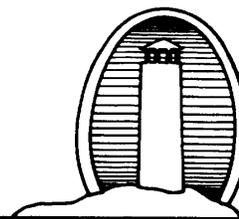


Breakwater Estates

Homeowner's Association, Inc.

2 Rusty Anchor Drive
Rehoboth Beach, DE 19971



Breakwater Estates Board of Directors Meeting Minutes Saturday, October 15, 2016 9:00 am

The Breakwater Estates Board of Directors met at the home of Board Co-President Doris Walsh on Saturday, October 15, 2016. Present at the meeting were Board members: Brian Eichenlaub, Karen McGavin, Doris Walsh, Grace Gannon, MJ Melah, Lana Warfield and Barry Nichols from SeaScape, and former Breakwater Estates Property Manager, filling in for Bonnie Wooten who could not attend the meeting. Absent: Frank Frazzano and Bonnie Wooten, SeaScape Property Manager

Call of Order

Co-President Doris Walsh called the meeting to order at 9:00 am. Doris proceeded to introduce Barry Nichols, who was filling in for Bonnie Wooten who could not attend the meeting.

Approval of Minutes

Final, revised, Minutes of the Board of Directors April 16, 2016 Meeting

Brian Eichenlaub, BWE Secretary, presented the revised and final Minutes from April 16, 2016 for last review and acceptance.

Minutes of the Board of Directors July 23, 2016 Meeting

Brian also presented the draft Minutes from the July 23, 2016 Board Meeting. The minutes were read by all with a two corrections suggested. Karen McGavin made a motion to accept the minutes as amended, and Grace Gannon seconded. The motion was carried by all.

Treasure's Report

MJ Melah, BWE Treasure, presented the treasure's report. The community has a total of \$166,623.52 in laddered Money Market CD's and \$21,776.77 in Checking account.

Two CD's are coming up for renewal. All agreed to renew both DC's for 12 months at a 1.15% interest rate. Doris Walsh moved to accept, Brian Eichenlaub seconded and the motion was carried by all.

A discussion occurred as to the number of signers on the community accounts. It was brought to the Board's attention, that over the years, folks who were authorized to sign for the community, have moved on or are not in the financial positions they once held. It was agreed that we needed to delete a number of people who were authorized to sign for the community accounts.

It was agreed that there will only be three signers on the accounts. They are: MJ Melah, Treasure, Doris Walsh, Co-President, and Bonnie Wooten, SeaScape Property Manager. Board members,

Grace Gannon, Frank Frazzano, and former SeaScape Property Managers Marc Kosiorowski and Jonathan Poole, were all to be removed as signers from the accounts.

Only two property owners who have late community dues. Letters have been sent and Sea Scape will call as a follow up.

Finally, it was decided that MJ Melah, BWE Treasure, will be the Board Member given the authority by the Board to sign any contracts for the community that need to have a Board Member's signature. Brian Eichenlaub moved for approval, Grace Gannon seconded, and all approved.

Property Manager's Report

Barry Nichols, from SeaScape, presented the Property Manager's Report for Bonnie Wootten, Sea Scape Property Manager.

Repave Breakwater Estate Roads: Barry presented three proposals from paving companies which Bonnie had assembled. They were for filling the cracks in the streets of the neighborhood. Bids came in ranging from \$1350 - \$6,475. It was estimated that it would take \$561,000.00 to repave all of our community roads. So discussion occurred with possibly paving one or two roads a year. We could have a company prioritize the worst to best streets and start with the worst streets. More information was needed. Bonnie will present at the next meeting with estimates for repairs to all the cracks on all neighborhood streets.

Wire Grass Contract: Contract needs to be signed for D. R. Lawn Maintenance ,LLC. Spraying set for September. Should continue spaying for wire grass twice a year – in July and September. Brian Eichenlaub moved to accept contract, MJ Melah seconded and all approved.

Breakwater Estates Sign: Not yet painted.

Flowers Planted at Breakwater Estates Entrances – One homeowner called asking if flowers could be planted at the entrances to the community. All agreed it was a great idea. A garden committee will be suggested at the June community meeting to take on this task. The community could pay for the flowers and plants, and interested homeowners who are part of the garden committee will be responsible for the planting and upkeep of the beds. We will see if there is community interest in this proposal at the June meeting.

Blue House on Corner of Breakwater Drive and Lighthouse Drive: Maxwell cut the grass and charged \$135.00 for the cut. The cost is due to how high the grass was and it needed several runs to cut it. Maxwell, as agreed, charged the community association and it was paid. The homeowner needs to reimburse the association this cost. Sea Scape will update the Board as to reimbursement from the homeowner.

Snow Removal Bids: Walker Construction placed a bid for the snow removal contract. All agreed they did a wonderful job last year. Brian Eichenlaub moved to accept contract, Doris Walsh seconded and all approved.

Fidelity Bond: Discussion occurred about possibly securing a Fidelity Bond for the BWE community. This bond protects the community money from being stolen by signers on our community bank, CD, and checking accounts. It is thought to be about \$500/year. Many communities have it – we do not. SeaScape will look into it and come back with costs at our next meeting.

Trees at corner of Munchy Branch Road and Breakwater Drive (at 1 Breakwater Drive): Trees are dying and falling down and a danger to those walking/driving in the area of the trees. It is a safety issue for the community. Mr. McCullough, the owner, has been contacted by SeaScape and asked that the trees be removed. SeaScape secured a bid of \$900.00. The McCullough's could use SeaScape's bid or someone else. They need to be removed by the end of the calendar year.

Old Business

New Stop Signs: Two new stop signs were installed to replace faded/damaged old ones.

Street Lights on Breakwater Drive: Trees around light posts have been trimmed to allow more light for the streets. Other streets also have the same issue: One more house on Breakwater Drive, Beacon Drive and so on. Al's Affordable Trees will be contacted and asked to also trim trees on those streets around light posts with trees surrounding them.

Community Mailboxes: It was pointed out that the roof of the community mailboxes was leaking and missing some shingles and needing repair/replacement. Also, branches from neighboring tree had low hanging branches growing into the mailbox structure. It was decided to secure bids to repair/replace the mailbox roof and get the trees trimmed hanging down on the mailboxes.

Storm Water Pond Maintenance: Maxwell presented a bid of \$600.00 to service storm water pond, removing brush and small trees. Doris Walsh made a motion to accept the bid, Grace Gannon seconded and all approved.

Lighthouse Drive Home Steps: After being contacted about front house steps painted a very bright blue, the homeowner quickly repainted them to complement the rest of the house.

House at corner of Light Ship Drive and Lighthouse Drive: Fence has blown down between the two yards. Homeowner of the fence has been contacted. She is securing bids but some contractors are not showing up. She will get the fence fixed.

New Business

Covenant Review and Discussion: Lana Warfield informed the Board that our neighboring community, Fieldwood Estates, is changing their covenants – addressing the type of homes and additions which will be allowed in their community in the future years. No longer will all types of building structures be allowed.

Right now, Fieldwood Estates is composed of a mixture of homes:

1. Single wide and double wide mobile homes
2. Single wide and double wide manufactured homes (those on permanent block foundation some of which are considered Class C)
3. Modular homes (those homes built with the same Sussex County building codes as stick built homes.) All of which are on block foundation and built off site as a stick built home.
4. Stick built homes totally built on site to Sussex County Building codes.

Homes that are modular or stick built carry higher costs and resale value to the community and surrounding properties. Both follow the building codes of Sussex County. Property values increase when a community is primarily composed of modular or stick built homes. Property values decrease when a community is primarily composed of mobile homes or manufactured

homes and, in general, bring down property values of surrounding modular and stick built homes.

Fieldwood residents are revising their covenants to say, any future homes, replacement homes or additions need to either be modular or stick built homes. No more mobile homes or manufactured homes, Class C or not, may be built in Fieldwood. Those now existing in the community, will be grandfathered in, but as they are replaced, they can only be replaced by modular and stick built homes. In time, Fieldwood would no longer have any mobile or manufactured homes in the community.

This change accomplishes several things: it allows for a better built quality of home in the community and also presumes the increase of property values of the current residents' homes. If a person shopping for a new home, knowing that a community will not allow a mobile or manufactured home to be built next to them, it presumably would bring a higher price than communities that have no such restriction and the possibility of a mobile or manufactured home parked next to them.

What does this have to do with Breakwater Estates? Well, we are a similar community as Fieldwood. Breakwater Estates is made mobile and manufactured homes that are built to HUD standards and have "I" beams under the houses and are trailered onto lots. Only a few, however, if they have skirting and not built on a block foundation (which is not structural by the way) they will not qualify for Class C status with the county.

In the future, especially with our proximity to the bike path, Cape Henlopen Park and the proposed improvements of the Wolfe Neck Road part of the park (see Cape Gazette article by Maddy Lauria, 12/27/16 front page story), our land values will improve and a buyer knowing that only modular (appraised like a stick built home) and stick built homes are permitted going forward can only help all of the home owners.

This proposal would not affect any existing homes. Only new homes that may be added in the future.

The Board agreed to continue discussion of this topic and depending on the results of the discussion, bring it up at the June community meeting, getting the community's input as to whether or not to move forward with such changes in our covenants.

The next Board meeting will be on Saturday, January 28, 2017 at Grace Gannon's home at 9:00 am.

Meeting adjourned at 11:16 am – Brian Eichenlaub moved to adjourn and Karen McGavin seconded. All approved.

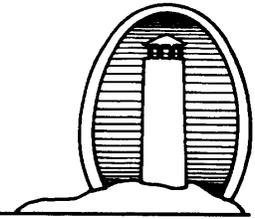
Respectfully Submitted,

Brian E. Eichenlaub
Secretary, Breakwater Estates

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Homeowner's Association, Inc.

2 Rusty Anchor Drive
Rehoboth Beach, DE 19971



BREAKWATER ESTATES BOARD OF DIRECTORS MEETING AGENDA
OCTOBER 15, 2016
25 LIGHTHOUSE DRIVE

1. Call to Order – Doris and Grace
2. Approval of Minutes of July 23, 2016 Meeting – Brian
3. Treasurer's Report – MJ
 - General questions regarding report
 - Status of HOA fees
 - Maturing CDs
 - Other business related to the Treasury
4. Property Manager's Report – Bonnie
 - Road repairs and estimates
 - Status of arrears fees
 - Update on roads
 - BWE maintenance of entry flower beds
 - Reimbursement by Breakwater Drive homeowner for lawn services
 - Miscellaneous issues
5. Old Business – Doris and Grace
 - Status of stop signs
 - Update of painting of entrance signs by Bill Bond
 - Painting of blue steps – Lighthouse Drive
 - Trees by street lights
 - Mail box pond
 - Repair of mail box housing
 - Other issues
6. New Business – Doris and Grace
 - New board member – Lana Warfield
 - Residents' requests for action – ARC applications and so on. Handle through emails or meetings?
 - Incident Reports
 - Other new business
7. Adjournment