. That puts the liability on
18 the contractor. Or the engineer. All the architects and
19 engineers that sign up for that program with the City of
20 Phoenix have to insure the City of Phoenix with errors and
21 omission insurance.

22 If you looked at that graph, you'll see that
23 there was engineers with expired licenses signing off
24 drawings. I can't guarantee you a hundred percent, but if
25 you make the engineers step up to the plate and purchase

1 errors and omission insurance, your casualty rate's going
2 to go down.

3 Whether or not it should be a requirement,
4 that's up to a lot of people other than me. From the
5 board's point of view, kind of a -- it's every -- every
6 situation, there's a two-edged sword. Debra has to make
7 sure that she's protecting the public. You're definitely
8 protecting the public if you make sure the engineers on
9 that project have errors and omission insurance. And
10 you're also protecting the State.

11 As an industry, as a business owner, if you
12 want to -- to me, it's worth it. If you want to run, you
13 should be willing to pay that insurance. So you step up
14 to the plate if there's an error and fix it. And you're
15 really putting it on the line if you have that insurance.
16 It's not a "Get Out of Jail Free" card. It's not like --
17 they will audit -- in this case, you may want to audit
18 every one at your leisure.

19 In most cases, it sounds like the turnaround
20 time will not exceed the time that it takes to finish the
21 project anyway. Or even build it. Giving them permission
22 to move forward with the project does not -- should not
23 relieve them of any liability.

24 CHAIRMAN BAIRD: Okay. Help me out here.
25 What we have right now is a program, and you're proposing

1 that we recommend changing it if someone has an errors and
2 omission insurance policy?

3 MR. HART: The whole idea, when Mike Morton
4 was here last week, he -- or last quarter, he mentioned
5 what we sell is time. Which is really true. The faster
6 we can move things forward, the better off our industry
7 is. If you want to step into the accelerated -- the fast
8 lane, you're asking pretty much every department to step
9 out of their way and to help you out. Even the end user.
10 The end user wants it now. That's really the only reason
11 for the acceleration.

12 If your customer could wait 120 days, there
13 would be no need for it. There is a need, however, from
14 time to time that you need that accelerated process.

15 So the question comes up, how do you make
16 sure that the State is protecting itself? How is the
17 State protecting the end user? And one sure way is to
18 make the engineers step up to the plate. Possibly the
19 manufacturer, possibly the installer. I don't know how
20 far you want to go with the errors and omission insurance.

21 I know that the City of Phoenix, everybody
22 that seals those drawings has to have his on file and does
23 have errors and omission insurance. You cannot submit
24 drawings unless you do.

25 CHAIRMAN BAIRD: Okay.

1 MR. HART: It would be a way for possibly
2 them keeping that accelerated fee. They charge more by
3 the hour, in-house.

4 The other side of the coin is, you mentioned
5 to us that we're supposed to balance this budget. Come
6 down from some lady named Jan. We're close. I don't know
7 that anybody wants to pay the accelerated fee for a third
8 party. Is it like \$250 an hour?

9 MS. BLAKE: Yes.

10 MR. HART: Would any independent -- somebody
11 that reviews the drawings in our industry, without the
12 expertise [sic] of working in our industry -- just like
13 we're trying to hire an inspector. And we're not going to
14 hire a librarian, I don't think. We want somebody from
15 our industry. We keep this in-house -- in this case, the
16 State -- and allow them the flexibility to give a factory
17 the green light to build, knowing that they still have
18 time to review the drawings. And they will pay extra for
19 it.

20 CHAIRMAN BAIRD: Okay. So we would use --
21 instead of using a third party for an expedited, we would
22 just use engineers, architects, manufacturers that had
23 errors and omissions insurance.

24 MR. HART: No, the review would still come
25 through here, the State. State still does the review.

1 To make it a little easier, if you had to
2 put errors and omissions insurance on your seal, odds of
3 you signing something and knowing that your seal is
4 expired are pretty slim.

5 CHAIRMAN BAIRD: Okay.

6 MS. BLAKE: Mr. Chairman and board members,
7 just something to add to -- as you consider Joe's
8 presentation, is that, just remember that if you wanted to
9 go down the path he's talking about and the errors and
10 omissions insurance was required, we have no statutory
11 authority to require that because we're not the regulatory
12 agency over engineers or architects. So whatever you
13 decide, whatever path you want us to go down, just know
14 we're talking about statutory change.

15 MR. HART: Then it gets rough.

16 CHAIRMAN BAIRD: Which means three- to
17 five-year process.

18 MS. BLAKE: Well, I don't know what the time
19 frame on it is. But, you know, we're regulatory over
20 those who we license, and we don't license them.

21 CHAIRMAN BAIRD: Okay. Well, what's this --
22 has the State got any opinions on what Joe's submitted and
23 just overall feelings?

24 MS. BLAKE: Well, I don't think Gene or I,
25 either one have reviewed it in depth. I understand what

1 the self-certification is. I don't know enough about it
2 to really assess it, but I will spend some time in looking
3 into it more.

4 My biggest concern right now is -- and I
5 heard everything Joe said -- errors, omissions, things get
6 fixed in the field. But based on what we see coming in,
7 and some of that's pretty critical, again, I don't know
8 how to balance that at this point in time against my
9 belief and assumption that it is going to get fixed.
10 Obviously, we're going to catch it on our inspections,
11 hopefully, if we look at it as thoroughly as we intend to
12 do.

13 But I -- I guess I don't really understand
14 enough. If the errors and omissions are stopping the job
15 in the field, does that expedite the process? Because the
16 errors and omissions are stopping the plan review, or
17 delaying it, so you're stopping it somewhere. I just
18 don't understand enough about it.

19 My only concern would be, based on what we
20 see coming in today, the plans are a mess, frankly. We
21 need to fix that. And so I don't know if we're able to
22 bring those percentages down, like you said. We're going
23 to try our best to do that. Once it gets to a certain
24 threshold and it's 30 percent, maybe we look at another
25 alternative.

1 And maybe this is a good alternative, but we
2 do have the hurdle of, again, I -- Gene and I, as, you
3 know, department -- representing the department, we can't
4 make the engineers do anything. So we're going to have to
5 fix that legislatively.

6 CHAIRMAN BAIRD: Any other comments, guys?
7 Anything?

8 MR. DESANCTIS: It's interesting.

9 CHAIRMAN BAIRD: You guys over here? We got
10 a couple of other modular guys. Any comments?

11 No? Okay.

12 MR. HOYLE: Actually, Mr. Chairman, Joe, the
13 question is, so you're designing this in-house, and I'm
14 assuming under the Surprise or Phoenix system. You're
15 designing this in-house. The guy who's designing it
16 essentially is doing the certification, I would imagine.
17 He's under the certification requirement.

18 MR. HART: I'm not designing anything. This
19 has been --

20 MR. HOYLE: No, no.

21 MR. HART: -- City of Phoenix is doing it.
22 City of Surprise is doing it.

23 MR. HOYLE: No, but I'm saying that your --

24 MS. BLAKE: The design plan.

25 MR. HOYLE: Your certified representative.

1 MR. HART: Yes.

2 MR. HOYLE: Whoever we're talking about,
3 that engineer or that architect, he's designing it and
4 stamping it, and then you're still submitting it, right,
5 for a review?

6 MR. HART: Yes.

7 MR. HOYLE: Okay. So, because I read
8 somewhere where it said applies to a get your plan -- get
9 your permits in five days, is what I read on the Surprise
10 brochure.

11 So I'm just not clear on how the
12 operation -- so the day he submits it, the contractor can
13 start working?

14 MR. HART: I walked out of the City of
15 Phoenix with a permit in one day. Right over the counter.

16 MR. HOYLE: So they're not allowing you to
17 construct without a permit. You're still getting a
18 permit; you're just getting it faster.

19 MR. HART: I'm getting it faster.

20 MR. DESANCTIS: Then you have to go back and
21 fix anything --

22 MR. HANEY: Basically, the City's saying,
23 we'll take your word for it.

24 MR. DESANCTIS: Right. It's like
25 representations and warranties kind of a thing.

1 MR. HART: Wouldn't you think, if there's an
2 engineer that had errors and omissions insurance, he'd be
3 a little more thorough?

4 (Multiple people speaking at the same time.)

5 CHAIRMAN BAIRD: I think they all have to
6 have it. I think architects have to have it as well.

7 MR. HOYLE: Yeah. Now, the \$2 million limit
8 may not be the requirement, but I think as part of their
9 seal, they have to have some sort of E&O insurance.

10 MR. HART: They don't.

11 MR. HOYLE: They don't have to have it?

12 MR. HART: It's not a requirement.

13 MS. BLAKE: We can check with their
14 regulatory agency, which is in this building, Board of
15 Technical Registration, and see --

16 CHAIRMAN BAIRD: Sure.

17 MS. BLAKE: -- what is required and bring
18 that back to you either via e-mail as follow-up to this or
19 at the next meeting when we further the discussion.

20 CHAIRMAN BAIRD: Yeah.

21 MR. HOYLE: So back to that, so if the City
22 catches something, all -- back to that E&O, all that it's
23 saying is that the engineer will correct the drawing, and
24 the field work will then be corrected. Or the architect
25 or whoever is on the certification program.

1 MR. HART: Yes.

2 MR. HOYLE: Yes.

3 MR. DESANCTIS: So the liability then falls
4 on the designer, though, how much -- so they are the ones
5 who have to sort of influence the contract work and the
6 contractor; correct? So would they be sort of taking that
7 position over the State's position?

8 MR. HART: Didn't have that situation come
9 up.

10 MR. DESANCTIS: Right.

11 MR. HART: Where I had to call -- I called
12 the electrical inspector, plumbing inspector, the
13 structural, all the way down. Had to meet them all
14 personally on the site before we could go.

15 MR. HANEY: But the plans, you take the
16 plans in with this architect or engineer's stamp on them,
17 and the City does not review that part of it. They issue
18 the permit based on his say-so and --

19 MR. HART: Right. They still review them.

20 MR. HANEY: And then -- and then when they
21 do the inspection, if somebody finds something not to
22 code, then it fails inspection. But the review part of it
23 is eliminated at the City level.

24 MR. DESANCTIS: Gotcha. Because E&O won't
25 cover something that is not in the domain of the designer.

1 So if somebody doesn't follow a design, you can't -- the
2 insurance company wouldn't pay the claims.

3 CHAIRMAN BAIRD: I think the City still
4 reviews it. They just do it as you're building. And then
5 they get it done; right?

6 MR. HART: Yes.

7 CHAIRMAN BAIRD: So I don't know what you're
8 really picking up in the fact that you can start building
9 a lot quicker.

10 MR. HART: You can.

11 CHAIRMAN BAIRD: You've still got to jump
12 through the same hoops. You're just going to get your
13 permit -- rather than wait three months or two months or
14 five days, you're going to get it in a day.

15 MS. BLAKE: Mr. Chairman and board members,
16 our current process -- and, again, processes can be
17 changed -- we don't issue the permits until plan review is
18 completed. And so if we're still going to be tasked with
19 plan review, whether -- if somebody self-certifies or not,
20 unless we change our process until it's through plan
21 review, we don't issue permits.

22 CHAIRMAN BAIRD: Changing the process would
23 take a regulatory change.

24 MS. BLAKE: No. That's an internal process.
25 The only thing the statutes say about our process is it

1 has to be issued or denied within seven days.

2 CHAIRMAN BAIRD: Right.

3 MS. BLAKE: We simply don't accept them
4 prior to plan review, or if it's submitted, we deny it
5 pending plan review. So it would just take an internal
6 process change about that, but it would take a change.

7 CHAIRMAN BAIRD: Okay.

8 MR. HART: That's only on accelerated.

9 CHAIRMAN BAIRD: Okay. So, what do we need
10 to do? Help me out here, somebody. Joe -- I mean, does
11 somebody have a motion, or do we want to have the
12 department look at it a little further?

13 MR. DESANCTIS: It sounds smart --

14 CHAIRMAN BAIRD: I just --

15 MR. DESANCTIS: -- to be able to get the
16 permit. I understand Debra's concerns about the data
17 that's coming in saying --

18 MR. HART: And I think in the case of --
19 that Mike brought up, Mike Morton, is it would allow him
20 to start manufacturing the building. There's no permit
21 involved with him starting the manufacturing process. It
22 is just getting the State approval on the drawing. You're
23 given -- you would be given, accelerated, the approval to
24 go ahead and start production.

25 That doesn't mean that you're going to

1 approve those drawings as they are. You're just giving
2 them the green light. And one of the reasons you're
3 giving them the green light is because all of his
4 engineers that have sealed that have errors and omissions
5 insurance. Believe me, you will find that it's not a
6 requirement.

7 MS. BLAKE: Mr. Chairman and board, for this
8 particular board meeting, you may only discuss this. It's
9 agendaized under Departmental Information, where no board
10 action is required or permitted.

11 So if you want me to check into what Board
12 of Technical Registration -- we can agendaize it
13 differently on the next board meeting. We can define for
14 you what our processes today are, and we can further
15 explore it where you could take some action at a future
16 meeting.

17 CHAIRMAN BAIRD: Joe, would you be happy
18 with that?

19 MR. HART: It was a hot topic last quarter.
20 There's information -- there's cities that are doing it.
21 Surprise is now going to do it. Just thought I'd share
22 the information that it is being done.

23 CHAIRMAN BAIRD: That's probably
24 appropriate. It does sound like a good idea --

25 MR. DESANCTIS: Absolutely.

1 CHAIRMAN BAIRD: -- it's business. It's the
2 whole deal. So let's do that.

3 MS. BLAKE: Okay. Agendize on the next
4 board meeting?

5 CHAIRMAN BAIRD: Yeah. That will give us --

6 MS. BLAKE: For possible board action.
7 Okay.

8 Okay. I think we are ready to move on to
9 the financial reports. That's, as indicated in your
10 booklet, beginning on page 22.

11 I'll have you flip to 24. This was an
12 action item from our last board meeting. This is for your
13 review and feedback. Last board meeting we talked about
14 the information provided on the monthly reports for the
15 educational grants. And the issue was, it wasn't clear as
16 to what amount was actually available for a grant.

17 What you see on page 24 at the top is how
18 that format currently looks. And what you see below that
19 is that we added a column that -- to the far right that
20 says "Amount Available for Grant."

21 So what you have is the first columns are
22 the same, balance from prior, 75 percent of that balance
23 on the interest is for Recovery Fund. And then if there
24 was money in the Recovery Fund, the amount that would be
25 available for grants, how many checks were issued, and

1 then the next column, which is where it ended before, was
2 really, what was the Recovery Fund balance. What is it
3 currently. Or what was it at the end of every fiscal
4 year. Okay?

5 If you look on this one, we added Fiscal '7
6 just for a point of reference for you to show that the
7 Recovery Fund balance in Fiscal '7 was just under a
8 million dollars. That's before the Recovery Fund got hit
9 so hard with inappropriate actions by a couple of dealers.

10 But to the right of that, the new column
11 says "Amount Available for Grant." And that tells you, of
12 that almost million dollars in 2007 -- Fiscal '7, 2,550
13 was available for grants.

14 As you go down further, we'll look down to
15 Fiscal '13. The Recovery Fund balance is 153,000.
16 Technically, all of it is available for grant money,
17 should the board decide to do so. Because if you look
18 over two columns, the rolling total for the fund balance
19 available for grants is 270,000. Well, you can't issue
20 that much because there's not that much available. And
21 the board has previously decided that while the Recovery
22 Fund is so low, there would be no grants, to ensure
23 there's money there for consumers.

24 But is this new format helpful, or do you
25 have other suggestions on how to present the information

1 differently?

2 CHAIRMAN BAIRD: Okay. Help me. We got
3 \$153,200.95 in the Recovery Fund right now? Are we ending
4 up Fiscal Year '13 with that much money?

5 MS. BLAKE: Yes, 153,200 is the Recovery
6 Fund balance at the end of Fiscal '13.

7 CHAIRMAN BAIRD: Cool. It's not as much as
8 939, but it's -- it's getting back up there.

9 MS. BLAKE: Well, it's going in the right
10 direction.

11 CHAIRMAN BAIRD: And then we can grant
12 whatever amount of money those -- we want to education?

13 MS. BLAKE: Yes, for the next column.
14 "Amount Available for Grant," yes.

15 Does that help, or was there something else
16 that you needed or wanted to see?

17 MR. HOYLE: That does help.

18 CHAIRMAN BAIRD: No, it does help. I mean,
19 it tells us how much money we have rather than that
20 confusion with the money that was there but not really
21 there.

22 MS. BLAKE: Okay.

23 CHAIRMAN BAIRD: I think so.

24 MR. HANEY: What does -- how does that 153
25 compare to the 143 on page 54?

1 CHAIRMAN BAIRD: We probably paid some out,
2 didn't we? On the other Recovery Fund unit? This was as
3 of 4/1/13.

4 MR. HANEY: 4/1. So more money has come in?

5 CHAIRMAN BAIRD: Yeah.

6 MS. BLAKE: Yes.

7 CHAIRMAN BAIRD: Yeah, we've got three
8 more -- two more months worth of moneys. April, May, and
9 June moneys.

10 MS. BLAKE: Right.

11 CHAIRMAN BAIRD: As the end of Fiscal '13,
12 I'm assuming this is June 30 number.

13 MS. BLAKE: Yes.

14 CHAIRMAN BAIRD: Okay. Yeah, that answers
15 the question. There you go. Thank you.

16 MS. BLAKE: All right. Well, then we will
17 begin producing it in that format going forward.

18 Do we need a vote on that, Mary, to accept
19 the new format?

20 MS. WILLIAMS: I don't think so.

21 MS. BLAKE: All right. It will just be on
22 the court reporter's transcript.

23 Okay. Beginning, then, on page 25 are the
24 March, April, and May financial reports. Any questions,
25 comments, discussion on that?

1 May is on -- beginning on page 43, which is
2 the most current available for the board meeting.

3 CHAIRMAN BAIRD: 43 is the last one -- May
4 is the last one that we have?

5 MS. BLAKE: That's the one that was
6 available right now.

7 CHAIRMAN BAIRD: Oh, yeah. Interesting.
8 You can look -- if you look at May, page 44 -- I'll just
9 make a comment. Look under "Production Trend" at the top.
10 See, for the first three months, January, February, March,
11 we produced fewer homes than last year, but in April and
12 May, you can see a significant increase over last year for
13 the same months, indicating that business is picking up a
14 bit.

15 You look at May's installation FBB's, that's
16 up significantly as well. 10 percent. Means we have more
17 money coming in. Cool.

18 Any questions on the financials? We'll
19 entertain a motion to accept them as submitted.

20 MR. GLEESON: I motion to accept.

21 CHAIRMAN BAIRD: Do we have a second?

22 MR. DESANCTIS: Second.

23 MR. HOYLE: I second.

24 CHAIRMAN BAIRD: All in favor, say "aye."

25 (Chorus of "ayes.")

1 CHAIRMAN BAIRD: Opposed?

2 None. Motion carried. Cool.

3 MS. BLAKE: Mr. Chairman?

4 CHAIRMAN BAIRD: Yes.

5 MS. BLAKE: Agenda item number 6, Recovery
6 Fund, beginning on page 54 in your booklet.

7 Balance as of April 1st, which we just
8 looked at, 143,000. There was a claim pending that had
9 been to hearing, was awaiting approval, and 15,000, that
10 has now paid. And so the new balance is at 128,000.

11 CHAIRMAN BAIRD: Who was supposed to pay
12 that? What licensee was responsible for that? Do we
13 recall, and did we go after their bond?

14 MS. BLAKE: I don't know. I'll have to
15 look. Oh, here.

16 CHAIRMAN BAIRD: Yeah, it's right there.

17 MS. BLAKE: I knew there was a reason I
18 bring these.

19 I guess not.

20 CHAIRMAN BAIRD: Not there?

21 MS. BLAKE: No, it's not in here. I'll have
22 to get that for you and find out. Yes, our process is to
23 go after their bond.

24 CHAIRMAN BAIRD: Yeah.

25 MS. BLAKE: But I don't know who we were

1 dealing with with that, but I can find that out for you
2 and send it out via e-mail.

3 CHAIRMAN BAIRD: So as of April 1st, we had
4 \$128,000 after we paid this claim.

5 MS. BLAKE: Yes.

6 CHAIRMAN BAIRD: Okay.

7 MS. BLAKE: Beginning on page 55 and so on,
8 these are the Complaints Verified Summary that are still
9 open. So we have six of them. Tells you who it was
10 verified to: manufacturer, dealer, installer. There are
11 three of them that are possible Recovery Fund claims.

12 The first one, I will give you just a brief
13 update, because that's been to hearing, and this was --
14 the complaint name was Barone. We list it as possible
15 Recovery Fund; however, it's been to hearing. The claim
16 is not going to go to Recovery Fund. The dealer license
17 is valid, according to the judge's decision.

18 There were a couple of items that the judge
19 verified the dealer did need to fix. How costly they're
20 going to be to do, I don't know. It's replacing the
21 linoleum, doing some paint matching on the outside of the
22 house. But it's certainly not going to come to the
23 Recovery Fund, and it's getting resolved by the dealer
24 through the court order.

25 The other two, I don't have any information

1 for at this point. But that is the purchase amount. I'm
2 not aware of any homes that the dealer took off with the
3 home. Obviously, the escrow law has pretty much prevented
4 that. And so that's the amount of the purchase contract.
5 I don't know what the issues on it are, but they should be
6 on your next pages here.

7 Yeah, if you look at page 57, the one that's
8 potential Recovery Fund, Champion Home Builders is the
9 manufacturer that had several issues there that they need
10 to take care of, and I'm confident they will. The dealer
11 had several issues as well, as did the installer.

12 CHAIRMAN BAIRD: The dealer is a 40-year-old
13 dealer with licensees, so I'm sure he'll take care of
14 that. The installer's been around for a long time as
15 well.

16 MS. BLAKE: Right.

17 CHAIRMAN BAIRD: I don't think we have any
18 worries with either one of those.

19 MS. BLAKE: The next one, on page 58, is the
20 other possible Recovery Fund. Again, different customer,
21 same players. All have valid licenses, and so I would
22 assume they will get the issue taken care of.

23 CHAIRMAN BAIRD: Good. All right. Thank
24 you.

25 MS. BLAKE: Okay. Next on the agenda item

1 is the Fee Schedule, beginning on page 61. That is your
2 new fee schedule on page 61 and 62, based on the board
3 votes at the last meeting. And the old one, for point of
4 reference, begins on page 63 and 64.

5 CHAIRMAN BAIRD: Debra, we did talk about
6 the linear feet versus square footage. Was that on --

7 MS. BLAKE: We did. Thank you.

8 CHAIRMAN BAIRD: -- the appropriate place
9 to -- yeah.

10 MS. BLAKE: Thank you.

11 If you look on page 62 -- and this is a
12 topic that, again, it's only discussion. The board can't
13 take any action on it, but you may want to choose to
14 discuss it.

15 If you look on page 62 under Permit Fees,
16 you will see under "FBB - commercial," third one down, the
17 fee that the board has approved is 400 and -- \$4.50 per
18 linear foot per story. The recommendation and discussions
19 for some time has been not changing the dollar amount but
20 changing it from linear foot to square foot. Which is
21 going to be a hefty increase.

22 Just for purposes of the record, I know you
23 all know this, but linear foot, if you've got a 10-foot
24 box, is length plus length plus width plus width, so it
25 would be 40 foot times that 4.50. If you go the square

1 foot, it's the times, so it would be a hundred. So the
2 actual cost of the permit goes up significantly based on
3 that -- how you measure the building. So fees can only
4 be -- since the outcome would still be a greater fee, even
5 though you wouldn't be changing the dollar amount.

6 Something you can talk about if you'd like.
7 We can have it in the record, but you can't take any
8 action. But if the board agrees with that, we would need
9 to have that discussion at next year's April meeting --

10 CHAIRMAN BAIRD: Right.

11 MS. BLAKE: -- as one of the fee things.

12 CHAIRMAN BAIRD: There's a lot to discuss,
13 and the reason I wanted it brought up here was so that we
14 don't need to forget it next time, if we need to look at
15 that. Frankly, I don't know if we need to change it or
16 not.

17 What was the -- I mean, obviously if it's an
18 8-wide versus a 16 or a 32-wide, there's a lot more work
19 involved. And I think that's what you were after --

20 MS. BLAKE: Yes.

21 CHAIRMAN BAIRD: -- was it a fair --

22 MS. BLAKE: Takes more inspection and --

23 CHAIRMAN BAIRD: Right.

24 MS. BLAKE: Right.

25 CHAIRMAN BAIRD: So at our meeting when we

1 go to this, we can look at some examples and come up with
2 a different way of doing it, if we so choose. We don't
3 necessarily have to do -- just leave the 4.50 alone and go
4 square footage, but maybe that -- to make it so it doesn't
5 change that much, but more equitable, we could pick the
6 typical unit and see what it is and then do square footage
7 and divide it backwards. The 4.50 may turn to 2.25.

8 MS. BLAKE: Correct.

9 CHAIRMAN BAIRD: So, but we can't do
10 anything about it now, but it's something that we should
11 consider, and it should be on an equitable basis according
12 to the size of the unit. The larger units should have
13 more square footage and should have a higher fee,
14 probably. If we so decide.

15 All right. But, thanks. That's on the
16 table. We just don't want to forget it next time.

17 Frankly, we went through this whole process,
18 and there was a lot of different things we could have
19 forgotten, and we pretty much nailed them all. This is
20 the only one that's come up.

21 MS. BLAKE: It's the only one.

22 CHAIRMAN BAIRD: So good job.

23 MS. BLAKE: Good job to the board. Thank
24 you.

25 On the last item on the agenda that's in

1 your packet is the schedule for 2013. On page 65, we have
2 one more meeting this calendar year, which will be
3 October 16th.

4 CHAIRMAN BAIRD: Okay. I don't see any
5 reason why we don't stick to the third Wednesday of each
6 calendar quarter for next year as well, so we can all plug
7 it into our deals. So why don't we go ahead and publish
8 that to the board members.

9 MS. BLAKE: So you want to create the 2014
10 schedule?

11 CHAIRMAN BAIRD: Yeah.

12 MS. BLAKE: Quarterly, third Wednesday of
13 every month; correct?

14 CHAIRMAN BAIRD: I would think so.

15 MS. BLAKE: Okay.

16 CHAIRMAN BAIRD: Cool. All right. We
17 reached the part in our agenda where it's the call to the
18 public.

19 We have one public member. Mr. Anderson --

20 MR. ANDERSON: Yes, thank you.

21 CHAIRMAN BAIRD: -- would once again like to
22 speak.

23 MR. ANDERSON: Mr. Chairman and members of
24 the board, I just have one announcement. Maricopa County
25 Home and Garden Show is this weekend. Does everyone know

1 where the Cardinals play?

2 CHAIRMAN BAIRD: University of Phoenix
3 stadium.

4 MR. ANDERSON: Right. That was a quiz. You
5 got it.

6 So we have a booth. It's booth number 1730.
7 It's actually -- our Phoenix chapter is the one doing the
8 booth, and I -- Terry, you're working the booth, aren't
9 you --

10 MR. GLEESON: Yes.

11 MR. ANDERSON: -- this weekend?

12 MR. GLEESON: Yes.

13 MR. ANDERSON: Sam, are you involved in
14 that?

15 CHAIRMAN BAIRD: Absolutely not.

16 MR. ANDERSON: Great. That's terrific.

17 Now, there is free parking. If anyone needs
18 a free pass, contact Kim, kim@azhousing.org, and we'll get
19 you a free pass, too. So it's Friday, Saturday, and
20 Sunday.

21 CHAIRMAN BAIRD: Thank you, Mr. Anderson.

22 Okay. It's not 2:00, but it's close. The
23 board will entertain a motion to adjourn.

24 MR. HANEY: So moved.

25 CHAIRMAN BAIRD: So moved.

1 MR. GLEESON: Second.

2 CHAIRMAN BAIRD: Second.

3 All in favor?

4 (Chorus of "ayes.")

5 CHAIRMAN BAIRD: Thanks, everybody. We
6 appreciate it.

7 Thank you, Mary.

8

9 (Proceedings concluded at 2:12 p.m.)

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I, JENNIFER PANCRATZ, do hereby certify that the foregoing pages constitutes a full, true and accurate transcript of all proceedings had in the above matter, all done to the best of my skill and ability.

DATED this 29th day of July, 2013.

JENNIFER PANCRATZ, RMR, CRR
Certified Reporter
Certificate No. 50857