

REHOBOTH BEACH YACHT AND COUNTRY CLUB HOMES ASSOCIATION
(WHITE OAK SECTION)

April 30, 2016

Re: 2016 Annual Meeting

Dear RBYCC Homes Association Member,

In many of our Newsletters, the Board has sought to remind you that the Association's 2016 Annual Meeting is scheduled for Saturday, June 4, 2016 at the Rehoboth Beach Country Club. The meeting will begin at 10:00 A.M. We very much hope that you will attend. *If you will not be able to attend, please provide us with your proxy, the form of which is the last enclosure in this letter.* If you don't, we risk not having a quorum in which case no official business, including the election, may be conducted.

This year the Board decided to provide you, well before the meeting, with a number of documents that will be discussed at the meeting. This way, you should have ample time to review them and develop your questions, if any. It is also hoped that by proceeding in this way, the Meeting will move along at an efficient pace.

Accordingly, in addition to the enclosed form of proxy, you will find the following documents enclosed with this letter:

1. The President's Annual Report as required by the Association's Bylaws.
2. The Official Notice of the Annual Meeting. The Notice is being placed in the mail at least 30 days before the June 4 meeting in full compliance with the Association's Bylaws and applicable statutory requirements.
3. The Proposed Agenda for the Annual Meeting.
4. The proposed Minutes of last year's Annual Meeting which took place on June 6, 2015. Given that the Minutes are being provided to you well in advance of the Meeting, we will entertain a motion to waive a reading of the Minutes. If such a motion is approved, we will entertain a motion to approve the Minutes, seek a second, entertain any discussion, and then vote to approve the Minutes.
5. The Treasurer's Report which is comprised of a cover narrative explanation from our Treasurer, Dennis Runsten, with financials. We will entertain a motion to accept the Treasurer's Report, seek a second, entertain any discussion and then vote to accept the Report.
6. The proposed 2016-2017 Budget for the Association is contained in the financials following the Treasurer's Report. We are not proposing any change to the Annual Dues of \$265.00. We will entertain a motion to approve the proposed 2016-2107 Budget, seek a second, entertain any discussion and then vote to approve the Budget.

7. Deb Grubbe, who is a Board Member and Vice President of the Association, as well as the Chair of the Association's Roads and Drainage and Communications Committees, will make a slide presentation on the infrastructure issues facing our development now and in the future. (No enclosure here) Deb's presentation will also be treated as the Report of the Roads and Drainage Committee.
8. The Chairs of the Grounds and Landscaping, Communications and Architectural Review Committees will be present to provide brief reports and answer any questions.
9. The membership will be asked whether there is any old business to discuss. If none, we will move on.
10. Written Ballot for the Election of Directors for the 2016-2017 Term. At the current time, the following seven persons have indicated their intent to run for election to the seven-person Board for the 2016-2107 Term: Tom Cariota, Mary Enzler, Ron Graham, Deb Grubbe, Clare MacDonald, Dennis Runsten and Dick Zaragoza. If no one else comes forward prior to or at the Meeting, we will entertain a motion to approve the seven persons as a slate, seek a second, entertain any discussion and then vote to approve those seven persons by acclamation.
11. We will ask the attendees whether there is any other new business to be conducted. If so, a discussion will ensue. If none, we will move toward adjournment.
12. At the end of meeting, we will entertain a motion to adjourn the meeting, seek a second, entertain any discussion and then vote on the motion.

As a final note, please bring with you to the meeting this letter and attachments so that you can refer to them during the meeting. That way we will be able to avoid the very significant, extra cost of providing duplicate copies at the meeting. Thank you.

Respectfully,

Dick Zaragoza, richard.zaragoza@pillsburylaw.com; 703.304.7576 (Board Member, President, Chairs of Architectural Review, as well as Grounds and Landscaping Committees)

Deb Grubbe, rbyccha@comcast.net; 302.226.3936 (Board Member, Vice President and Chairs of Roads and Drainage as well as Communications)

Dennis Runsten, dprunsten@gmail.com; 678.640.6404 (Board Member, Treasurer, Registered Agent)

Clare MacDonald, cmacдона85@gmail.com; 302.227.7953 (Board Member, Secretary, Assistant Treasurer)

Ron Graham III, 22 West Side Drive, Rehoboth Beach, DE 19971 (Board Member)

REHOBOTH BEACH YACHT AND COUNTRY CLUB HOMES ASSOCIATION
(WHITE OAK SECTION)

PRESIDENT'S REPORT AS OF APRIL 30, 2016

As the President of the RBYCC Homes Association (White Oak Section) for the 2015-2016 Term, it is my duty, under Section 3 of Article XI of the Association's By-laws, to provide a report of the operations of the Association from July 1, 2015, to date.

The following lot owners were elected as members of the Association's Board of Directors at the Annual Meeting, June 6, 2015: Ron Graham, Deb Grubbe, Dave Jones, Clare McDonald, Dennis Runsten, Peter Schaumber and Dick Zaragoza. After the meeting, notice was received that Dave Jones respectfully declined to serve another Term. Peter Schaumber later resigned from the Board due to other nonprofit association-related work commitments.

The term of office began on July 1, 2015. On June 21, 2015, the prospective new Board held an organizational meeting at which the following Directors were appointed as the initial officers of the Association: Dick Zaragoza, President; Deb Grubbe, Vice President; Peter Schaumber, Secretary; and Dennis Runsten, Treasurer. Clare MacDonald was later appointed Assistant Treasurer. With the mid-term resignation of Peter Schaumber, Clare MacDonald was appointed Secretary. To date, the Board has held ten (10) regular meetings.

The new Board's first priority was to evaluate and improve the serious financial condition of the Association. As of June 30, 2015, our Reserve account held less than \$396 as compared to \$21,697 on June 30, 2014. Not counting June 2015 deposits of Annual Dues designated for conducting the Association's operations for the fiscal year beginning July 1, 2015, the operating account held \$1,615 on June 30, 2015, enough to cover only two weeks of average expenses.

We carefully examined, on a line-by-line basis, our expenses and cut where we thought prudent. Our two largest expenses were due to the Wilgus Associates management and Bay Creek relationships. We terminated the Wilgus contract and placed tighter reins on the Bay Creek work. Both decisions have generated the desired results, and we continue to look for ways to control our expenses going forward.

Our second priority was to try to capture unpaid dues income. By communicating in person and via email with affected lot owners, we were 100% successful as evidenced by the fact that all 134 lots in our development are paid up-to-date, including the four lots owned by United Kingdom company, Giant Booker, Ltd. This is surely a record, and hopefully one to be replicated year-after-year.

The Board was also successful in securing \$1,000 escrow deposits from the owners of the four homes that are being rented, also a first under that Association covenant requirement.

As Treasurer, Dennis Runsten has done an outstanding job managing the transition of the finances from Wilgus to the Association by changing the branch office of the Association's

M&T Bank from Millsboro to their Rehoboth Beach location, obtaining new keys for and examining the contents of the Association's safe deposit box at the "Outlet Liquors" branch office PNC Bank, changing the Association's mailing address to P.O. Box 192, Rehoboth Beach 19971, implementing processes for payments to vendors, deposits and monthly reporting to the Board. I am pleased to say that we are projected to be cash flow positive through the balance of the term (ending June 30), without having to rely upon 2016-2017 Annual Dues income and that our reserve funds now stand at \$11,115. I also want to thank Tom Cariota for helping our Treasurer develop the spreadsheet and procedures used for our financial entries and reporting.

Another area where we have tried to become more effective, at less cost, is in our commitment to communicate with each of you on a regular basis. All Board members contributed to our database of email addresses, reducing the number of missing member email addresses from approximately 40 to only 7 members who do not use email regularly. Deb Grubbe deserves high praise for her and the Communications Committee's work in establishing the Association's website (www.rbyccha.org) and in moving from a costly U.S. mail-based delivery system for our Newsletters to an email address database system, supplemented by a few printed copies to the small number of members not using email. The change has allowed the Board to increase the level of regular communications to the membership at reduced costs.

Improving financial condition of the Association and establishing the habit of communicating regularly with the membership does not define the full commitment of the Board. We continue to examine all of the pertinent issues either directly or through Committees.

The Roads and Drainage Committee has spent the year understanding, addressing, cataloging, and considering remedies for a wide range of problem areas – drainage issues on both West Side Drive and White Oak Road, the condition of our road surfaces, non-working and missing street lights, line-of-sight walking safety hazards due to shrubbery growth, and growing concerns with underground drainage. The Committee met with the Country Club in order to more clearly understand the RBCC management practices of our conjoined drainage system and is working with DelDOT on drainage issues on the lowest elevations of West Side Drive. The Committee contributed to and led a clean-up of our common area bordering Rehoboth Bay and worked with DelDOT on the clean-up of a drainage outflow issue on the East side of Dennard Quillen's property.

The Grounds and Landscaping Committee works directly with Bay Creek to ensure that the grass in the common areas is cut, and other clean-up tasks, including weeding, are performed on a timely basis. As a result of the outstanding work performed by Tom Enzler, we are making excellent progress in addressing the recurring problem in the Circle – the interruption of electrical power to our decorative lights after rains. Portions of the existing white fence were removed for the reasons the Board provided to the membership earlier this year. The unused materials are available for sale. Two lot owners have guaranteed that the Association will receive at least \$1,000 for them. The Board also has on its list of issues/concerns the eroding condition of the common area that borders Rehoboth Bay.

During the term, the Board/Architectural Review Committee received only two requests for approval of construction: (i) the installation of a roof-based solar panel system and (ii) the installation of lighted driveway stanchions. In addition, we have been notified of a variety of proposed exterior repairs in which case we have provided each affected lot owner with a copy of

the Association's Restrictive Covenants and a list of rules relating to construction. Please remember that any outside construction work should be reported to the Association so that we can provide you with a copy of the Restrictive Covenants as well as construction rules that you should forward to the contractor to best ensure compliance.

A very special thanks goes to the "Caring Committee" which was started this past year by three homeowners who prefer to remain anonymous. These members are quietly supporting our neighbors who need "a little extra support."

The Board produced an integrated set of the Association's Restrictive Covenants to simplify review. A copy of the document is available on the Association's website.

The Board is continuing to review the Association's By-laws and Restrictive Covenants with the view toward proposing updates where appropriate. In seeking input and the approval of the membership, the Board intends to follow the applicable notice/objection/approval requirements. We are particularly mindful of the need to put more "teeth" into our ability to enforce the restrictions and covenants that are already on the Association's "books." Please feel free to refer complaints to any member of the Board.

We are reminded that this is our Association. Lot owner involvement, whether on the Board or on committees, is the key to community success. The entire Board wishes to extend its heartfelt thanks to the following persons who have given of their valuable time for the betterment of the Association and the neighborhood at large: Roads and Drainage Committee: Bobbi Walker, Melynda Peet, Ram Mohan, Thomas Shriner and Deb Grubbe; Communications Committee: Mary Enzler, Nancy Katz and Deb Grubbe; Archives Committee: Tom Cariota; and Architectural Review Committee: Peter Schaumber, Nancy Katz, Mary Sue Colaizzi and Dick Zaragoza. With special thanks to: Matt Maher, Melynda Peet and Bobbi Walker for their property research on the 4 West Side Drive lots; Mackenzie Peet for her help on work days and environmental research; Tom Enzler for his electrical expertise and support on the circle wiring; Bette Lou Suter for her help on picking up trash from the circle; Dennard Quillen for his support in monitoring the drainage ditch progress; Jim Porter for his help with work days and his support on streetlights; Tom Cariota and Clare MacDonald who have helped with financial items; Ron Graham who has handled the mailing needs of the Association; Jordan Dattoli for his help with a security matter; Bob Valihura for his good counsel; and Steven Burger of Seaside Home Management for his donation of time on clean-up days and for hauling the Association's trash to the dump.

Deb, Dennis, Clare, Ron and I know that there is still a lot of work to do and that is why each of us has decided to run for another term on the Board. We are pleased that Mary Enzler and Tom Cariota recognize the importance of lot owner involvement as they have agreed to join our "slate." However, we need more committee volunteers, particularly for grounds and landscaping. Please show your interest by contacting any of the Directors.

Thank you, and do not hesitate to let us know if there is an issue or matter that you believe should be addressed or that should be given higher priority.

Dick Zaragoza, President

REHOBOTH BEACH YACHT AND COUNTRY CLUB HOMES ASSOCIATION
(WHITE OAK SECTION)

OFFICIAL NOTICE OF 2016 ANNUAL MEETING OF THE MEMBERSHIP

Notice is hereby given by the Board of Directors of the Rehoboth Beach Yacht and Country Club Homes of Association (White Oak Section)(the "Association") that the 2016 Annual Meeting of the Association's Members will be held on **Saturday, June 4, 2016, beginning at 10:00 A.M.** at Rehoboth Beach Country Club, 221 West Side Drive, Rehoboth Beach, DE 19971. Following custom, the meeting will be held on the second floor meeting room, to the right of the ballroom. Please come early to meet your neighbors over coffee and donuts.

The purposes of the Annual Meeting are to: approve the Minutes of the 2015 Annual Meeting; accept the Treasurer's Financial Report; approve the proposed Annual Budget for the 2016-2017 term; elect the Directors for the 2016-2017 Term; and transact such other business as may come before the meeting.

In preparation for the Annual Meeting you will find with this Notice, for your review and consideration, the following documents: the proposed Agenda for the meeting; the draft Minutes of the 2015 Annual Meeting; the Treasurer's Financial Report; the proposed Annual Budget for fiscal year 2016-2017; the written ballot identifying the seven persons who have to date expressed an intention to run for election to the Board of Directors for the 2016-2017 Term; *and the form of proxy that we strongly urge you to use if you are unable to attend the meeting.*

At the current time, the seven lot owners named in the ballot have expressed an interest in being elected to the Board. However, we want to encourage others to be considered as well. Accordingly, if you wish to be considered for election to the Association's Board for the 2016-2017 Term, please notify any member of the Board so that your name can be added to the ballot that will be used at the Annual Meeting to vote for seven members of the 2016-2017 Board.

Respectfully,

Dick Zaragoza, richard.zaragoza@pillsburylaw.com; 703.304.7576 (Board Member, President, Chairs of Architectural Review, as well as Grounds and Landscaping Committees)

Deb Grubbe, rbyccha@comcast.net; 302.226.3936 (Board Member, Vice President and Chairs of Roads and Drainage as well as Communications)

Dennis Runsten, dprunsten@gmail.com; 678.640.6404 (Board Member, Treasurer, Registered Agent)

Clare MacDonald, cmacдона85@gmail.com; 302.227.7953 (Board Member, Secretary, Assistant Treasurer)

Ron Graham III, 22 West Side Drive, Rehoboth Beach, DE 19971 (Board Member)

REHOBOTH BEACH YACHT AND COUNTRY CLUB HOMES ASSOCIATION

(WHITE OAK SECTION)

PROPOSED AGENDA FOR THE 2016 ANNUAL MEETING OF THE MEMBERSHIP

Rehoboth Beach Country Club

June 4, 2016

1. Call to Order
2. Determination of Quorum via in-person attendance and proxies
3. Approval of the Minutes of the 2015 Annual Meeting

Given that a draft of the Minutes was provided to each lot owner well in advance of the Annual Meeting, they will not be read aloud.

4. Acceptance of the Treasurer's Report
5. Approval of the Annual Budget for the 2016-2017 Term
6. Slide presentation by Deb Grubbe, Chair of the Roads and Drainage Committee, discussing the current and long-term infrastructure issues facing our Development; her presentation will be treated as the Committee Report
7. Reports of the Standing and Special Committees: Grounds and Landscaping Committee; Communications Committee, and Architectural Review Committee.
8. Old Business
9. New Business
 - Election of Directors for the 2016-2017 Term
 - Other New Business
10. Adjournment

Rehoboth Beach Yacht & Country Club

Homes Association

Annual Association Meeting Minutes
Saturday, June 6, 2015 – 10:00 a.m., RBCC

Welcome and Introduction of Board of Directors

The annual meeting of the homeowners was held on Saturday, June 6, 2015 at 10:00 A.M. at the Rehoboth Beach Country Club. The quorum was met with 51 owners in attendance and 62 proxies.

Dr. Andy Malinowski called the meeting to order at 10:10 a.m. by welcoming those in attendance and introducing the Board of Directors including Dave Jones, Jimmy D'Angelo, Joe Farley, Carolyn Thomas and Bruce Schoemer.

Opening Comments

Bruce Schoemer presented the Board's opening remarks addressing the memorandum distributed to homeowners by Dick Zaragoza and Peter Schaumber. Bruce Schoemer's report is attached below and incorporated as part of the Minutes.

Approval of 2014 Annual Meeting Minutes

Dr. Andy Malinowski asked for a motion from the floor to approve the Minutes of the 2014 annual homeowner's association meeting. A motion to approve the Minutes as presented was made from the floor; Phil Sheridan seconded the motion. Open discussion ensued. Ed Albers opposed the approval of the Minutes because he said he had resigned from the Board prior to the annual meeting. Dick Zaragoza opposed the approval of the Minutes because he asserted that the June 7, 2014, election results were invalid. The Minutes as presented were approved by the members in attendance with a vote of 25 in favor and 18 opposed without taking into account the proxies.

Open Forum

There was a discussion regarding the pool installed at the home of Mr. D'Angelo. Mr. Albers read a statement for the record that Mr. D'Angelo recused himself of the vote to approve his home and pool while serving as a member of the Board of Directors. The current Board verified in their December 2014 minutes that Mr. D'Angelo did, in fact, recuse himself from that vote. Mr. D'Angelo read a statement for therecord that it was his position that his home and pool were approved through the proper channels and that he had provided additional landscaping in an effortto adequately screen the pool as agreed upon by him and the Association.

There was a discussion regarding enforcement of community violations, with owners citing infractions such as construction signs and unkempt properties. Association Manager Julie Banks explained to owners that under new Delaware laws, the Board may not lawfully enter a private property to remedy violations without the permission of the owner. So, she explained, the process of the past whereby the Association would notify the owner, provide a small window for cure and then enter the property without the owner's consent to complete the necessary work at

the owner's expense is no longer acceptable. Instead, the Association is required to seek remedy through legal channels which is much more costly and takes much more time to remedy. Dave Jones commented that one of the common concerns here and with other issues as we've heard today, is that owners feel there is a breakdown in communications. He recommended the new Board members take this issue as a task to improve the lines of communication on community issues as well as individual concerns raised. To facilitate further communication, each owner was given a form foremail addresses and permission to contact them via electronic mail.

Landscape Committee Report

Dr. Malinowski thanked Bob Curry who worked with him on the Landscape Committee. The circle and the bulkhead were weeded, mulched and plantings placed by Bay Creek. A fence was installed to curtail parking next to the bulkhead to prevent more rapid deterioration of the 30-year-old bulkhead which, along with the shoreline, was repaired in the late 1990's at a cost of ~\$60,000. The fence also prevents parking on the swales because they are part of the storm water management. The fence also delineates our HOA parkland. The Board was in consultation with Rehoboth Beach Country Club to lease part of the area during special functions with prior approval from the Board. A Sussex County permit was granted to install the fence. Miss Utility marked the area prior to installation.

Road Committee Report

In response to an owner's question regarding DelDot's involvement in repaving the roadways, Joe Farley gave a brief update to the members. Several members of the Board have had meetings with the DelDot representatives. After having been tasked to evaluate the drainage issues by DelDot, the Board engaged the services of Urban Dirt, LLC to hydro-jet and video all five stormwater pipes that run from the country club to the bay. Those culvert pipes carry water off the golf course, through the sluice gates as well off the roadways through the storm grates. Issues were observed and reported back to DelDot (the official Urban Dirt report is available for review with the Roads and Drainage Committee). In addition to the problems with the pipes, which are collapsing in some areas, *there are additional drainage concerns* because owners have landscaped and hardscaped the 15' DelDot right-of-way that exists in front of each of the homes, exacerbating the drainage issues. Until the Association and each owner take responsibility to correct the drainage issues, DelDot has stated they will not entertain repaving the roadways. Joe added that the State has financial constraints and DelDot's recommendation is for RBYCC to take control of the roads back, although there is a program whereby the Association can assume responsibility for the roads while keeping "ownership" with DelDot. The cost of redoing the roads is ~\$350,000. This amount only includes paving - it does not include any monies for storm water management. He concluded his report stating that without the funds to correct the drainage issues in the community, nothing will be done with the roadways.

Introduction of Candidates / Election / Election Results

With no additional nominations from the floor, Association Manager Julie Banks introduced the candidates seeking election as listed on the ballot presented; each member was given the opportunity to say a few words about themselves and their interest in serving on the Board of Directors. Candidates included Bob Curry, Jimmy D'Angelo, Joe Farley, Ron Graham, Deb Grubbe (unable to attend but provided a written bio), Clare MacDonald, Andy Malinowski, Dave Jones, Dennis Runsten, Peter Schaumber, Bruce Schoemer and Dick Zaragoza. Elected to serve a one-year term of office to the Board of Directors from July 1, 2015 through June 30, 2016 were

the following members: Ron Graham, Deb Grubbe, Dave Jones, Clare MacDonald, Dennis Runsten, Peter Schaumber and Dick Zaragoza.

Budget Results

The 2015/2016 budget briefly presented in the opening comments was voted down by the members present and the proxies submitted. The 2015/2016 operating budget will remain the same as the 2014/2015 operating budget and the annual association dues will remain the same as 2014/2015 at \$265.00 per lot.

Adjournment

With no further business of the Association, the meeting was adjourned at 12:35 p.m.

RBYCC Homeowners:

I became your Treasurer in October 2014, this is my first experience as RBYCCHOA Treasurer so I thought it would be wise to share the financial information with all of our Homeowners. I believe the Board and I have been good stewards of your investment, especially during this time where we have incurred expenses to mitigate damage to our decaying infrastructure (more to follow). I know our homeowners are intelligent, interested and obviously vested in the decisions we have had to make over the past year. Therefore, instead of just sending out the proposed budget for next year (2015/16) for you to review before the annual meeting, I thought it would be helpful for me to walk you through it so I could highlight some of the decisions we had to make this year.

First, let us look at Budget. Before I talk about the "Proposed 2015/16" column on the far right, let me walk you through how we financially performed against this year's budget. The first line in the *Operating Income* grouping is the Operating Assessment (Income form annual dues). This line was budgeted at \$34,450 (\$265/lot X 130 lots). However, you see in the next column (April 22nd Year-To-Date) that our income was \$36,437. That is because we proactively collected on past late dues resulting in \$1,987 of additional income. We still have of two delinquent dues we are working to collect.

Next, let us look at the *Operating Expenses*. Starting with the *General & Administrative (G&A)* grouping, let me highlight a couple of items.

Under Budget –

- We renegotiated the Insurance this year saving \$489.

Operating Income	Budget	April 22nd	Projected	Proposed
	2014/15	Yr-to-Date	Yr-End	2015/16
Operating Assessments 2014/2015 (\$265 per lot)	\$34,450	\$36,437	\$36,437	\$0
Operating Assessments 2015/2016(\$325 per lot)	\$0	\$0	\$0	\$42,250
Total Income	\$34,450	\$36,437	\$36,437	\$42,250
Operating Expenses				
<i>General & Administrative</i>				
Accounting (Tax Prep)	\$260	\$277	\$300	\$300
Insurance	\$3,145	\$2,656	\$2,656	\$2,656
Legal	\$1,000	\$401	\$1,000	\$1,600
Taxes	\$25	\$35	\$35	\$35
Postage/Copies/Mailers	\$1,050	\$1,986	\$2,500	\$2,500
Website Management	\$350	\$0	\$0	\$0
Management (Contract)	\$11,700	\$9,170	\$13,000	\$15,600
Storage Rental Unit	\$648	\$658	\$658	\$0
Total General & Administrative	\$18,178	\$15,183	\$20,149	\$22,691
<i>Utilities</i>				
Water / Irrigation (entrance)	\$500	\$280	\$500	\$500
Entrance Electricity	\$350	\$0	\$350	\$350
Electric - Street Light	\$7,805	\$5,915	\$7,805	\$7,805
Total Utilities	\$8,655	\$6,195	\$8,655	\$8,655
<i>Grounds</i>				
Landscape Contract	\$4,250	\$5,746	\$7,500	\$7,500
Street Signs	\$0	\$0	\$0	\$500
Entrance / Circle	\$200	\$695	\$700	\$700
Routine Common Maintenance	\$1,667	\$0	\$0	\$0
Snow Removal	\$1,500	\$1,200	\$1,200	\$1,500
Total Grounds	\$7,617	\$7,641	\$9,400	\$10,200
Total Operating Expenses	\$34,450	\$29,019	\$38,204	\$41,546
Budget (Deficit)/Surplus	\$0	\$7,418	-\$1,767	\$704
Long Term Reserve Income				
Capital Assessments 2015/2016(\$150 per lot)	\$0	\$0	\$0	\$19,500
Long Term Reserve Expenses				
Drainage Investigation	\$0	\$5,650	\$5,650	
Perimeter Fencing	\$0	\$5,901	\$9,400	

- The \$350 Web Site Management Contract was canceled

Over Budget–

- The budget underestimated our Postage/Copies/Mailers expenses, which after the Annual meeting mailing etc. we project will be \$2500 for the year or an overrun of 138% (\$1,450).
- The other area where a G&A expense was underestimated was the Management (Contract) line. If you remember the year before last we had SeaScape Property Management as our management company at a cost of \$90/Lot/Year. Their contract expired on June 5, 2014 and as they did not want to continue the relationship, we had to find a new Property Management Company. After a two-month selection process, we announced in our September letter to the HOA, that we selected Wilgus Associates. Their cost, while comparable to the other candidates, is slightly more than Seascape at \$10/Lot/Month resulting in a 2014/15 10-month expense of \$13,000. Next year we have projected that we will have them for all 12 months.
- The Next Area is *Utilities* where budget & expenses were on target.
- The last grouping is *Grounds* and you will see that the snow removal was less than budgeted, but the rest of the items (Landscape Contract, Entrance / Circle, & Routine Common Maintenance), all 3 of which basically roll up to the landscaping contract. These combined expenses exceeded their combined budget by 34% (\$2,083).

This takes our expected Year-End Operating Expenses to \$38,204, which exceeds our annual dues collection by 11% (\$3,754). The bottom line is this year's projected operating expenses are \$293.88 per lot rather than the \$265 collected.

As we look at next year we have formulated a Budget based on this year's expenditures resulting in a 2015/16 Projected Operating Budget of \$41,546, which is \$3,342 more than our Project 2014/15 Year-End. The primary increase, which accounts for the 78% of the difference, is the additional \$2600 for having Wilgus for the full 12 months. This takes the Per Lot expense to \$319.58; therefore, I am recommending that the annual dues increase to \$325 per lot, which covers the proposed 2015/16 budget with a 2% (\$704) surplus over the proposed budget. Additionally, we made investments to help prevent further damage to our decaying infrastructure including:

- The Cleaning & Video Inspection of the Drainage pipes as an initial step to help mitigate the runoff and road decay. This data also provided evidence, and helped promote more precise communication with DELDOT to facilitate repair of the damaged pipes. We also negotiated a cost sharing with the Country Club to offset half of the total expense of the pipe cleaning and inspection. There will be more discussion on this project at the annual meeting.
- Installation of Fence on West Side Drive at the Country Club to prevent further damage to our bulkhead which has been hastened by parking on the HOA property. Many of you may remember that the HOA had to make a repair a few years back at a significant cost and with some unintended complications. After a review of alternative solutions and an unsuccessful attempt to get the Country Club to stop its patrons from using this as an overflow, a fence became the best solution. The fence has a nautical design seen in many coastal towns and cities. It also clearly establishes ownership of the parkland by RBYCCHOA . Hopefully in

years to come, residents and their children and grandchildren will take greater advantage of this pristine parcel of land that we were given.

These expenses and our operating overrun lowered our reserves by \$18,804. With much work ahead of us to continue to address drainage issues, to continue to be financially prepared to maintain the bulkhead and other community assets, as well as to be able to deal with other unanticipated expenses, we are proposing a \$150 annual capital contribution to the long term reserves.

Thank you
Bruce Schoemer

2016 TREASURER'S REPORT

At the 2015 Annual Meeting, the attendees voted to reject the proposed Budget that would have increased Annual Dues from \$265 to \$325 and established an annual capital contribution of \$150 to our Reserves.

Your Board has cut 2015/16 fiscal operating expenses to a projected \$29,034, a reduction of \$12,304 from the previous year. We terminated Wilgus after the required 60-day notice, and have provided most services ourselves, with help from many of you, saving \$10,000. Legal expenses were lowered by \$2,400. A full email address database was completed, enabling us to improve our communications with you while saving \$1,700 of printing and postage expenses. We tightened controls on our landscape maintenance contractor's activities, saving \$750. We chose to implement an Association website to provide further improvements in communications, and to offer the potential for future cost savings with additional functionality. Only \$2,548 of the above \$14,850 savings were required to implement the website.

Despite the 30% reduction in operating expenses versus prior year and the collection of \$2,300 in Dues from the owner since March 2014 of the four vacant lots near the entrance circle, we still project a deficit of \$5,991 for this fiscal year. The reason is that \$15,370 of Dues paid by Members in June 2015 for the 2015/16 fiscal year was immediately deposited, and some of it spent, by Wilgus and the prior Board to reduce the size of their deficit and increase the Operating Account. Had they not made this large deposit in June, the Association's total bank balances, including Reserves and Escrow, would have ended the 2014/15 fiscal year at less than \$3,600 as contrasted with the \$23,321 at the end of June 2014. We have been able to restore half of the Reserve Balance as it stood on June 30, 2014 with \$3,000 of the increase coming from several concerned Members' generosity. Your Board has not spent in the current fiscal year, and will not spend in 2016/17 fiscal year, without ample prior notice and justification, any Reserve funds.

In our Budget proposal we are not asking for any Dues increase for the 2016/17 fiscal year. We plan a further savings of \$3,836 in operating expense versus the current fiscal year, driven by reductions in management contract and website expenses. With a fiscal year 2016/17 operating surplus of \$12,175, we will have an opportunity to increase our Reserves to the June 2014 level. We plan to invoice you for your Annual Dues soon after the June 4 meeting with the understanding that the Dues payments would be delinquent only after September 30. However, we ask all of you to consider paying upon receipt of the invoice so that we do not need to dip into our Reserves while waiting for Dues checks.

The detailed financials are on the next page of this Report.

Thank You
Dennis Runsten

**RBVCC Homes Association
2016 Budget Comparisons**

Operating Income	2014/15 Yr-End	Budget 2015/16	Actual Through Apr-16	Projected 2015/16 Yr-End	Proposed 2016/17 Budget
Operating Assessments (\$265 per lot)	\$49,820.00	\$34,450.00	\$21,572.59	\$21,572.59	\$35,510.00
Other Income	\$1,896.00	\$2,000.00	\$1,470.00	\$1,470.00	\$1,900.00
Total Income	\$51,716.00	\$36,450.00	\$23,042.59	\$23,042.59	\$37,410.00
Operating Expenses					
<i>General & Administrative</i>					
Accounting (Tax Prep)	\$278.00	\$300.00	\$235.00	\$300.00	\$300.00
Insurance	\$2,656.00	\$2,750.00	\$2,656.00	\$2,656.00	\$2,750.00
Legal	\$3,372.00	\$1,200.00	\$664.99	\$1,000.00	\$1,000.00
Taxes	\$36.00	\$36.00	\$34.86	\$34.86	\$35.00
Postage/Copies/Mailers/Annual meeting	\$2,484.00	\$800.00	\$243.51	\$800.00	\$800.00
Website Management	\$0.00	\$2,200.00	\$2,547.97	\$2,547.97	\$400.00
Management (Contract)	\$13,000.00	\$3,033.00	\$3,033.30	\$3,033.30	\$0.00
Storage Rental Unit/Safe Deposit/Bank Charges	\$652.00	\$300.00	\$193.00	\$300.00	\$300.00
Total General & Administrative	\$22,478.00	\$10,619.00	\$9,608.63	\$10,672.13	\$5,585.00
<i>Utilities</i>					
Electric/ Irrigation Entrance	\$280.00	\$700.00	\$599.50	\$599.50	\$600.00
Electric - Street Light	\$7,186.00	\$7,600.00	\$6,341.18	\$7,612.00	\$7,800.00
Total Utilities	\$7,466.00	\$8,300.00	\$6,940.68	\$8,211.50	\$8,400.00
<i>Grounds</i>					
Landscape Contract	\$9,597.00	\$9,600.00	\$5,132.50	\$8,600.00	\$9,100.00
Entrance / Circle	\$696.00	\$700.00	\$789.20	\$950.00	\$950.00
Snow Removal	\$1,200.00	\$1,200.00	\$600.00	\$600.00	\$1,200.00
Total Grounds	\$11,493.00	\$11,500.00	\$6,521.70	\$10,150.00	\$11,250.00
Total Operating Expenses	\$41,437.00	\$30,419.00	\$23,071.01	\$29,033.63	\$25,235.00
Operating (Deficit)/Surplus	\$10,279.00	\$6,031.00	-\$28.42	-\$5,991.04	\$12,175.00

Long Term Reserve Expenses

Drainage/Roads	\$7,751.00	\$0.00	\$0.00	\$0.00	\$0.00
Common Area Fencing	\$9,400.00	\$0.00	\$0.00	\$0.00	\$0.00
Longterm (Deficit)/Surplus	-\$6,872.00	\$6,031.00	-\$28.42	-\$5,991.04	\$12,175.00

Association Account Balances, M&T Bank	June 30 2014	June 30 2015	April 30 2016	Projected June 30 2016	Projected June 30 2017
Operating Reserves	\$645.33	\$16,984.95	\$8,419.79	\$2,457.17	\$3,850.00
Escrow	\$21,696.55	\$395.93	\$11,115.22	\$11,115.22	\$21,897.39
	\$980.00	\$1,560.00	\$4,000.00	\$4,000.00	\$4,000.00
Total	\$23,321.88	\$18,940.88	\$23,535.01	\$17,572.39	\$29,747.39

BALLOT FOR THE ELECTION OF MEMBERS TO THE
REHOBOTH BEACH YACHT AND COUNTRY CLUB HOMES ASSOCIATION

(WHITE OAK SECTION)

BOARD OF DIRECTORS FOR THE 2016-2017 TERM

This form of written ballot will be updated by the commencement of the Annual Meeting to reflect the addition of the names of any other persons who have informed the Association that they also wish to be considered from election to the Board. The following seven persons have expressed their desire to be elected to the Association's Board of Directors for the 2016-2017 Term:

- Tom Cariota (121 West Side Drive)
- Mary Enzler (200 West Side Drive)
- Ron Graham (22 West Side Drive)
- Deb Grubbe (201 West Side Drive)
- Clare MacDonald (19 West Side Drive)
- Dennis Runsten (16 White Oak Road)
- Dick Zaragoza (11 White Oak Road)

If anyone else wishes to be considered for election to the 2016-2017 Board, he or she should add their names below so that they may also be voted upon.

_____ (_____)

_____ (_____)

_____ (_____)

The seven persons receiving the highest numbers of votes will be considered elected as Directors to serve the 2016-2017 Term.

To vote for a person who will serve on the Board, please place a check mark or "x" across from his or her name and return the ballot to the registration desk at the Annual Meeting. Please do not vote for more than seven persons.

REHOBOTH BEACH YACHT AND COUNTRY CLUB HOMES ASSOCIATION
(WHITE OAK SECTION)

PROXY FOR THE 2016 ANNUAL MEETING OF THE MEMBERSHIP

Name of Lot Owner: _____

RBYCC Street Address: _____

Signature: _____

Date: _____

I do not plan to attend the June 4, 2016 Annual Meeting and acknowledge that my proxy will be used for quorum purposes as well as for the other voting purposes identified below;

Candidates for Election to the Board

AND I hereby nominate and appoint Richard R. Zaragoza, President of the Association OR _____, as my proxy (my "Proxy") to cast my ballot for candidates as outlined below:

I acknowledge that as of the time of this mailing, the following candidates are seeking election to the Board of Directors for the 2016-2017 Term and I hereby cast, or appoint my Proxy" to cast, my vote as follows (please do not vote for more than seven (7) persons):

_____ TomCariota

_____ MaryEnzler

_____ Ron Graham

_____ DebGrubbe

_____ Clare MacDonald

_____ Dennis Runsten

_____ Dick Zaragoza

_____ (Write-in)

_____ (Write-in)

I acknowledge and agree that if I have not placed check marks or "x's" across from the names of seven (7) persons running for election, it is my intention that my Proxy cast my vote, according to his/her discretion, for as many candidates as are needed to elect a total of seven (7) persons;

AND I hereby nominate and appoint Richard R. Zaragoza, President OR _____, as my Proxy to cast my vote as outlined below:

Proposed Annual Budget

_____ I hereby cast my vote to **approve** the 2016-2017 Annual Budget as described in an attachment to the Official Notice of Meeting.

_____ I hereby cast my vote to **disapprove** the 2016-2017 Annual Budget as described in an attachment to the Official Notice of Meeting.

I acknowledge and agree that if I have not placed a check mark or "x" in response to the Proposed Annual Budget choice above, it is my intention that my Proxy cast my vote according to his/her discretion;

Other Matters Coming Before the Annual Meeting

AND I hereby nominate and appoint Richard R. Zaragoza, President OR _____, as my Proxy to cast my vote, according to his/her discretion, on any and all other matters that may come before the Annual Meeting.

Please complete, execute and return this proxy by personal delivery, U.S. mail or electronic mail, no later than the commencement of the Annual Meeting on June 4, 2016, to either any member of the current Board (whose names and contact information appear below), or to the registration desk at the Annual Meeting.

Dick Zaragoza, 11 White Oak Road, richard.zaragoza@pillsburylaw.com, 703.304.7576; Deb Grubbe, 201 West Side Drive, rbyccha@comcast.net, 302.226.3936; Dennis Runsten, 16 White Oak Road, dprunsten@gmail.com, 678.640.6404; Clare MacDonald, 19 West Side Drive, cmacdona85@gmail.com, 302.227.7953; and Ron Graham III, 22 West Side Drive.

Anyone holding a proxy must notify the registration desk at the Annual Meeting in order to allow the Board to determine who holds a proxy for which lot owner(s) as such proxies will also be used to assess whether a quorum exists for the conduct of official business at the meeting and what the vote is on each particular matter coming before the Annual Meeting.

REVISED PROPOSED AGENDA FOR THE RBYCC HOMES ASSOCIATION BOARD MEETING ON May 9, 2016

1. **Call to Order**

Identify members present: Dick, Deb, Dennis, Clare and Ron

Identify guests: Mary and Tom

2. **Approval of Minutes of the Prior Board Meeting**

April, 2016, Minutes

3. **Committee Reports**

Treasurer's Report

Update

Voting Action Items?

Roads and Drainage Committee

Update, including a preview of Deb's Annual Meeting slide presentation

Voting Action Items?

Communications Committee

Update, including a discussion on whether we intend to send out a Newsletter before the June 4, Annual Meeting

Website, has it been updated to remove Peter Schaumber's name, to substitute the Integrated Set of Covenants, and to post Minutes of all Board Meetings to date?

Voting Action Items?

Architectural Review Committee

Update

Voting Action Items?

Grounds and Landscaping Committee

Update – Lighting at the Circle still an issue

Enough flowers at the Circle?

Clean-up and mulching at the Danforth property

PROPOSED RZ emails to Rhodes, Needham and Dattoli re cars in driveway

DISCUSSION RE BUSHES ON BEND IN ROAD AT 16 WSD

Voting Action Items?

Caring Committee

Update

Voting Action Items?

4. Properties for Sale/in Transition

Update re listings: On WSD, homes at 15 (Cowart), 33 (Sexton/Kifer), 43 (Strittmatter), 48 (Maher), 63 (Stein), 108 (Paris), 116 (Stevens), 118 (Swanson), 119 (Needham), 202 (Bell/Kemske) and 208 (Miller); and on WOR, homes at 9 (Turner) and 28 (Cassett).

5. Old Business

Update re efforts to sell fence materials

Voting Action Items?

6. New Business

Preparations for Annual Meeting

Any feedback received re the mailed packet?

DISCUSS INITIATIVE TO ENSURE THAT ALL MAILING ADDRESSES ARE PREFERRED
BY EACH LOT OWNER

Do we wish to send the documents that were in the mailed packet to the membership via email?

Confirm with RBCC availability of room with set ups, coffee, decaf, tea, hot water, iced water, other drinks? What kind of eats?

Equipment for slide presentation?

Staffing of registration desk to identify lot owner voters and holders of proxies, as well as to count votes

Voting Action Items?

7. Adjournment