

MEETING OF BOARD OF MANUFACTURED HOUSING
Department of Fire, Building and Life Safety

Wednesday, July 18, 2012

1:00 p.m.

1110 West Washington, Room 3100B

Phoenix, Arizona

REPORTED BY:

MARTA M. JOHNSON, CSR, RPR
Certified Reporter
Arizona Certificate Number 50746

PREPARED FOR:

BOARD OF MANUFACTURED HOUSING

(Certified Copy)



3030 North Central Avenue
Suite 1102
Phoenix, Arizona 85012

T 602.264.2230
888.529.9990
F 602.264.2245

www.griffinreporters.com

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

2

3 MR. BAIRD: Let's call this meeting to
4 order.

5 MS. MARQUEZ: Oh. Paul is calling in. Do
6 you want to wait just a minute?

7 MR. BAIRD: Oh, he hasn't called in yet?

8 MS. MARQUEZ: He said he was going to call.

9 MR. BAIRD: Paul?

10 (Discussion off the record.)

11 MR. BAIRD: Let's go to roll call.

12 MS. MARQUEZ: Sam Baird?

13 MR. BAIRD: Present.

14 MS. MARQUEZ: Arthur Chick?

15 MR. CHICK: Here.

16 MS. MARQUEZ: Paul DeSanctis?

17 MR. DeSANCTIS: Here.

18 MR. BAIRD: Yea.

19 MS. BLAKE: Hi, Paul.

20 MS. MARQUEZ: Terry Gleeson?

21 MR. GLEESON: Here.

22 MS. MARQUEZ: Neal Haney?

23 MR. HANEY: Here.

24 MS. MARQUEZ: Joe Hart?

25 MR. HART: Present.

1 MS. MARQUEZ: Everette Hoyle?

2 MR. HOYLE: Present.

3 MS. MARQUEZ: Troy Hyde?

4 MR. HYDE: Present.

5 MS. MARQUEZ: Zeek Ojeh? He's unable to
6 attend.

7 MR. BAIRD: Right.

8 MS. MARQUEZ: Gene Palma?

9 MR. PALMA: Here.

10 MS. MARQUEZ: Debra Blake?

11 MS. BLAKE: Here.

12 MS. MARQUEZ: Mary Williams? And she's
13 unable to attend. That's it.

14 MR. BAIRD: Okay. Thank you.

15 Yes, sir?

16 MR. HART: Are you going to vote one of them
17 guys president?

18 MR. BAIRD: I'm sorry?

19 MR. HART: That's how you got me here.

20 MR. BAIRD: Yeah. Maybe. Okay. All right.

21 Any -- any issues as we review the minutes
22 from last meeting? Any comments? Yes, sir?

23 MR. CHICK: I'd like to make a comment,
24 Mr. Chairman. Under the DFBLS action item, I requested a
25 historical physical (sic) year schedule of financial

1 information. I want to thank Debra and the Department for
2 an excellent report. One of the finest that I've received
3 from the Department in ages. Very complete, it was very
4 informative, and all the information was there, so I thank
5 you.

6 MS. BLAKE: You're welcome.

7 MR. BAIRD: Thank you, Arthur.

8 Any other comments?

9 Okay. Can we have a motion to accept?

10 MR. GLEESON: I motion.

11 MR. BAIRD: Second?

12 MR. HYDE: I'll second.

13 MR. BAIRD: Second. All in favor?

14 BOARD MEMBERS: Aye.

15 MR. BAIRD: Opposed?

16 Motion carries. All right.

17 Next agenda item is -- is something that I
18 asked -- well, it came out of a discussion between Debra
19 and I and -- and a few other folks. And we thought it
20 would be good as -- from informative, educational,
21 understanding to -- to -- to have a little -- oh, I call
22 it a state of the state. Just where the Department is
23 right now.

24 It would help all of us that aren't as
25 familiar as we should be with what the goings-on and

1 everything, just kind of get a little update from --
2 what's happening, what's -- what do you see and et cetera.

3 And so we're in kind of a trial-and-error
4 period here where -- it's the first time we've ever done
5 anything like this, but I've sat on the board quite a
6 while and -- at different times. And -- and, really, this
7 would have really helped me understand what was going on
8 and what we're really looking at as board members and what
9 we should be aware of.

10 So -- so we made it an agenda item. We
11 worked with Mary and figured out how to do it and do it
12 right. But we can do this, we can comment on it, we can
13 kind of have an open -- open forum on it, if you will.

14 So to that end, Debra, I think you're the
15 one.

16 MS. BLAKE: I'm up? Okay.

17 Well, thank you. And -- and, yes. Chairman
18 Baird and I worked on this together, and we really want
19 your feedback. These items are informational purposes for
20 the board members. You don't take votes on them, you
21 don't take action on them, it's just info. But it gives
22 you an opportunity to ask questions, if you want different
23 categories, it's open for edits and -- and whatever would
24 be beneficial for you. So for this particular meeting,
25 the first item under Agenda Item 4 is "personnel updates."

1 As many of you know, we have a very small
2 staff of installation inspectors. We've had some staff
3 leave. We've had some budget issues where we haven't been
4 able to hire. About a month ago we posted one open
5 position for the Phoenix area, because the good news is,
6 we're seeing a lot of activity in the Phoenix area. So
7 indication of a little bit of growth.

8 The good -- the good news with it is we've
9 had over 30 applicants. We've interviewed, as of this
10 morning, 14. The pool of applicants is really impressive.
11 A lot of people that are extremely over-qualified, but
12 with the construction industry, where it's at, the economy
13 where it's at -- so we've -- we've had a lot of good
14 people.

15 Some of them, when we go through the
16 interview process, who would probably be good candidates
17 when we discuss the salary range -- it is an entry-level
18 position -- and it was a salary that they would not be
19 able to work with, so...

20 But we still have quite a few candidates.
21 As I said, we did our last of the interview s today. And
22 I think that I'll get together with staff next week and --
23 we did it in an interview team process. I like to do
24 that. And then the participants on the team, we used kind
25 of a weighted score sheet looking at the attributes of the

1 job, what the skill sets are needed, and then weighted by,
2 obviously, is this 25 percent of the job? Is this
3 10 percent of the job? And it's not a decision-maker per
4 se, but it's just a good tool, especially, when you have a
5 big group of them, it kind of helps you, so you get to
6 your top three maybe, and then you can look at the way
7 they conducted themselves in the interview and something
8 else.

9 So we're through the interview process and
10 hope to be making a decision on who we're going to offer
11 the position to. I'm out of the office until next Friday,
12 but want to do it sooner than later.

13 So that's where we're at with that.

14 MR. BAIRD: Let me -- can I interrupt you
15 just a second?

16 MS. BLAKE: Yes.

17 MR. BAIRD: So -- so we have one opening in
18 the department for a field inspector? Is that what you...

19 MS. BLAKE: We have one job posted now. We
20 have a second job opening in that for that type of a job,
21 but we have to work within the budget. And so there will
22 be some budget meetings. Mary Ann and Gene primarily
23 working on that to see where we need to go. That if -- if
24 we can hire a second one, so...

25 MR. BAIRD: Okay.

1 MS. BLAKE: Budget is there for one, need to
2 make some adjustments and -- and do some other work to see
3 if we can get a second one hired.

4 MR. BAIRD: Have we had people leave over
5 the last three or four, six months? More than one? Or...

6 MS. BLAKE: Well, the -- the two open
7 positions that we have, Jim Lang, who was a -- kind of a
8 mentor, he was a career path inspector down there, so he
9 had higher skills, he left about a month and a half ago
10 moving out of state, looking for other opportunities, so
11 on and so forth.

12 He left a big hole for us because he did our
13 installer training, and he was the last that we had left
14 who had been trained to do consumer verification
15 complaints. So it really left a big hole for us.

16 Prior to that, Mike Joyce had left, who had
17 been here a long time who was a Phoenix inspector, and
18 because there wasn't much volume up here, we decided, and
19 budget reasons, not to fill that position at the time.

20 So with Jim leaving to Tucson, things are
21 moving slower in Tucson, so we've opted to fill the
22 position in Phoenix, so...

23 MR. GLEESON: That was my question.

24 MR. BAIRD: Terry?

25 MR. GLEESON: That was my question. The one

1 you're hiring will be covering the Phoenix area or the
2 Tucson area?

3 MS. BLAKE: Phoenix, yeah.

4 MR. GLEESON: Okay.

5 MS. BLAKE: We -- Johnny Lee is trying
6 really hard -- she's our Phoenix inspector. And she's
7 doing the best she can do. But, as you know, the Phoenix
8 Metropolitan area is a pretty big, you know, geographic
9 area.

10 MR. BAIRD: Sure.

11 MS. BLAKE: And so she'll have maybe three
12 over in Mesa or Chandler, then she's got them, you know,
13 up in Peoria and over in Cave Creek. And it's just not
14 possible to get to all of them in an 8-hour day.

15 And so, what we had talked with
16 association -- gosh, I guess it's been three years ago or
17 so, looking at -- although there's no statutory
18 requirement on our service level, how quickly we respond,
19 obviously, we want to do it, because we want the consumers
20 to get in their homes. We want the contractors and -- and
21 installers to get paid. And so we have -- and we've
22 tracked it since we made that commitment to try for a two
23 day. And we've really done really well there.

24 We've had a range of mostly same day, some
25 day second day, a few outside on the third day if it was

1 an outlying area, but we've really done a good job with
2 that.

3 Well, now, volume is up. We're getting
4 seven, eight, ten inspections per day, we've got one
5 person, and so starting to get a few calls from time to
6 time with concerns from installers that, this is my third
7 day, they're not out here yet. Or they, I didn't know
8 they weren't coming and I had somebody out there all day.
9 And so we need to do a better job, and we've corrected it,
10 but if you call it in today for tomorrow inspection, if
11 the installer -- or the inspector is not going to get
12 there, they give a call and say, I'm not going to get to
13 you today, I'm working the East Valley. I'm planning on
14 being in your area of town tomorrow. So we're trying to
15 manage it effectively.

16 And still, the furthest one out -- I just
17 got the statistics from Ayde last week, we've been out to
18 four days, but not on a regular basis. So there have been
19 some installers who have waited four days. We don't like
20 that either. We're trying to remedy it. But I think our
21 average was still within two days.

22 MR. BAIRD: Okay.

23 MS. BLAKE: So...

24 MR. BAIRD: So just two points. I think
25 communication is the most important thing so people know

1 so they don't have people sitting there waiting for you to
2 come. And it sounds like you've done a really good job of
3 that.

4 The other thing is -- okay -- so we've got
5 one here in Phoenix now. You've got another one in
6 Tucson --

7 MS. BLAKE: Tucson.

8 MR. BAIRD: -- I assume?

9 MS. BLAKE: Uh-huh.

10 MR. BAIRD: And then how many others do we
11 have?

12 MS. BLAKE: That's it.

13 MR. BAIRD: We just have the two for the
14 state-wide coverage?

15 MS. BLAKE: Right.

16 MR. BAIRD: So when someone calls from a --
17 while you use an IGA -- right?

18 MS. BLAKE: Most of them we have IGAs.

19 MR. BAIRD: Yeah. So the rest of the
20 state's covered by IGAs, but I'm not sure everybody --

21 MS. BLAKE: Primarily.

22 MR. BAIRD: -- you know, understood that
23 part of it.

24 MS. BLAKE: Yeah.

25 MR. BAIRD: So -- so we do a certain part of

1 the state --

2 MS. BLAKE: We've worked --

3 MR. BAIRD: -- and the IGAs do another part?

4 MS. BLAKE: Right. We've worked really hard
5 to beef up that IGA program.

6 MR. BAIRD: Sure.

7 MS. BLAKE: Because when I started here at
8 the agency, we had seven inspectors in the field located
9 throughout the state. I think there were three in Phoenix
10 at the time, two in Tucson --

11 MR. BAIRD: Uh-huh.

12 MS. BLAKE: -- one in Kingman, one in
13 Yavapai County. So they were spread out. We knew what
14 was coming with the budget cuts and -- and direction we
15 were getting from Department of Administration with
16 regards to reduction in force. And so we really beefed up
17 and put Georgina Maren in a position to really work those
18 intergovernmental agreements.

19 And I think we're at about 80 percent of all
20 incorporated cities and town in the state we have an
21 intergovernmental agreement with.

22 And we have all but -- all but two counties.
23 And we've asked some counties, can you take one of the
24 cities within your geographic area and incorporate it. So
25 we do an addendum to their agreement to allow them to do

1 it. So the two parties have to agree to allow each other
2 to do it, and then -- and then we enter into an agreement.

3 So we -- we've done that, which has really
4 been what's saved us. The only challenge we've had lately
5 is there seems to be some opportunities up in Tusayan,
6 which is up near the Grand Canyon.

7 MR. BAIRD: Uh-huh.

8 MS. BLAKE: And they absolutely flat out do
9 not want an agreement. And so we've had to travel up
10 there three or four separate times now, so that's an
11 all-day thing. It's four hours each way.

12 And so, like I had -- well, actually, I --
13 Betty Rosen went up last Friday. But we had to go up
14 for -- for two modular homes up there last Friday, which
15 was -- were final inspections. But had I not been able to
16 send her, I don't know when we would have gotten to it,
17 because it suffers down here, obviously.

18 So we're working on -- we're working on
19 getting the position filled, get somebody up to speed very
20 quickly, and help alleviate some of that burden.

21 MR. BAIRD: I don't want to belabor the
22 point, but we're sitting here and all of us are involved,
23 to some aspect of the industry or not, and -- but we're
24 all aware of what's going on with housing in general. But
25 sometime or another it's going to get better.

1 MS. BLAKE: Yes.

2 MR. BAIRD: You know, I mean, the --
3 there's -- there's a -- there's a dearth out there already
4 of -- of millions of houses that people need and -- but
5 they're holding off for whatever reason. But they're
6 going to hold off until economic conditions change, and
7 when those do change over the next few years, then we
8 could double or triple what's going on.

9 MS. BLAKE: Uh-huh.

10 MR. BAIRD: So, you know, that -- that's
11 going to be interesting. Are -- the areas that you serve,
12 are -- are there other IGA possibilities there?

13 MS. BLAKE: The areas that we currently
14 serve?

15 MR. BAIRD: Uh-huh.

16 MS. BLAKE: Well, I think we've expended a
17 lot of effort in trying to get people on board with that.
18 Some just simply don't have the volume.

19 MR. BAIRD: Uh-huh.

20 MS. BLAKE: Some simply, like the state,
21 they're counties, they're cities --

22 MR. BAIRD: Right.

23 MS. BLAKE: -- they don't have the resources
24 to commit to do it. They have one building official. And
25 they do well to keep up with what they have.

1 So what we've done internally is -- and,
2 again, it's been not developed to the point that we need
3 to, just because we have limited resources, but cross
4 training. And so we have it be inspectors, again, they
5 have to be available, but they can be cross-trained to do
6 that, as well as if one of them goes on vacation, is sick.
7 So we've tried to get some cross training done and have
8 done some.

9 But, again, limited resources, the
10 availability to really get them trained and up to speed is
11 limited. So we've explored and -- well, explored's the
12 wrong word. We have talked about exploring some
13 third-party opportunities --

14 MR. BAIRD: Uh-huh.

15 MS. BLAKE: -- because there are some to do
16 that. Now, we would need to have, you know, our attorney
17 general look at those, how we do that. Again, we're the
18 exclusive inspection agency.

19 MR. BAIRD: Right.

20 MS. BLAKE: Not only because the state says
21 so, but because HUD says so. And so we would have to
22 approve that. So it would be a contract with us and them.
23 Statutorily we have the authority to do that.

24 Again, I hate to keep saying that R word,
25 but it's a resource issue --

1 MR. BAIRD: Sure.

2 MS. BLAKE: -- because just like with our
3 IGAs, they have to report to us, we have to audit them, we
4 have to monitor them. We can't just have them do it,
5 because we have a responsibility.

6 MR. BAIRD: Cool.

7 MS. BLAKE: So we're working on it, but it's
8 certainly not there yet.

9 MR. BAIRD: So you have several different
10 avenues to --

11 MS. BLAKE: Yes.

12 MR. BAIRD: -- to go if we need to?

13 MS. BLAKE: Yes.

14 MR. BAIRD: Hopefully we will sooner than
15 later.

16 MS. BLAKE: I hope so, too.

17 The second item with personnel updates that
18 I'd like to bring your attention to is today Betty Rosen,
19 who has been a -- with the company for -- this department
20 for a very, very long time, today she tendered her
21 resignation due to retirement, and so --

22 MR. BAIRD: Good for her.

23 MS. BLAKE: -- it's effective today.

24 MR. BAIRD: Oh. Effective today?

25 MS. BLAKE: So -- effective today. So she

1 has opted to retire. And I will miss her knowledge
2 because she -- she's done -- she used to be an inspector,
3 so she's got a tremendous amount of knowledge. So we'll
4 certainly have that knowledge loss here, but...

5 MR. BAIRD: She was in charge of the --

6 MS. BLAKE: She was --

7 MR. BAIRD: -- field inspection.

8 MS. BLAKE: -- in a supervisory roll over
9 them, uh-huh, over the installation inspectors.

10 MR. BAIRD: So over the past three or four
11 months we've lost a couple, plus her now?

12 MS. BLAKE: Right. Now, there -- there are
13 some good candidates that we may consider to fill her
14 position that we've already interviewed. People that have
15 education, a lot of construction experience working with
16 codes, maybe not so much in the industry. But we also
17 have an individual who has a lot of industry experience as
18 well.

19 MR. BAIRD: Good.

20 MS. BLAKE: So we're hoping to make that
21 hire very soon as well.

22 MR. BAIRD: So Betty is -- last day is
23 today?

24 MS. BLAKE: Her last day is today.

25 MR. BAIRD: Speaking on behalf of the board,

1 we would like to thank her for her years of service.

2 MS. BLAKE: Thank you.

3 MR. BAIRD: And wish her well.

4 MS. BLAKE: Thank you. And I put an
5 announcement out, which I will forward to Ken so he can
6 share with the association, basically, the same thing.
7 Thanking her for her service and wishing her well.

8 We do have some plans in place, temporary
9 plans, on how we're going to provide service. And we have
10 staff members who will jump in and help support any
11 questions among -- disagreements between inspectors and
12 installers, you know, we have a resource for that.

13 Ayde is going to help us with the
14 scheduling. And, of course, she always does a great job
15 with the permitting. And there's often questions about
16 that, but she already does that today. Joni, who's here
17 visiting us, observing the board meeting, Joni used to be
18 an inspector in the field --

19 MR. BAIRD: Yes.

20 MS. BLAKE: -- for installations. And so
21 she'll be a resource for us as well, along with her
22 consumer complaint hat, her "subpart I" hat, her
23 relocation hat, but -- and then I -- I'm going to a
24 meeting next week in Seattle, Joni and I both, with HUD
25 for state administrative agencies. So it will -- it will

1 be -- we'll be asking for everyone's patience next week.
2 But then we'll back and we'll move quickly with -- with
3 getting everything, hopefully, back in shape.

4 MR. BAIRD: We can always call Gene.

5 MS. BLAKE: You can.

6 MR. PALMA: I don't know what I'm good for,
7 but I'm willing to do what I can.

8 MR. BAIRD: Yeah.

9 MS. BLAKE: Yes. Yes. And -- and
10 Dave Monier (PHONETIC), who many of you know --

11 MR. BAIRD: Sure.

12 MS. BLAKE: -- he's going to be the center
13 point of contact for OMH. And he's got -- he knows a lot
14 about a lot. And then I'll be available to respond to
15 e-mails and take any urgent calls. And, of course,
16 anything that's critical, Gene is here, so I think we have
17 it covered for the next week.

18 MR. BAIRD: That's good. You've got a plan.

19 MS. BLAKE: We have a plan. Let's hope it
20 works. Okay. So that's it on personnel updates.

21 Procedural changes, the only thing I had
22 really to share with you at this time is, there have
23 been -- has been a challenge in the installation of homes
24 in terms of getting the marriage line connected and being
25 able to schedule for somebody to inspect that it's lagged

1 properly and somebody get out there to inspect when --
2 when the floors and the walls are being connected.

3 And, so, again, our goal is not to hinder
4 the industry in getting done what needs to get done, but
5 at the same time, getting somebody scheduled out there has
6 been difficult.

7 And so, you know, it's our responsibility
8 and -- and I'm a big stickler about it, is that we follow
9 the law, we follow the manufacturer's installation
10 instructions, and that's it.

11 And so trying to be creative here and
12 knowing we can't schedule, I actually talked to
13 Chairman Baird about how could we address this.

14 And in our conversation, he indicated that
15 he would allow -- he, as the general manager for CMH,
16 would allow a photo verification. And so we set some
17 parameters around it that the installer who's doing the
18 work can take photographic evidence of all of the
19 close-off connections, the walls, the floors, the ridge
20 beam. They'll also have to take photographs of the serial
21 number so that we know that this is just not a picture
22 that was taken three months ago and we're using it over
23 and over and over, and so he has agreed to do that.

24 We have shared that letter at
25 Chairman Baird's permission, of course, with the other

1 manufacturers in Arizona and asking them to consider that
2 as an option. And they all jumped on the bandwagon with
3 it. And so we have shared these letters with our
4 intergovernmental agreement folks, let them know that the
5 state is accepting this.

6 And I really don't have much of an update.
7 I haven't actually seen the photos and what they've done,
8 but now that I'll be a little bit more actively involved
9 in the -- the installation part of it, I'll be monitoring
10 that. And I'll let you know at a future board meeting how
11 that's going. But that's really the only procedural
12 change that we've had that I -- I could share with you
13 today.

14 MR. BAIRD: Well, that -- that -- to me,
15 that's just an excellent example of -- of the department
16 willing to -- to work with -- with industry at -- to the
17 betterment, actually, of -- of -- and for the benefit of
18 the consumer.

19 The time delays, extra inspections required,
20 you know, setup crews sitting and waiting, it just didn't
21 make sense, so we figured out another way of doing it.
22 And you were just -- you were doing your job by doing
23 that.

24 MS. BLAKE: Right.

25 MR. BAIRD: And you weren't being a stickler

1 about it. It just says that everybody's manual it has to
2 be done, and so you have to verify that.

3 MS. BLAKE: Right.

4 MR. BAIRD: So we figured out another way of
5 doing it and working together. It never would have
6 happened if we'd never -- if we hadn't had that
7 conversation, so --

8 MS. BLAKE: Right.

9 MR. BAIRD: -- so the openness that -- that
10 I experienced with the Department has -- has, once again,
11 proved to be very beneficial to all. And it -- the bottom
12 line is, if the picture's fake, you're going to do the
13 same thing as if the house wasn't -- was not done right to
14 begin with.

15 MS. BLAKE: Right.

16 MR. BAIRD: I mean, you know, they've got a
17 license and they're saying it's this way and here's my
18 proof and boom. Tear the house apart and it's not,
19 there's problems down the road, whoops --

20 MS. BLAKE: Right.

21 MR. BAIRD: -- your license is in jeopardy.

22 MR. HART: Mr. Chairman.

23 MR. BAIRD: Yes, sir.

24 MR. HART: Could we add the commercial end
25 to that?

1 MR. BAIRD: I -- I'm no -- my commercial
2 installation manual doesn't require that per se. I don't
3 know what your -- yours or the industry's do.

4 MS. BLAKE: I would have to research that
5 for you, but I don't think we have that same issue on --
6 with the commercial.

7 MR. BAIRD: Yeah.

8 MS. BLAKE: We certainly would with the
9 residential part of it -- mods -- but I -- I don't -- I'm
10 not aware that we have that, but I'll check into it.

11 MR. BAIRD: I'm not sure. It's -- from our
12 point of view -- from our manufacturing point of view,
13 Joe, it's not a -- it's not a requirement now.

14 MR. HART: Oh. It's -- it's a requirement.

15 MR. BAIRD: It's in your installation manual
16 that it has to be done because that's what the state is
17 inspecting.

18 MR. HART: I don't know if it's in our
19 installation manual, but it has to be done.

20 MR. BAIRD: Well, of course, it has to be
21 done, but I'm not sure --

22 MR. HART: And -- and it is done.

23 MR. BAIRD: Mine doesn't say it is done.

24 MR. HART: It is done.

25 MS. BLAKE: Okay. Well, let's look at that,

1 because, you know, obviously --

2 MR. HART: That would really help. Just --
3 just --

4 MS. BLAKE: Yeah.

5 MR. BAIRD: Uh-huh.

6 MS. BLAKE: Yeah. We enforce what your
7 manufacturer instruction manual says for installation.

8 MR. HART: Right.

9 MS. BLAKE: If it's in there, we need to
10 look at it, and we need to hold the installers accountable
11 for it on your behalf. And that's, again, why we went to
12 the manufacturers and said, here's the issue, you're going
13 to have to direct me. And so that's where we went with
14 it.

15 But, yeah, we -- if -- if your manuals
16 require that, we would certainly extend that same courtesy
17 to the commercial side of it.

18 MR. HOYLE: Okay. Great.

19 MR. BAIRD: Great.

20 MS. BLAKE: Okay. The only other thing I
21 have to share with you under this agenda item with the
22 industry news is just, basically, that -- and I'm sure Ken
23 might address it later -- the Arizona Housing Association
24 convention which is coming up next month, I think, in
25 August. The Department staff again has been asked to

1 facilitate one of the breakout sessions --

2 MR. BAIRD: Oh. Good.

3 MS. BLAKE: -- on topics of installation.

4 And this gives the association's members an opportunity to
5 not only support their association by coming to the
6 convention, but also attending the session. They earn
7 their required annual credits so they don't have to pay
8 out \$100 to show up to one of our other scheduled
9 sessions.

10 And I don't know about -- but I know in the
11 past, a few of our installers have actually joined as a
12 member to have that opportunity, plus all the other
13 benefits that membership gets them. So, hopefully, it's
14 good for the association, and we're happy to support it.
15 So Georgina is going to give a presentation, I think, on
16 FBBs.

17 MR. BAIRD: Uh-huh.

18 MS. BLAKE: Because it, in general, for many
19 installers, is an area that they could use more
20 information.

21 And the other topic that we're going to
22 present is a re -- re-review of the scope of installers
23 licenses. What you can do, what you cannot do.

24 From time to time we, unfortunately, have to
25 take disciplinary action when installers take on projects

1 that are -- is not within the scope of their license. And
2 so we're going to just do a reminder session on that. I
3 think Josh Went had some other topics --

4 MR. BAIRD: Yes.

5 MS. BLAKE: -- that he wanted to bring up
6 there. And I will get with him before then. And I don't
7 know if it will just be part of a question-and-answer
8 where he can ask the questions and we can help respond to
9 them, or -- I'm not sure how we'll do that, but we're
10 happy to help facilitate that and offer that to the
11 association and its members.

12 MR. BAIRD: Well, I -- I think we appreciate
13 that.

14 MR. GLEESON: I have one question.

15 MR. BAIRD: Go ahead.

16 MS. BLAKE: Yes.

17 MR. GLEESON: When do you expect to hire
18 an -- an additional inspector?

19 MS. BLAKE: The 2nd.

20 MR. GLEESON: The 2nd. When do you expect
21 to hire the first inspector --

22 MS. BLAKE: The first inspector --

23 MR. GLEESON: -- for Phoenix -- for the
24 Phoenix area?

25 MS. BLAKE: -- I'm hope -- I'm hoping on

1 Friday. Not -- not this Friday, but next Friday when I'm
2 back in the office, for the interview team to sit down and
3 make a decision, and then we will make an offer early the
4 following week.

5 MR. GLEESON: So within a couple weeks
6 they'll be inspecting?

7 MS. BLAKE: That's my hope.

8 MR. GLEESON: Okay.

9 MS. BLAKE: I don't know their situation.
10 If they need to give -- if they're unemployed, if they
11 need to give, you know, one-, two-week notice. And we'll
12 give them some flexibility, but I would say within three
13 weeks I'd like to have somebody --

14 MR. GLEESON: Okay.

15 MS. BLAKE: -- on board.

16 MR. BAIRD: Sometime in August --

17 MS. BLAKE: Yes.

18 MS. BAIRD: -- it sounds like? Okay.

19 MS. BLAKE: Yes.

20 MR. PALMA: And I would like to make a point
21 regarding that, Mr. Chairman --

22 MR. BAIRD: Uh-huh.

23 MR. PALMA: -- if I may. We're -- we're
24 well aware -- and I wanted to assure the board that we are
25 keeping a close on eye on response times and -- and issues

1 where we -- we don't want to, you know, hold back your
2 business at all, so we're -- we're making sure at this
3 time, in fact, compiling a report for the Office of
4 Strategic Planning and Budgeting, which is the -- on my
5 floor, because we anticipate, obviously, some increased
6 activity and -- and our staff levels may not be able to --
7 at this present level, will -- may not be able to keep up
8 with that.

9 So we're compiling a report based on past
10 activity and our anticipated activity and our present
11 financial resources to show them that we -- we're going to
12 need another inspector here probably no later than by the
13 end of the year. And so we're -- we're putting the
14 documentation together for that.

15 And that's one of the main things we've
16 tried to do in the last couple of years is -- is increase
17 our performance measures and -- and have that kind of data
18 available because, as we all know, resources are -- are
19 severely restricted. And so you just don't go hat in hand
20 to the legislature and ask, hey, we need an extra, you
21 know, 140 for two more inspectors. You need to show them
22 that the activity is there, you need to show them that the
23 resources you do have are being used wisely.

24 And it comforts me, the comment that Art
25 made about, you know, our report that we gave him, because

1 we've really emphasized that part of the organization and
2 made sure that accountability is built into our -- our
3 data and that it can be reliable.

4 And so when we come up with these
5 circumstances or -- where we need some extra resources,
6 the legislature and the Governor's office can be -- rest
7 assured that what we're asking for is what we actually
8 need.

9 And so, we're currently working on -- on
10 asking -- putting that report together. And -- and,
11 hopefully, we'll have a response here by mid-September to
12 October and have another person on board. So we're trying
13 to keep a step ahead.

14 MR. BAIRD: Great.

15 MR. HART: Mr. Chairman, Debra Blake, you
16 had mentioned the installation and the roles that we can
17 do as -- that the installers can do.

18 MS. BLAKE: Yes.

19 MR. HART: Is there any possible way that
20 you could add to the installers, on that manufactured
21 housing side, to allow them to set a commercial building?

22 MS. BLAKE: Yes, but it -- and -- and we
23 would like to do that, frankly.

24 MR. HART: Cool.

25 MS. BLAKE: However -- you were ready for

1 that word. Right? It takes a rule change and a statutory
2 change.

3 MR. HART: Okay.

4 MS. BLAKE: So we need to -- if the board
5 wants to give direction to the association or Department,
6 whatever, to move forward for statutory and rule change,
7 then we would do that with your direction.

8 MR. BAIRD: Let me just make sure we all
9 understand. If we try for a statutory change, what's the
10 timing involved with that? Minimum and typical --

11 MS. BLAKE: Well, statutory changes have to
12 be approved by the legislature --

13 MR. BAIRD: Correct.

14 MS. BLAKE: -- right?

15 I would have to re-review the statute to see
16 if we could do it strictly through a rule change.

17 MR. BAIRD: Oh. Okay.

18 MS. BLAKE: But I -- I'm saying both because
19 something up here is saying there's something in the
20 statute that speaks to it, but the rules define the scope.
21 So -- but rules support statutes so they're -- you know
22 they're, connected like this.

23 So I'll review it and let you know if it's a
24 rule packet change. If it is, we've just gone through
25 that process. You know it's about six months from start

1 to finish. If it's a statutory change, the legislature --
2 somebody needs to find somebody to sponsor it. The
3 association is well aware of -- of how that works, they
4 just went through one with the last session. And I think
5 the legislature goes into session in January?

6 MR. BAIRD: Uh-huh.

7 MR. PALMA: Well, they begin in October.

8 Right?

9 MS. BLAKE: Is it October?

10 MR. ANDERSON: Well, they -- rules start in
11 the late fall.

12 MR. PALMA: Right.

13 MR. ANDERSON: But the session starts in
14 January.

15 MS. BLAKE: Okay. So that would be
16 something that you need to decide. And, obviously, I need
17 to get you information if it is a statutory change or if
18 it would just be a rule change.

19 MR. BAIRD: But statutory changes take
20 maybe --

21 MS. BLAKE: Statutory --

22 MR. BAIRD: -- a couple of years.

23 MS. BLAKE: Well, no, if it was prepared.
24 You know, the statutory changes that the association I
25 know worked on last year had to do with the escrow.

1 MR. BAIRD: Correct.

2 MS. BLAKE: And so even though we talked
3 about it for a couple of years, I think the actual process
4 of having somebody write the statute and get a sponsor for
5 it and get it through, I don't think, is relatively --

6 MR. BAIRD: Well, we --

7 MS. BLAKE: -- long.

8 MR. BAIRD: -- we lost the first time and we
9 didn't get it through. And then we had to wait until the
10 next session and then we got it through.

11 MR. ANDERSON: Yeah. And -- and we --
12 Mr. Chairman, I might point out that Everette and Joe are
13 under a different association. They have a modular,
14 commercial modular association.

15 MR. BAIRD: Oh.

16 MR. ANDERSON: So they would be doing all
17 the bill drafting and present -- and the push.

18 MR. BAIRD: Okay. Well, I think
19 appropriately we may not have to go there, hopefully.
20 There could be a rule change.

21 MS. BLAKE: Let me research it --

22 MR. BAIRD: So --

23 MS. BLAKE: -- and I will send out an
24 e-mail. We won't wait for the next board meeting to let
25 you know if it's both, if it's a rule, and I'll give you

1 some parameters about how long that takes, and then it
2 could be discussed at the next board meeting.

3 MR. BAIRD: You don't need anything from the
4 board, other than what we've already given you to research
5 that, do you?

6 MS. BLAKE: No.

7 MR. BAIRD: Okay. Great. Great.

8 Yes, sir.

9 MR. HANEY: I'd like to ask Debra a question
10 if I could. You mentioned that your department's seeing a
11 lot more activity. And I was wondering if you were at a
12 sense of whether it's primarily FBBs or HUD homes? And if
13 it's HUD homes, is it new installs or is it relos?

14 MS. BLAKE: I think there might be some data
15 here in the financial reports. Let me see what the most
16 current one was. We have seen the biggest increase in
17 FBBs.

18 MR. HANEY: Okay.

19 MS. BLAKE: And we have seen an increase in
20 the number of new homes that have been produced. Without
21 looking at the HUD report, I don't know how many of them
22 produced in Arizona have been shipped to Arizona, and how
23 many have been shipped to other locations.

24 MR. HANEY: Okay.

25 MS. BLAKE: But let's -- do you want to move

1 forward to the financial to look at that? Or do you want
2 to table it until we get there?

3 MR. BAIRD: Just -- no. I think that's
4 appropriate to do that, because we can -- if there's some
5 industry comments about -- about business in general, we
6 can talk it about it at the same time.

7 MS. BLAKE: Okay. Then --

8 MR. BAIRD: Thank you.

9 MS. BLAKE: -- if you will turn to page 33
10 in your book. And remember that's the number in the lower
11 right-hand corner of every page. These are the most
12 current stats available for this publication, which is May
13 of this year.

14 If you look in the -- the production trend
15 near the top of the page, you will see that the number of
16 units produced, these are HUD units, in May was 135
17 compared to last month, which was 117, compared to last
18 year, which was 108. So some growth there.

19 Again, I don't know what percentage are
20 being shipped within Arizona and what's being shipped out
21 of state.

22 If you look near the bottom of that page,
23 that's the insignia reporting, so these are the number of
24 units actually being installed. There were 171 mobile or
25 manufactured homes installed, reported as installed, in

1 the month of May. Neal, to your answer, I don't know how
2 many are new compared to pre-owned.

3 MR. HANEY: Okay.

4 MR. BAIRD: That's -- excuse me, Debra.

5 Also, this includes units that are produced out of state
6 but shipped into the state of Arizona.

7 MS. BLAKE: Correct.

8 MR. BAIRD: Production is units produced
9 here that may or may not stay in Arizona, but could go to
10 the surrounding states.

11 MS. BLAKE: Correct. Thank you for that
12 clarification.

13 In that same block at the bottom over to the
14 right where we have FBB units, you'll see that there were
15 82 installed in May of 2012 compared to 70 the month
16 before, compared to 54 the year before. So there is
17 significant growth in the number of FBB permits we're
18 issuing.

19 MR. BAIRD: And compared to 2011 you'll see,
20 and 2010, a good increase there.

21 MS. BLAKE: Right.

22 MR. BAIRD: So it's showing a nice trend.
23 And '11 was better than '10 and -- and so far '12 has been
24 better than '11.

25 MS. BLAKE: '12 has been --

1 Correct.

2 MR. BAIRD: Which is -- the same is true
3 with the HUD. If you look at the top under "production,"
4 and not so much for labels, but -- but it still requires
5 action from the department even when -- for all the units
6 built here.

7 Yes, Joe.

8 MR. HART: Is there any way to break out the
9 FBB to know which ones are commercial and which ones are
10 residential?

11 MS. BLAKE: Yes. We can do that for you.
12 We have a very low number of residential. Mostly what you
13 see is commercial. Ayde, would you agree with that? Or
14 are you seeing a lot of residential?

15 MS. MARQUEZ: No, it's commercial.

16 MS. BLAKE: It's primarily commercial.

17 MS. MARQUEZ: Very, very low.

18 MS. BLAKE: Those two that I mentioned up in
19 Tusayan, our long drive up there to inspect, were both
20 residential FBBs. And so there may be some growth up
21 there. It's a -- it's a development, so these were the
22 first two, but we can break it out for you.

23 MR. BAIRD: Ayde, do you get a -- do you
24 have a sense of that? Is it 10 percent?

25 MS. MARQUEZ: Very, very low.

1 MR. BAIRD: Could you -- last I checked, it
2 could even be 5 percent, Joe.

3 MS. MARQUEZ: Probably. I'm --

4 MS. BLAKE: I was going to say 2.

5 MR. BAIRD: So I'm not sure it's worthy --
6 it's -- it's --

7 MS. BLAKE: Yeah.

8 MS. MARQUEZ: Yeah.

9 MR. BAIRD: -- we even need to do this --

10 MR. HART: Okay.

11 MR. BAIRD: -- because it's so low in
12 Arizona --

13 MR. HART: Okay.

14 MR. BAIRD: -- and in some other states it's
15 much, much higher, but I -- it's not significant at all.

16 MS. BLAKE: So what would you like for us to
17 do? Give you a percentage next time? Or break it out?

18 MR. HART: Percentage is fine.

19 MS. BLAKE: Percentage?

20 MR. HART: That's good. Just kind of --
21 it -- it does tell everybody in this room, though, that
22 business is picking up.

23 MR. GLEESON: Yes.

24 MS. BLAKE: Yes.

25 MR. BAIRD: Overall this is what this page

1 tells us.

2 MR. HART: Yeah.

3 MR. BAIRD: Which goes back to our earlier
4 comments about staffing.

5 MR. HART: Uh-huh.

6 MR. BAIRD: Because how are we going to
7 handle the increased business? And it's remarkable,
8 actually, that you've been able to do as well as you have
9 with the staff that you do have, in my opinion.

10 MS. BLAKE: They're a good group. Thank you
11 for that.

12 MR. BAIRD: You're welcome.

13 MS. BLAKE: Okay. So we are under the tab
14 for financial reports beginning on page 8. Again, we
15 provided you the most current three months that are
16 available starting with March, the same as what you've
17 been seeing. I'm just going to run you through that
18 quickly because we're -- we're providing you the same
19 information as we've improved it with your feedback. And
20 that is the normal stats that we give you, the financial
21 report on the first page, production, number of
22 complaints, things like that.

23 Page 9 and 10, I just want to make comment,
24 because we always talk about the production and the
25 installation. But I want to make comment on page 10.

1 Something just to draw your attention to that many of you
2 are already aware of, and that is what we have seen in the
3 trend in the number of complaints we receive from
4 consumers.

5 And I believe a lot of this is attributed to
6 the quality assurance certification we went through two
7 years ago with the plants. The efforts that we're making
8 with installers, getting information out. Still not where
9 we want it, but we're trying.

10 And so getting information out, holding
11 people accountable, and helping teach them different ways
12 to inspect and what to expect from us.

13 So what you see here under that complaint
14 section is, we have no control over the monthly that we
15 get. But year to date for -- for -- as of March, we've
16 had 41 complaints for the year. We'd like for it to be a
17 lot less. But if you look at it for the prior year, which
18 was the first year after the new certifications, it
19 went -- it's dropped from 73 for the year, same
20 year-to-date period, down to 41. That's significant.

21 MR. BAIRD: Even though production was --
22 was low --

23 MS. BLAKE: Even --

24 MR. BAIRD: -- was higher, actually.

25 MR. HANEY: Is -- is this fiscal? Or --

1 MS. CAGE: No.

2 MR. BAIRD: No. This is by month actually.

3 MS. CAGE: Year-to-date.

4 MR. HANEY: Calendar? When we --

5 year-to-calendar we're talking about calendar month from
6 January 1st or -- or fiscal year, because the dollars and
7 cents are fiscal. Right?

8 MS. BLAKE: Yes. Dollars and cents -- are
9 you doing it calendar year-to-date? Or fiscal
10 year-to-date, Joni?

11 MS. CAGE: Fiscal.

12 MR. HANEY: Okay.

13 MS. BLAKE: Okay. Typically, everything we
14 do is fiscal. It's just --

15 MR. HANEY: So this -- this would,
16 basically, represent nine months worth for the March sort?

17 MR. BAIRD: So this -- if I'm -- if I might,
18 this complaint under year-to-date 41 is from July
19 through --

20 MS. BLAKE: July 1st --

21 MR. BAIRD: -- March?

22 MS. BLAKE: Yes.

23 MR. BAIRD: Or is it January through March?

24 MS. CAGE: It's July 1st through June 30th.

25 MS. BLAKE: Fiscal year.

1 MS. CAGE: Fiscal year.

2 MR. GLEESON: Which isn't bad.

3 MR. BAIRD: Good point.

4 MS. CAGE: Yeah. And that's much smaller.

5 MR. GLEESON: I thought 41 was kind of high
6 for three months.

7 MR. BAIRD: Yeah, of course. But you divide
8 41 by 9 and --

9 MR. GLEESON: Yeah. It's not bad.

10 MR. BAIRD: -- you know, as compared to 41
11 by 73.

12 MS. CAGE: Yeah.

13 MR. BAIRD: And I'm sure if you want to go
14 back a couple years, the number's going to increase
15 significantly.

16 MS. BLAKE: Right. And -- and of some of
17 those -- well, like if you see currently for the month of
18 March we received four complaints.

19 I don't know the stats off the top of my
20 head. Again, if you want to know, we can provide it,
21 Joni's here. But there are a lot of complaints we get in
22 that we are unable to assist with, either because the time
23 frame has expired, their home is 10 years old and the
24 shingle fell off. I mean, we get them.

25 And so --

1 MR. BAIRD: Oh, yeah.

2 MS. BLAKE: -- that's how many we get in.
3 It's not how many that are actually valid complaints that
4 we can do something with, so -- and we actually had that
5 data later in here for you under a different tab.

6 So, again, going to --

7 MR. HYDE: Mr. Chairman?

8 MS. BLAKE: Oh. I'm sorry. Go ahead.

9 MR. BAIRD: Sure.

10 Troy?

11 MR. HYDE: Because I don't have the benefit
12 of the long history of it, but how does that compare
13 percentage-wise to the number of installs at the height of
14 the market, if 41 out of 135 installs complained?

15 MR. HANEY: Well, it's not 41, because
16 the --

17 MR. HYDE: I -- 135 is the wrong number,
18 but.

19 MR. HANEY: Yeah. Because the -- the
20 complaints can be filed for years.

21 MR. HYDE: Oh. They can?

22 MR. BAIRD: Or longer.

23 MR. HART: Yeah.

24 MR. HANEY: Yeah.

25 MS. BLAKE: Well, and --

1 MR. HYDE: Oh. The 10-year shingle is.
2 Right. Okay.

3 MS. BLAKE: And as you'll see back here when
4 we look under this recovery fund tab where we have the
5 summary of complaints, it shows you that complaints we
6 accept are because the manufacturer allegedly didn't
7 construct the home properly; the dealer didn't provide the
8 goods and services that they contracted for. You know, I
9 ordered a stainless steel refrigerator and I got this
10 thing, so a lot with that.

11 And, then, of course, we have the installer
12 issues. And so you'll see when we look at that
13 information that it's widespread, but I think we've seen
14 less with the manufacturers. Again, back to the
15 recertifications, which is good news, but we've seen
16 probl- -- I -- I don't know how they trend, but we can
17 look into that, how it trends with dealers and installers
18 year-to-year.

19 MR. BAIRD: I have a sense it's lower.

20 MR. HYDE: As a percentage of --

21 MR. BAIRD: Significantly lower as a
22 percentage.

23 MR. HYDE: -- of volume it's lower?

24 MR. BAIRD: Yeah.

25 MS. BLAKE: Yeah. I -- I --

1 MR. HYDE: That's good.

2 MS. BLAKE: -- would imagine --

3 MR. BAIRD: Two different --

4 MR. BLAKE: -- so.

5 MR. BAIRD: Right. I think that --

6 MS. BLAKE: And, again, in 2009 we
7 implemented the installation program. It's helped because
8 we get everybody together, we require them to come to
9 annual education to keep their license.

10 MR. HYDE: Right.

11 MS. BLAKE: So they get to vent and they
12 also get to learn new things. We have vendors come. Like
13 the XI2 tie-down system, we have vendors come in and show
14 them how to use their product, and we talk about the most
15 current issues. A lot of about installing homes in flood
16 zones and things like that. So I think the training has
17 helped, getting information out. So it's all positively
18 impacting that.

19 Okay. On pages 11, 12, and 13 I'm just
20 going to go through this quickly in March are the graphs
21 that we started to providing to you folks a while ago.
22 That -- this is the March revenue breakdown, again, just
23 by the categories that are on the top. Renewed licenses,
24 typically, is always our biggest percentage. That's at
25 29 percent for March. FBB permits you see is next at

1 18 percent, and plan review at 12 percent.

2 So look at those charts every month when you
3 get your -- or every board packet when you get it. The
4 FY -- the next chart on page 12 is the year-to-date
5 summary of the same data. So year-to-date, again, we get
6 a supplemental payment from HUD every year. And so -- and
7 this particular year-to-date that showed up as 31 percent
8 of our revenue. Again, followed by renewed licenses and
9 FBB permits.

10 And on page 13 is expenditure breakdown.
11 How much of payroll operating, in-state travel,
12 professional services. Those stay pretty consistent.

13 And, there again, each month Ayde produces
14 an e-mail to all of you providing you information about
15 new licensees, giving you screen prints of their license
16 so that you know who they are, their addresses, so on and
17 so forth, and what class of license that they have been
18 issued.

19 Beginning on page 21 is all the same
20 information but for April. And then beginning on page 32
21 is the May information.

22 So our year-to-date -- year-to-date
23 information will be in your next board packet. That will
24 be your June information because that will, basically, be
25 close-out of the fiscal year. And so we'll be able to

1 better see where we were at, at the end of the fiscal year
2 on the revenue that we brought in, expend- -- expenditures
3 that we paid out. And, of course, as you know, that's the
4 basis you use for setting fees.

5 Any questions, comments about the financial
6 report section?

7 MR. BAIRD: No. We said we were maybe
8 talking about some industry news. You know, I don't --
9 nationally we're up about almost 16 percent over last year
10 as an industry.

11 MR. HART: Cool.

12 MR. BAIRD: HUD coded product.

13 MS. BLAKE: Increase, Chairman?

14 MR. BAIRD: Excuse me?

15 MS. BLAKE: 16 percent what?

16 MR. BAIRD: Production.

17 MS. BLAKE: Production.

18 MR. GLEESON: Increase?

19 MS. BLAKE: Increase?

20 MR. BAIRD: Increase over last year, which
21 is encouraging. And the prognostication for the next few
22 months who knows. Everybody thinks up.

23 I -- I sent you out an -- a monthly economic
24 package from MHI, Manufactured Housing Institute. This is
25 a -- that's the report, Debra's got it right there. And

1 it -- it lists state by state production and shipments and
2 shows that. That -- that's available to me on a monthly
3 basis.

4 And -- and if you're interested in
5 continuing to receive it, I -- I could send it to you, so
6 I've -- there's rules we have to follow. This is for
7 informational purposes only. It has really nothing to do
8 with board action. It's just for -- for information to
9 use in helping the department do their job.

10 And so if you would like, I could just
11 automatically send it out. Not to the group, but
12 individually. Whatever. You know, so, I've got to say
13 that more. But I'd be happy to.

14 So does anybody not want it?

15 Okay. You guys get it anyway.

16 MS. BLAKE: We do not.

17 MR. PALMA: No, we don't.

18 MR. BAIRD: Would you like it also?

19 MS. BLAKE: I get the information -- yeah.
20 I would like it, yes.

21 MR. BAIRD: Yeah. It discusses everything.

22 MS. BLAKE: I get it from NHAR.

23 MR. BAIRD: They take -- it talks about
24 single-wides and multi-widths.

25 MS. BLAKE: Yes.

1 MR. BAIRD: It talks about shipments --

2 MS. BLAKE: Sure.

3 MR. BAIRD: -- and production. It talks
4 about every state so you can see what's going on around
5 us. You can see nationally how we're trending, how we're
6 not. It's just data.

7 MS. BLAKE: Yes. Thank you.

8 MR. BAIRD: And it's got some interesting
9 charts in there. And it goes back to 1966, I think, for
10 total production. It lists how many factories, it lists,
11 it lists. It's just a packet of information. You don't
12 have to look at it at all. You can -- I just zoom right
13 to Arizona. And that's -- the eight pages I print are the
14 Arizona and the surrounding states, because I do business
15 in California. But the -- the Arizona page covers all the
16 surrounding states as well, so -- so I know, you know,
17 where they are.

18 So, anyway. I will be happy to do that.

19 You know, pass it on to you.

20 MR. HOYLE: Thank you.

21 MR. HANEY: Thank you.

22 MR. BAIRD: You're welcome. All right.

23 Anything else on financials someone would
24 like to bring up?

25 No?

1 If not, we would entertain a motion to
2 accept the financial statements.

3 MR. HANEY: So moved.

4 MR. BAIRD: Second?

5 MS. BLAKE: I don't --

6 MR. BAIRD: We don't think we have to do
7 that?

8 MS. BLAKE: We don't -- we don't need to do
9 that.

10 MR. BAIRD: My -- well, we're going to do it
11 anyway.

12 MS. BLAKE: It's information provided.
13 You're not going to take any action on it.

14 MR. BAIRD: No action required, we're not
15 going to vote. Would you, please, remove your motion.

16 MR. HANEY: I'll take my motion back.

17 MR. BAIRD: Thank you very much.

18 MS. BLAKE: Thank you, Chairman Baird.

19 MR. BAIRD: I apologize. I'm learning.

20 Okay? You know --

21 MS. BLAKE: You're doing just fine.

22 MR. BAIRD: All right. Next agenda item is
23 fee structure.

24 MR. GLEESON: It did say possible action on
25 the agenda.

1 MR. BAIRD: Pardon?

2 MR. GLEESON: It does say possible action on
3 the agenda.

4 MR. BAIRD: It does says possible, but there
5 is no possible action.

6 MS. BLAKE: But you didn't take any.

7 MR. BAIRD: Okay. Next is fee structure.

8 MS. BLAKE: Okay. If you turn in your
9 book --

10 MR. BAIRD: It's a standing item.

11 MS. BLAKE: -- to page 42. Again,
12 basically, informational at this board meeting. This is
13 the fee schedule that went into effect July 1st, 2012. As
14 you will recall at the last board meeting, you reviewed at
15 length all of that information and you increased only one
16 fee, and you will pay -- find that on page 43. And that
17 is under the permit fees, the mobile, manufactured home
18 permit fee went from \$123 each to \$300 each.

19 From the department standpoint, just FYI, we
20 haven't heard much feedback about it. The only feedback I
21 received is, how quickly can we hurry? Can we send you an
22 e-mail and get in our permits on June 30th and can we get
23 them at the old fee?

24 And, of course, we accommodated and said, if
25 you make a request via e-mail, you fax it, and it's dated

1 June 30th we will honor the --

2 MR. BAIRD: Of course.

3 MS. BLAKE: -- the prior fee. Of course.

4 So -- but other than that we've had no feedback.

5 MR. BAIRD: And -- and I'll remind everyone

6 that the \$300 fee was what most IGAs charge anyway --

7 MR. HANEY: Right.

8 MR. BAIRD: -- so...

9 MR. GLEESON: Similar.

10 MR. BAIRD: Non-event. Good. Any other

11 comments on the fee schedule?

12 MS. BLAKE: Chairman Baird, I just have one

13 more thing. Under that agenda item, Letter A. I added

14 this on to the agenda. I don't know if you need to talk

15 about it or not as -- as a board. This is as a result of

16 the last board meeting where it was requested that we do

17 an anticipated growth assumptions based on different fee

18 increases.

19 Chairman Baird and I worked together on it.

20 And in May he generated an e-mail to you and provided that

21 information.

22 Is there -- are there questions, discussion,

23 anything about it?

24 MR. HYDE: I don't think I'm on your e-mail

25 list.

1 MR. BAIRD: What now?

2 MR. HYDE: I don't think I'm on your e-mail
3 list.

4 MR. BAIRD: Sure you are.

5 MR. HYDE: I just got this. This is the
6 only thing I've gotten since...

7 MR. BAIRD: Really?

8 MS. BLAKE: This was sent in May.

9 MR. BAIRD: May.

10 MS. BLAKE: Let's see.

11 MR. BAIRD: Is Troy -- is Troy's name at the
12 top? Looks like you...

13 MS. BLAKE: Troy Hyde.

14 MR. HYDE: Blame it on Apple.

15 MR. BAIRD: Yeah. We sent -- I'd be happy
16 to send it to you again.

17 MR. HANEY: You've actually got to open your
18 e-mail.

19 MS. BLAKE: Well, maybe -- maybe you can
20 verify with me after the meeting what you have for his
21 e-mail, but I think it's the same, because I think I sent
22 this to you.

23 MR. BAIRD: It's -- I just copied yours.

24 MS. BLAKE: You're -- you're on here. I
25 promise.

1 MR. HYDE: All right.

2 MS. BLAKE: But we can --

3 MR. HYDE: I trust no malice.

4 MR. BAIRD: Well, some -- some of us don't

5 have our names there, but you do have your name there.

6 That's the only reason I knew --

7 MR. HYDE: Oh. Okay.

8 MR. BAIRD: -- you know.

9 MS. BLAKE: Would you like me --

10 MR. BAIRD: But I have my name --

11 MS. BLAKE: -- to forward this to you so

12 that you have it?

13 MR. HYDE: Sure.

14 MR. BAIRD: Or just give him that copy.

15 MR. HYDE: Because I don't think I got

16 that -- that monthly one you sent.

17 MR. BAIRD: But -- what -- did you get the

18 monthly either?

19 MS. BLAKE: It was attached to the same

20 e-mail.

21 MR. HYDE: Yeah. Troyhyde@troyhyde.com.

22 MS. BLAKE: Yeah. It was this and this --

23 MR. GLEESON: Oh. You didn't get e-mailed

24 earlier --

25 MS. BLAKE: -- attached to the same e-mail.

1 MR. BAIRD: Yeah.

2 MS. BLAKE: So I'll forward it to you --

3 MR. HYDE: Okay.

4 MS. BLAKE: -- and then you'll it.

5 MR. HYDE: Thank you.

6 MS. BLAKE: You bet.

7 MR. BAIRD: Yeah. But it's there and it --
8 it -- last time we were -- Zeek -- someone, I think,
9 asked --

10 MS. BLAKE: I think it was Zeek.

11 MR. BAIRD: I think Zeek asked for -- well,
12 what does this mean, I mean, are we going to be close to
13 our 95/105? And we said, well, based upon what we think
14 the industry is doing and where we're going, this is -- so
15 we -- we guess like everybody else guessed. You know, we
16 swagged it, and by golly we got it there. And we -- we
17 should be as close as anybody else that's guessing.

18 MR. HYDE: I notice this month we're not
19 that far off? We're at 92 right now.

20 MR. BAIRD: Yeah. We're catching up. And I
21 think the -- until things settle a little bit within the
22 year, we're going to be able to have a much better picture
23 of where we're going for next year, six months in
24 anticipation of -- of the -- the time in which we have to
25 set the new rates.

1 MS. BLAKE: Right. And July 1st just
2 started the new fee, and we're seeing the growth. So,
3 yeah. I think the assumptions, again -- I don't know if
4 it printed off differently for me than for you, but if we
5 just had, basically, a 1 percent assumed growth, 3 percent
6 in inspections, so on and so forth, it gets us to
7 92 percent. And if we have a 5 percent or above -- or
8 5 percent primarily, it gets us to 94 percent proration.
9 So it's getting there.

10 MR. BAIRD: It's getting there.

11 MS. BLAKE: It's getting there.

12 MR. BAIRD: So we'll be able to tell. So,
13 yeah. And I want to thank Debra for doing all the work.
14 Yeah. I -- I looked at it. And so Chairman Baird's a --
15 involvement was to send the e-mail out, which I got my
16 hand spanked for because I didn't do that right either,
17 but -- but we're learning.

18 MS. BLAKE: We're all learning.

19 MR. BAIRD: We'll get this down.

20 MS. BLAKE: Me too. Okay.

21 MR. BAIRD: All right. Thank you. All
22 right.

23 MS. BLAKE: Uh-huh.

24 MR. BAIRD: And I'm sorry. I -- agenda.
25 All right. Recovery fund.

1 MS. BLAKE: Okay. Mr. Chairman, board
2 members, turn your packet to page 44. This is a -- the
3 chart that we've always provided -- well, not always, but
4 for the last significant time that -- the status of the
5 recovery fund. The balance of it as of July 1st is almost
6 143,000.

7 It looks good, but we do have a significant
8 claim scheduled for hearing, and awaiting a hearing date.
9 And that -- the amount of that claim is \$112,000.

10 MR. BAIRD: That's the one to Cox.

11 MS. BLAKE: That's the one to Cox. And she,
12 I believe, is the last of that significant abuse by one
13 dealer.

14 MR. BAIRD: In Mesa?

15 MS. BLAKE: Of the relocation fund. She's
16 the last one of that group.

17 MR. BAIRD: And that --

18 MS. BLAKE: And, then, the other claims that
19 are waiting, sum total to \$5,000. So --

20 MR. BAIRD: Okay.

21 MS. BLAKE: -- if the judge, in fact, does
22 award that amount of money, that would bring the recovery
23 fund total down to \$38,000.

24 MR. BAIRD: Right. From what I've heard --
25 and you maybe -- and, please, verify this. This has

1 already been turned down once. This is an appeal to the
2 original?

3 MS. BLAKE: Joni, is that correct?

4 MS. CAGE: Yes.

5 MR. BAIRD: So it's already been denied
6 once.

7 MS. BLAKE: Do you recall why it was turned
8 down? Was it the amount?

9 MS. CAGE: The judge did -- did not
10 recognize the flooring cost, which had been verified. The
11 judge denied it. And so that's the major difference. And
12 then one item that I did not agree with verification,
13 which they're still disputing.

14 MS. BLAKE: So she's appealed it and it's
15 going forward? Okay.

16 MR. BAIRD: Not only is she, but the
17 flooring --

18 MS. CAGE: That was the original --

19 MR. BAIRD: -- source appealed it as well,
20 didn't they?

21 MS. CAGE: Yes. They -- they supported that
22 or something like that, so we'll just see what the judge
23 says.

24 MR. BAIRD: All right. So it's already been
25 denied once, so there may not be a hit to the fund. I

1 don't know.

2 MS. BLAKE: Okay. If you will then turn to
3 page 45 is just a summary page of all of the consumer
4 complaint cases. But where you're going to get your
5 detail begins on page 46. And you'll recall that at the
6 last board meeting it was requested that we break down by
7 manufacturer, dealer, and installer and actually identify
8 who those entities are.

9 And so we have done that for you. Actually,
10 Joni did it for you, but -- and so it gives you more
11 detail on each case; when the complaint was filed; when it
12 was verified; so on and so forth; the entities involved.

13 If you don't see any alleged violations
14 under a particular entity's name, that means that there
15 were none assigned to them, so...

16 MR. BAIRD: So on page 46, for example, look
17 at the second one down, it says "Champion Home Builders,"
18 there's nothing listed under Champion. You go to the
19 retailer, which is Castle Homes, there's a whole bunch
20 listed. And you go to the installer, there's four or five
21 things listed. That's what you're referring to?

22 MS. BLAKE: That's correct. Yes, that's
23 correct.

24 MR. BAIRD: Okay. And -- and let -- let me
25 say one more thing here. What caught my eye mostly was

1 the dealer license area. If it's the dealer's license
2 that's invalid, those are the ones we really have to worry
3 about.

4 MR. GLEESON: Right.

5 MS. BLAKE: Yes.

6 MR. BAIRD: If the dealer's license is
7 valid, they're still in business, they want to stay in
8 business, they'll probably work this out somehow or
9 another. It may go to the recovery, but if we do, we
10 have -- we have a way to -- to go against their bond or --
11 and they'll probably end up losing their license if they
12 don't take care of it.

13 MS. BLAKE: Correct.

14 And there's actually a column on that sheet.
15 You'll see the third from the -- the right that says, is
16 this a possible recovery fund? And, again, in -- in the
17 check -- in the first one, although we tell you the dealer
18 license is valid, there were no violations alleged to the
19 dealer. The only way a consumer can get to the consumer
20 recovery fund is through the dealer license.

21 So manufacturers, you can't get to recovery
22 fund. And manufacturers, typically, always take care of
23 their customers.

24 Installers, you can't get to the recovery
25 fund unless installation was part of the purchase

1 contract. And most of them are.

2 MR. HANEY: A thought just occurred to me.
3 Doesn't happen often, so -- as a -- as a licensee of the
4 Department of Real Estate when somebody's license is
5 canceled, revoked, suspended, all other licensees are
6 notified.

7 And I wonder if it would be beneficial to us
8 as a -- different members of the industry, for instance,
9 if a -- if a dealer's license is revoked, suspended that
10 all other licensees that are -- that have a -- easily made
11 contact via e-mail be notified of that too.

12 Because if an installer has been doing
13 business with a dealer who is all of a sudden suspended,
14 he may want to know that before he takes on any more jobs.
15 And likewise, as a dealer, if they're out selling homes,
16 if they -- if an installer has been suspended, revoked, or
17 whatever, the dealer may want to know about that before
18 they do anymore business with them.

19 I just throw that out there because it
20 happens in the real estate department that all licensees
21 are notified of all other licensees' suspensions or
22 revocations.

23 MR. BAIRD: That would --

24 MS. BLAKE: What we do here -- or have done
25 for some time is, we update and post on our website the

1 status of current -- the status of licenses. So somebody
2 can go on there and check. Or you can go on and you can
3 verify the status of a license. So we kind of put that on
4 the consumer or ultimately -- an alternate licensee.

5 MR. HANEY: Yeah. I don't know how much of
6 a --

7 MS. BLAKE: From a -- from a resource
8 standpoint --

9 MR. HANEY: Yeah.

10 MS. BLAKE: -- we would have a problem. The
11 other problem we would have is, we do not have a good
12 source for installer e-mail addresses. We maintain all of
13 them for the dealers, most of the dealers, the
14 manufacturers, but we just don't have a good database of
15 getting it.

16 MR. BAIRD: Most installers have told the
17 department when I've asked this question earlier that they
18 don't really check their e-mails. Most installers.

19 MS. BLAKE: Right.

20 MR. BAIRD: So how would you tell them, hey,
21 we had to send them letters. That would be too
22 cost-prohibitive.

23 MR. HANEY: No. No. That's -- yeah. The
24 department doesn't do that.

25 MR. BAIRD: You know, my wife's a retired

1 nurse and she got a quarterly or a monthly newsletter from
2 the state.

3 MS. BLAKE: Uh-huh.

4 MR. BAIRD: And it did list who lost their
5 license.

6 MS. BLAKE: Yeah. The -- the nursing board
7 does publish that --

8 MR. BAIRD: And the first thing she turned
9 to --

10 MS. BLAKE: -- monthly.

11 MR. BAIRD: -- you know, anybody I know lost
12 their license-type thing, you know.

13 MS. BLAKE: And -- and we do publish it, but
14 you have to seek it out. I mean, it's available on our
15 website for anybody who wants to check.

16 MR. HANEY: Yeah. What about if on the
17 website if on your home page you would have the section of
18 suspended or revoked licenses without -- for -- you know,
19 it doesn't take that long I know. But when we are going
20 to use a dealer we get a -- from our perspective,
21 land-loose communities, when somebody comes in and says,
22 all right, we're going to pull a home and we want to
23 check, and we do go on and check it.

24 MS. BLAKE: Uh-huh.

25 MR. HANEY: But it takes -- I'm not real

1 computer-literate. I can get to your home page pretty
2 quick.

3 MS. BLAKE: That is on our home page,
4 Mary Ann, isn't it?

5 MS. MARQUEZ: When you click on
6 "manufactured housing" --

7 MR. HANEY: It --

8 MS. BLAKE: Oh. It's on manufactured
9 housing.

10 MS. MARQUEZ: -- the licensing search --

11 MS. BLAKE: Okay.

12 MR. HANEY: Right.

13 MS. MARQUEZ: -- you type in the license
14 number and it will tell you the status.

15 MR. HANEY: I'm just wondering if on a -- if
16 on that front page you could have a block that says,
17 "revoked or suspend in the last year," dealers and
18 licensees.

19 MS. MARQUEZ: You type in the license number
20 and you get the status of it.

21 MS. BLAKE: But you have to know to navigate
22 there. What, Neal, I think, is asking --

23 MR. HANEY: Right. And you have to have
24 their little license number.

25 MS. MARQUEZ: It's really simple to do.

1 MR. GLEESON: Can you type in the name?

2 MR. HANEY: Some -- yeah. Sometimes you
3 can --

4 MS. BLAKE: Name or license number.

5 MR. HANEY: But you have to know it. Right.
6 You have to know the right --

7 MS. MARQUEZ: Or the crafts --

8 MR. HANEY: Yeah. Right.

9 MR. BAIRD: But the --

10 MS. BLAKE: But we do publish a list also
11 of, I think, revoked licenses. Revoked and non-renewed,
12 but let me check into it.

13 MR. HANEY: Okay. I was just...

14 MR. BAIRD: Well, let me ask it a different
15 way, Debra and Gene. I mean, has it been an issue over
16 the years that somebody who's lost their license continues
17 to do business?

18 MR. PALMA: I don't think we've -- we've had
19 some instances, but it's not a major problem.

20 MS. BLAKE: I -- I would say it's not a
21 problem.

22 MR. HANEY: Okay. Okay.

23 MS. BLAKE: The bigger problem is people who
24 have never had a license just out there doing the
25 business. You know, we have a lot of people out there

1 acting as dealers --

2 MR. BAIRD: Yeah.

3 MS. BLAKE: -- some acting as installers who
4 have never bothered to get a license. And we find them.

5 MR. HANEY: Eventually.

6 MS. BLAKE: We find them usually in the
7 course of doing business, and we issue cease and desists.
8 But let me look and see what's out there and then --

9 MR. HANEY: Okay.

10 MS. BLAKE: -- we can -- we can look into
11 the options and -- and present them to you.

12 MR. BAIRD: Well, I -- I have two issues.
13 First of all, I -- I think overall from where we've come
14 from to where we are now, I -- I think the -- the
15 reporting by the department to the board, plus the
16 handling of complaints in general, has been dramatically
17 improved.

18 There's no doubt that it's just improved.
19 The communications are much stronger. I -- I just think
20 it's a -- it's actually one of the best things you've
21 done.

22 I know this is kind of the result of -- of
23 everything that you've been doing, all your training, all
24 your efforts over the past few years. I mean, this is
25 the -- this is the proof of the pudding right here that

1 tells you you are protecting the consumers.

2 And -- but it -- it's remarkable, you know.
3 I mean, I think most licensees finally get it, you know.
4 If you're going to go here, you're going to have to fix it
5 anyway. You may as well fix it now and get it over with,
6 you know, before it creates a lot more problems for
7 everybody. So you do that. It's the right thing to do.
8 But this information is really great, so thank you for
9 that.

10 MS. BLAKE: You're welcome. Thank you.

11 MR. BAIRD: Anything else on consumer
12 complaints?

13 I have -- one more thing I'll add is, is
14 that the fact that going after the bonds is something
15 that, you know, up to four years ago we couldn't even look
16 at as -- really. And we've been so aggressive doing that.
17 I -- I'm -- I'm -- I feel confident we're in the
18 90 percent range versus where we used to be at a
19 10 percent range, and that's huge dollars. It may only be
20 \$25,000 a pop, but it's \$25,000, and those add up
21 significantly.

22 So we'll -- and I know -- I'll speak for the
23 board again, we appreciate you staying on top of that,
24 because that money's there for us. It's -- it's ours.

25 MS. BLAKE: Okay. Thank you again.

1 MR. PALMA: Thank you.

2 MR. BAIRD: You're welcome. And please pass
3 it on to everyone. Joni. All right. Notice of proposed
4 rule making.

5 MS. BLAKE: Yes. Mr. Chairman --

6 MR. BAIRD: You saved the best for last, I'm
7 sure.

8 MS. BLAKE: -- board members, you will not
9 find a tab in your book that's labeled that because this
10 is a verbal update.

11 MR. BAIRD: Thank you.

12 MS. BLAKE: We really don't have anything
13 new, except to tell you that the board -- the rule packet
14 that we did run through the process, we did receive final
15 approval signed by the Governor's regulatory review
16 council. The rules are approved as final rules as of
17 April 4th, 2012.

18 MR. BAIRD: Excellent.

19 MS. BLAKE: So we're done with that process.

20 MR. BAIRD: Cool.

21 Is there any education that needs to be
22 taken because of those changes? I mean, did you -- do you
23 have a feeling that all licensees are aware of that?

24 MS. BLAKE: I think that they're all aware
25 of it. Primarily, you'll recall the major changes that

1 went through that rule packet was updating the body of
2 codes.

3 MR. BAIRD: Correct.

4 MS. BLAKE: We've communicated that. Plan
5 review, I believe, sent out e-mails to everybody. I know
6 that Patty has received in several structural packages
7 updated with the new codes, which is why she's about a
8 week and a half out in her plan review. But, obviously,
9 still well within the 40 day statutory time of getting it
10 done, but -- so we are seeing that. And so --

11 MR. BAIRD: I think so. And once they do an
12 inspection, they realize it, too, as well once everyone
13 has undergone that.

14 MS. BLAKE: Well, we have certainly shared
15 it. We've shared it in the industry newsletters for the
16 Arizona housing. We've handed out things and communicated
17 verbally in the field with everybody. And so, I...

18 MR. BAIRD: Great.

19 Any comments? Any issues?

20 No.

21 All right. Call to the public?

22 Mr. Anderson.

23 MR. ANDERSON: Thank you, Mr. Chairman, and
24 members of the board. As is our custom, we have our
25 annual meeting coming up in August. It's August 24th.

1 And we invite our board members to attend at no cost,
2 except for you Sam.

3 Our -- our topics this year are the keynote
4 "Customers Forever", which can be applied to any industry.
5 How to -- how to appeal to a customer; how to retain that
6 customer; how to get repeat business from that customer;
7 how to get referrals. So that's our keynote.

8 We have a lot of activities, including Debra
9 and her department are doing a very good presentation on
10 installations. We have kind of a review of our escrow
11 requirement, which took effect July 1st. So you're all
12 invited, and you will get personal invitations.

13 I wanted to comment on what both Sam and
14 Gene covered on response time. And I -- we appreciate the
15 fact that you're really on top of that.

16 But you're -- something you said, Debra, I
17 think that would be -- could be very helpful is to -- is
18 to explore your third-party inspection concept, because
19 that could be a lifesaver, even if it's only temporary.

20 You know, if we get a flood of 30 extra
21 sales in one certain period of time and they all hit about
22 the same time, if that resource is available, it could be
23 very -- very good for the industry. And, again, it might
24 only be a temporary need, could be just for several
25 months.

1 MS. BLAKE: Uh-huh.

2 MR. ANDERSON: And I'd like to echo what Sam
3 said on the consumer complaint report. It's very well
4 done.

5 I notice the -- the claims seem to be
6 mitigated more than they were before. So I don't know if
7 that's the department or the hearing officer that's doing
8 that, but it just seems like there's more mitigation, more
9 fairness, I think, to the -- to the process than I've seen
10 in the past.

11 And, I -- I guess, I just have a question,
12 Debra. I don't know if you can answer it under this
13 format, but what percentage of installations do -- does
14 HUD require that we inspect? I stand -- by their rules.

15 MS. BLAKE: Installation? Well, HUD has
16 adopted our installation program, and we require 100
17 percent.

18 MR. ANDERSON: Okay. Do you know what the
19 HUD requirement is, though?

20 MS. BLAKE: I -- I thought it was
21 100 percent, but I'll check into it for you.

22 MR. ANDERSON: Okay.

23 MR. BAIRD: Do you know what it is?

24 MR. ANDERSON: I believe it's less than
25 100 percent, but I know state statute is 100 percent,

1 which would override the HUD in this requirement, this
2 request.

3 MS. BLAKE: Uh-huh.

4 MR. ANDERSON: And I was just curious --

5 MS. BLAKE: I'll check on that.

6 MR. ANDERSON: -- in the event that we ran
7 into a problem where we have more installations than
8 inspectors and we were two weeks behind, if -- if HUD
9 would allow that portion to be relaxed?

10 MS. BLAKE: Okay.

11 MR. ANDERSON: As you can tell, I'm thinking
12 positive on the numbers, so -- and that concludes my
13 report, Mr. Chairman and members of board.

14 MR. BAIRD: Thank you.

15 MS. BLAKE: Mr. Chairman, if I could just
16 make one more comment about the third parties. And as I
17 indicated, we are pursuing it. Our -- our one initial
18 concern about it is being able to find a third party who
19 will agree to do the inspection at the fee that the board
20 has established, because most third-party agencies have
21 their own fee structures, and they are very expensive.

22 And so, as we continue to explore it,
23 obviously, our concern is for the industry and our
24 licensees. If a third-party comes in and says, yes, I'll
25 do that for you, and it's going to cost you \$1,500 if it's

1 outside 100-mile radius, which is really where we want to
2 use them, you know, I'm certainly not going to go to
3 Gleeson Mobile Home Service and say, well, guess what?
4 Now you've got a \$300 permit fee, but you've got to pay
5 them \$1,200 extra to come do it. I mean, it knocks them
6 out of the ballpark. That's our concern about the third
7 parties.

8 So we have a couple of names of a couple of
9 them. And we have not approached them yet, but still
10 thinking about it here. That would be our concern,
11 finding a third party to do it for a \$300 permit fee.

12 MR. BAIRD: Well, just thinking out loud
13 here. I mean, we could make it a -- maybe make it a
14 choice by the licensee if they want to pay \$1,200 extra
15 and get it done in two days versus waiting 12 days to get
16 it done for \$300 that --

17 MR. HANEY: An expedition fee.

18 MR. BAIRD: I mean, the board -- board
19 wouldn't care, I don't think. I mean...

20 Mr. Gleeson.

21 MR. GLEESON: Well, the problem is, is
22 once -- when we get the deal, it's already a contract,
23 so --

24 MR. BAIRD: Booked.

25 MR. GLEESON: -- there -- you can't go back

1 to the customer and say, we need to charge you another
2 \$1,200. That -- that doesn't --

3 MR. BAIRD: I -- I know. I know. But it --
4 from what she's saying and what she's -- and I'm not so
5 sure that the \$1,500 is out of line from what we have to
6 pay third parties from time to time.

7 MS. BLAKE: And -- and I'm not --

8 MR. BAIRD: And -- as well, Joe.

9 MR. HART: Right.

10 MR. BAIRD: It's -- it's a lot of money.

11 MR. GLEESON: Well, Maricopa County permits
12 are \$1,500-plus.

13 MS. BLAKE: Right.

14 MR. GLEESON: We spend almost \$2,000 for
15 Maricopa County permits between the zoning, the flood
16 control, and the state permits --

17 MS. BLAKE: Right.

18 MR. GLEESON: -- and the environmental.

19 MS. BLAKE: Right. So it's definitely
20 something we're exploring.

21 MR. BAIRD: Sure.

22 MS. BLAKE: And today, as I said, I'm hoping
23 we're at the worst end of where we're at, being
24 optimistic. Our worst-case scenario has been four-day
25 wait period, which is not where I want it, but it's

1 probably also not excessive.

2 MR. BAIRD: Well, I -- it's not excessive.

3 But if our business picks up and it has a 25 percent

4 increase --

5 MS. BLAKE: It -- it would be a problem.

6 MR. BAIRD: -- we're in trouble. It would

7 be a real problem.

8 MS. BLAKE: Right.

9 Yes, sir?

10 MR. GLEESON: Yeah. Four days doesn't seem

11 like a lot for one inspection, but if you have, like, an

12 in-ground set and you wait four days for the initial

13 inspection, then you wait four days for the --

14 MR. BAIRD: Exactly.

15 MR. GLEESON: -- blocking -- or the block

16 wall or the retaining wall inspection before you can

17 backfill, then you call for a final and you wait another

18 four days and then --

19 MS. BLAKE: Right. But --

20 MR. GLEESON: -- you know, that -- that's a

21 little excessive, but...

22 MS. BLAKE: -- but I would say that's not --

23 I don't think anybody's --

24 MR. GLEESON: That's not all the time.

25 MS. BLAKE: -- experienced that level.

1 MR. GLEESON: No. No.

2 MS. BLAKE: Usually the -- the average is
3 two days. But we have had some as -- as lengthy as four,
4 but we're hopefully working on all of that.

5 MR. BAIRD: Thank you. All right. When's
6 our next meeting?

7 MS. BLAKE: Ayde?

8 MR. BAIRD: I believe it's --

9 MR. GLEESON: October. It's on the very
10 back page.

11 MR. BAIRD: October 17th.

12 MR. GLEESON: October 17th.

13 MR. BAIRD: All right. Well, we've had
14 great attendance, so let's -- let's do our best to
15 continue that. All right. In the absence of any other
16 comments, the chair will entertain a motion to adjourn.

17 MR. HYDE: Motion to adjourn.

18 MR. BAIRD: Seconded.

19 MR. GLEESON: I second.

20 MR. BAIRD: All in favor?

21 (All ayes.)

22 MR. GLEESON: See you guys. Thank you.

23 (The proceedings concluded at 2:21 p.m.)

24

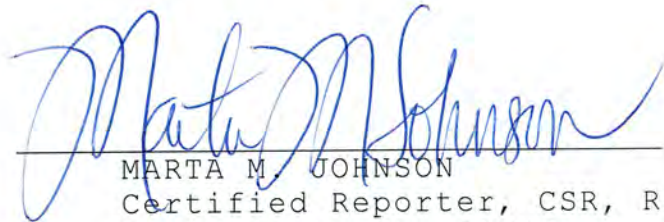
25

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

4 BE IT KNOWN that the foregoing proceedings were
5 taken before me, MARTA M. JOHNSON, RPR, Certified
6 Reporter, Certificate No. 50746, State of Arizona; that
7 the proceedings were taken down by me in shorthand and
8 thereafter reduced to computer print; that the 76 pages
9 contained herein are a true and correct transcript of all
10 proceedings had upon the taking of said proceedings, all
11 done to the best of my skill and ability.

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

15 DATED at Phoenix, Arizona, this 7th day of August,
16 2012.

17 
18 MARTA M. JOHNSON

19 Certified Reporter, CSR, RPR
20 Certificate No. 50746
21
22
23
24
25