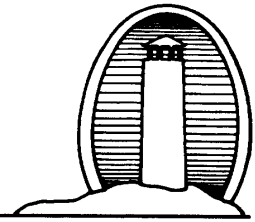


Breakwater Estates

Homeowner's Association, Inc.

2 Rusty Anchor Drive
Rehoboth Beach, DE 19971



Breakwater Estates Homeowner's Association

Annual Meeting Minutes

Saturday, June 10, 2017

9:00 am

Lewes Public Library

111 Adams Avenue

Lewes, Delaware 19958

The Breakwater Estates Board of Directors held the Annual Meeting on Saturday, June 10, 2017 at a new location, Lewes Public Library in Lewes, Delaware. The meeting was called to order at 9:03 am by Co-President Doris Walsh who declared a quorum of 45 homeowners who were either present (31) or sent in a proxy (14). 32 homeowners need to be present or have sent a signed proxy to hold the meeting. Board members present at the meeting were: Grace Gannon, Brian Eichenlaub, MJ Melah, Karen McGavin, Lana Warfield, Bonnie Wooten, our Property Manager from SeaScape and Barry Nichols, also from SeaScape.

Call to Order

Co-President Doris Walsh called the meeting to order at 9:03 am.

Thank You to BWE Community Members – Doris Walsh and Grace Gannon

Co-President Grace Gannon thanked Frank Frazzano, long time serving Board Member for all of his hard work and years of community involvement. Frank decided to leave the Board this year to pursue other interests. Thank you Frank!

Also, Barb Provenzano and Bill Bonn were recognized for all of their work in the community. Bill and Barb painted the BWE community signs at the two entrances. Thank you Barb and Bill!

Review and Acceptance of Minutes from the June 5, 2016 Annual Meeting - Brian Eichenlaub

The June 5, 2016 minutes were sent in the announcement packet for property owners to review before the meeting.

Discussion occurred over the lowered dues amount to \$400.00. The actual suggestion from the meeting was to lower the dues to \$450.00, not \$400.00 as presented in the minutes. The minutes were amended and \$400.00 was changed to \$450.00. Ken Reilly moved to accept the minutes as amended and Pam Notarangelo seconded. The motion carried unanimously.

Road Report and Paving – Barry Nichols

Barry Nichols from SeaScape prepared and handed out a Road Report documenting estimates for road repaving, patchwork and crack fill. Two proposals were attached from Jerry's Paving and Excavating Inc. The first one was for \$164,520.00 for a paving overlay for the neighborhood using a Type C service course hot mix at 1.5 inch thickness. The second estimate was for patching of up to 3700 linear feet of cracks with hot pour rubberized crack filler at a cost of \$5,350.00.

Discussion occurred.

Steve Perrin (12 Lighthouse) pointed out the community has almost enough money saved now to pave all the roads in the road reserve fund. The roads would last 20 years from the paving. He thought we should repave now. In the presented Road Report, the suggested life of the BWE roads was listed as 2021 which referenced a BWE commissioned study carried out by the Whayland Group in 2010. Steve pointed out that we have no idea what the cost of asphalt will be 2021.

John Simmons (8 Breakwater) said he stills sees school busses in the community. Why is this allowed after what we went through several years ago? It was explained that in the past, there was a handicapped student in the community and they needed to pick up the student at the house. Perhaps that is the case now also.

Jill Tjossem (17 Lighthouse) Bus for handicapped students must be let in to the neighborhood.

John Simmons – Will we get other bids from any other companies, or just Jerry's Paving? Because we were two or three years out and the price was much lower than the reserve study indicated, SeaScape did not get other bids at this time.

Bill Bonn (11 Breakwater) – Where does the road maintenance money come from? Operating funds.

No decision or vote was made as to what direction the community is to move with the roads.

Treasurer's Report and Approval of Budget for 2017-2018 – MJ Melah

Treasurer MJ Melah reported that the community dues were remaining the same for the coming year. They will be \$480/year or \$120/quarter.

As of June 10, 2017, there was
\$10,714.81 total in the Community Bank Accounts
\$95,525.93 in the 4 CD's Money Market's
\$62,399.09 in the Road Reserve Fund
\$168,639.83 Total in Community Savings

Discussion Occurred

John Simmons – Should we reduce the fees to \$450/year since the road fund has a healthy amount saved and does not need to be built up as much?

Ken Reilly (22 Breakwater) – Just keep them at \$480/year and build up the road fund.

Jill Tjossem – Several items

- Late fees are very high \$85.00/month late (\$50.00 for BWE+\$35.00 for SeaScape). Usually it's 18%. This is much higher than 18%. The two different fees were explained.
- Fee on new homeowners in community – What is it for? Answered – For community maintenance like new signage in the community like stop signs, and anything left over for road reserve funds.

Ken Reilly moved to close discussion. Pam Notarangelo seconded to close discussion. All approved.

Maureen Dolan (17 Beacon) CD Renewals – The Board decided to wait until after the Presidential election to see if the rates would go up.

John Simmons – The electric light bill – can the cost be renegotiate? Or are we committed paying what we are paying? Unfortunately, we cannot negotiate the electric bill.

Maureen Dolan moved to accept the budget as presented. Tom Trilica seconded. Budget as presented passed unanimously.

Dues will remain unchanged at \$480.00/year.

Property Manager's Report – Bonnie Wootten - SeaScape

Chemical application for the control of wire grass encroaching on the edge of paved roads, was done last October of last year and will be done in July and then again in September of this year at a total cost of \$590.00 with DR Lawn Maintenance.

The Breakwater sign was painted this past fall, with the help of volunteers from the community. The HOA paid for the paint and expenses but the labor cost was donated by residents. Thank you Bill Bonn and Barb Provenzano!!!

The mail box roof was replaced in December by Blue Hen Handyman, LLC. The total cost of the mailbox replacement was \$1250.00. The cedar shakes will have to be treated with a sealant this fall.

The dry pond behind the mailboxes was cleaned and woody stem material and overgrowth was removed at a cost of \$700.00 by Maxwell Lawn Care.

Two STOP signs were replaced this fiscal year that had faded at a cost of \$55.00.

Breakwater Estates spent a total of \$1200.00 for snow removal this fiscal year – Walker Construction is our contractor.

A storm water drain was repaired (it had caved in). The drain was dug out, and cement poured and the drain rebuilt at a cost of \$1100.00.

Last August, Al's Affordable Tree Care trimmed trees around street lights at a cost of \$350.00.

The "got junk day" in May was a huge success with over 20 homes participating.

Director of Natural Resources/Delaware of Mosquito Control – We are in Zone 154 of the spray zone. If you go to their website, we could find out when Breakwater Estates will be sprayed this summer.

Ken Reilly (22 Breakwater) reminded folks to be good neighbors and please check on houses when the houses are empty - like in the winter months.

Also, if you see trashcans left out, after pick up, please take a minute and return them up the driveway. Thank you!!!

New Business

❖ Changes to the Community Covenants – Lana Warfield

Lana Warfield presented possible changes to the community covenants and the reason why the community may want to look into and possible change to community covenants concerning the type of homes which may/may not be built in the community in the future.

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

1. Single wide and double wide manufactured homes (those on permanent block foundation some of which are considered Class C)
2. 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.
3. 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.

The changes in the covenants would say that no more mobile homes or manufactured homes, Class C or not, may be built in Breakwater Estates. 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, Breakwater Estates 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.

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

Discussion Occurred:

Ken Reilly mentioned to ride through Fieldwood and look at the quality of the new homes being built.

Diane Coltrain (5 Pilot) was concerned that with these changes, people may not be able to afford to replace their home in the event of a disaster. For example, if a home is destroyed by a fire, the home is insured for replacement value of a manufactured home. So where would the extra money come from to build a modular or stick built home? This is especially true of those who are retired and on a fixed income.

Kristen Hoen (10 Lighthouse) is away often. Revision 4.9 does not allow enough time (5 days) for residents to respond or react once they have been notified of an infraction from the Association. Kristen thinks this needs to be revisited.

Discussion ended. It was decided that the Board should continue to look into this matter. Also, the amendments as presented at the meeting need to be reviewed, and possibly changed as pointed out by community members. Perhaps the Board members could work on the wording of the amendments over the next few months and send out the amendments by mail for review. Then, the residents could vote by mail or discuss them at the next community meeting - then vote on the changes.

Elections

With the addition of Mike Forry (4 Breakwater), there was a full election slate of candidates. Ken Reilly moved by unanimous consent that they vote the entire slate in to office as opposed to ballot, since there were no contested openings. Tom Trilica seconded. All in attendance agreed and voted the slate of candidates into office for a two year term.

General Questions/Comments:

Ken Reilly thanked those serving on the Board for all of their hard work and volunteering their time.

Maureen Dolan moved to adjourn and Tom Trilica seconded. All approved.

Meeting adjourned at 10:20 am.

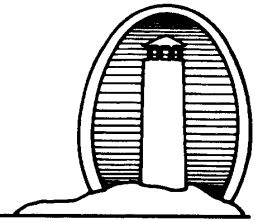
Respectfully Submitted,

Brian E. Eichenlaub
Secretary, Breakwater Estates

Breakwater Estates

Homeowner's Association, Inc.

2 Rusty Anchor Drive
Rehoboth Beach, DE 19971



**BREAKWATER ESTATES HOMEOWNERS ASSOCIATION
ANNUAL MEETING
SATURDAY, JUNE 10, 2017
LEWES PUBLIC LIBRARY
111 ADAMS AVENUE
LEWES, DE 19958**

AGENDA

9:00 am

Registration & Refreshments
Call to Order – Grace Gannon and Doris Walsh

Quorum Present (32 members/Proxy or in Person)
Proof of Meeting Notice
Tribute to Frank Frazzano

Approval of Last Year's Annual Meeting Minutes – Brian Eichenlaub

Road Report – Barry Nichols

Treasurers Report – MJ Melah
Proposed Budget July 1 – June 30 2018

Property Manager's Report – Bonnie Wootten
Mosquito Control
Community Update

Proposed Amendment - Lana Warfield

Election – Grace Gannon and Doris Walsh

11:00 am

Adjourn