

BREAKWATER MASTER HOMEOWNERS ASSOCIATION, INC.
ANNUAL MEETING
SEPTEMBER 24, 2016
MINUTES

Call to Order: The meeting was called to order at 10:14 a.m. by Mary Jo Porreca, President of the Board of Directors.

I. Proof of Quorum:

Gail Launay-Tarlecki (Right Property Management) verified that quorum had been achieved.

II. Roll Call:

Mary Jo Porreca, President; Diana Pollisino, Vice President; Randy Taylor, Treasurer; Barb Moritz, Condo Board Representative; Gail Launay-Tarlecki, Property Manager - Right Property Management, Pam Lawson, Jennifer Daisey and Karen Porter, Right Property Management.

III. President's Report:

The President discussed HOA accomplishments in 2016 as summarized in the handout attached to these minutes. She encouraged volunteering by residents, and in that vein, invited committees to report.

A. Grounds and Landscaping Committee: Chuck Taylor, Committee Chair thanked the rest of the committee-- Misty Pileggi, Ray Scott and Tom Sturgis -- for their hard work. He briefly mentioned the accomplishments for 2016 as summarized in the written report attached to these minutes.

B. Pool and Fitness Committee: Ed Lightcap, co-chair, summarized the Committee's activities as follows:

1. Resurfacing and plastering of the pool will be done in September (since completed).
2. Committee members kept a close eye on the daily maintenance of the pool this year.
3. Marlene Sugden, co-chair, is investigating options to replace the 10-year old carpet in the fitness center.
4. Window tint was applied to the fitness center windows.
5. After considering several bids, a contractor has been selected to repaint the rest rooms.

C. Communications Committee: Nick Hoogs, Committee Chair, thanked the other members of the Communications Committee-- Patrick Breen and Murray Summers—and briefly discussed the activities for 2016 as outline in the report attached to these minutes. He also noted the new web site page for classified advertising on which anyone may post ads; the service is free for homeowners and there is a nominal charge for outside vendors.

The President concluded her report by thanking the current officers on the Board for their tireless work. Much of the work is behind the scenes, including analyzing financials, creating spreadsheets and endless other thankless tasks.

IV. Financial Report:

Barb Moritz provided the financial report. An Income and Expense Statement was distributed and is attached. Assessments for 2016 are \$450 per home per quarter. The largest expense items are as follows:

- A. Water for Irrigation Well: This is the largest community expense at \$52,000 per year. Unfortunately, the Board does not have a lot of control over this item. The developer signed a lifetime agreement with Tidewater to provide service. The Board is considering buying out the contract to avoid the excessive cost.
- B. Trash Removal
- C. Irrigation System: Sposato Irrigation is on site almost every day. They communicate with the community very well and except for some spotty areas, they are doing a great job.
- D. Electric for Street Lights and Pool
- E. Management Contract: The fee is competitive. The contract is in place until 2017 and will be reevaluated to be sure the community is receiving appropriate value.
- F. Water Retention Basin Maintenance: This is a large expenditure that is being evaluated. The cost to run the aerators (fountains) alone is \$1,000 per month.
- G. Engineering Studies: Engineers were hired to make sure the curbs and sidewalks are correctly addressed.
- H. Maintenance/Custodial: This is an ongoing expense for the community and includes items such as basic repairs, painting and custodial work.
- I. Pool - Coastline as done a good job this year. Their contract price is competitive.
- J. Propane/Natural Gas: Not sure of the cost for 2017. It is not anticipated to vary a great deal once natural gas is brought in due to the comparison of the cost of propane vs. natural gas.
- K. Cable/Phone: The cable is for the TV's in the fitness center. A land line phone is required for the fob system. The fob system is antiquated and must be replaced once the appropriate research is complete.
- L. Snow Removal: We did not budget for more than one snow event this year.
- M. Postage: The cost for this meeting alone for postage and reproduction is approximately \$300.

The assessment income does not cover operating expenses. Accordingly, the assessment per home must be increased. The Board voted to increase the assessment by \$50 per quarter per home beginning in January, 2017. An additional \$200 per year per home does not provide much cushion; however, expenses will be closely monitored.

In response to questions from the floor, Barbara explained that there are two budgets, one for operating income and expenses and the other for contributions to and expenditures from the capital reserve. As to the possible buyout of the Tidewater contract for the irrigation well, Barbara suggested the cost, if high, might be financed to spread it out over several years.

V. New Business: Election

A. Announce Nominees: This year's election will consist of one nominee elected from the single-family homes and one nominee from the twin/triplex homes. The Condo Association elects their member of the Board.

- o The nominees from the single-family homes are Patrick O'Reilley and Peggy Marshall.
- o Randy Bies is the only nominee from the twin/triplex homes.
- o ARC Committee nominees are:
 - § Richard Camp
 - § Richard Jundt
 - § Bruce Summers

Their respective backgrounds and self-nominations are attached to these minutes.

There was a final call for nominations from the floor. There being none, a motion to close the nominations was made, seconded, and approved by a floor vote. Ballots were collected by Right Property Management staff.

VI. Old Business

A. Turnover Update: The Board has agreed to terms with the developer. Ocean Atlantic agreed to provide the community with \$53,800.80 in addition to the \$490,000 in repairs to the streets and sidewalks.

B. Sidewalks and Streets Update:

- Sidewalks: The sidewalks are guaranteed to 20 years. Under that guarantee, Schell Brothers promptly repaired two pieces of sidewalk that were sinking.
- Streets: There is extensive work being completed on the streets now, including the top coat. The cost for the work is more than \$490,000. The community spent \$5,000 to hire an engineer to make sure that all work was being done correctly. Our engineer made the Sussex County inspector and the contractor more responsive. Top coat paving is scheduled to begin next week. All paving is started in the rear of the community (Shoal Road) so trucks do not have to drive on newly paved surfaces.

C. Natural Gas Update: Walt Makos was recognized for his efforts on this project. The conversion process has started. Valves have been installed throughout the community so that the conversion can take place in sections. Transition propane tanks have been placed adjacent some single-family homes. The conversion will be done in sections of homes. Once one section is converted, transition propane tanks will be moved the homes in another section. It is anticipated that the community will be completely converted before the heating season begins on November 1st. So far 136 homeowners have completed all the necessary steps for conversion.

VII. Open Forum

In response to questions from the floor, the following issues were discussed:

- The problems with the hot tub were not the result of poor workmanship but rather wear and tear from use. A decision on the future of the hot tub has not been made yet.

- Chesapeake will call each homeowner to schedule the conversion process. The best determination that conversion will occur soon is when the temporary tanks appear at your home. Contact Chesapeake if you have a generator needs to be converted.
- The tree line behind Shoal Road homes is ongoing maintenance situation. There is no irrigation in this area. The landscape contractor will be asked to remove deadwood from the common space, but removing unhealthy trees from the tree line is inconsistent with the natural forest and may create a large hole in the tree line. Home owners cannot plant trees in the common area, but the new Board could consider some resolution of the problem.
- The developer is required to clean all debris from the streets before leaving the community.
- For safety and convenience reasons, the fitness equipment cannot be moved enough to make any meaningful space available for other activities. The Architectural Review Committee determined that the fitness center building could hold a second floor. Adding a second floor would involve a special assessment to homeowners. If there is serious interest in adding a second floor, the new Board could investigate costs and what the special assessment might be.
- Mailboxes are owner responsibility, but the sidewalks to which they are attached are common property. If the mailbox is not properly secured, a homeowner may add bolts to existing holes, but if new holes are needed, Board approval will be needed.
- The deterioration of curbs near the port-a-potty at the concrete washout will be referred to the County Inspector.
- The mailboxes can be changed; however, they must have Architectural Review Approval.
- Replacement of expansion joints in the sidewalks is currently scheduled to be completed.
- If a mailbox was damaged because of work on the streets and sidewalks, email pictures and information to the Board for referral to the contractors.
- Estimates have been obtained to extend the fence around the gazebo to prevent pool access from the play area.
- The recent car break-ins, etc. have been reported to the police. Due to the reports, the police have started to drive through the community on a regular basis. Additionally, the lighting in the community has been improved. A good suggestion is to turn on the outside lights at your home. This deters suspicious activity away from lighted areas. Additional security may be obtained by replacing existing screws in deadbolt locks with longer screws.

VIII. Election Results

- A. The Twin/Triplex homes elected Randy Bies to the Board.
- B. The Condo Association did not have a quorum at their meeting, so the condo representative has not yet been elected.
- C. The Single-Family Homes elected Patrick O'Reilley to the Board.

D. All three nominees for ARC were reelected: Richard Camp, Richard Jundt and Bruce Summers.

The meeting was adjourned at 12:06 p.m.