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November 2, 2019

## MINUTES OF THE 2019 ANNUAL ASSOCIATION MEETING OF THE OWNERS OF CRYSTAL SHORES WEST

1. **QUORUM:** Due Notice having been sent and posted, the Annual Association Meeting of the Owners of Crystal Shores West was held at 3840 Cotton Creek Drive, in the Palmer Dining Room of the Craft Farms Clubhouse, in Gulf Shores, Alabama on November 2, 2019 at 10:00 AM. It was determined that there was a quorum of 53% of the Ownership and so the meeting was officially convened at 10:10 AM.
2. Board Members present: Karen Dilldine, President (#0508); Vice President Peg Fried (#0404); Secretary/Treasurer Melanie Humphrey (#0603); and Interim Director Kathy Broad (#1404). Kris Bishop, Director (#0601, #1005) was absent. Young's Suncoast, the Association Management company, was represented by Managing Partner David Bodenhamer and Property Manager Robert Gardner. Thyssen-Krupp Elevators was represented by David Eddy.
3. **2018 ANNUAL MEETING MINUTES:** Robert Gardner read the minutes of the previous meeting. Acceptance was without dissent.
4. **FINANCIAL REPORTS:** David Bodenhamer, on behalf of the Board, presented the Association with the various Financial Reports. Just over \$2M was allocated for the completed Envelope Restoration and the unfinished Elevator Renovation. Reserves are nominal and increasing at about \$10,000 per month. The property insurance package runs about \$160,000 and such packages have recently been seen to increase 12% to 18%. There was a general discussion about the types of insurance that condominium owners should have. In order to synchronize the Association's fiscal year with the calendar year, a new fiscal year will begin January 1, 2020, making the present fiscal year six months long, beginning June 1, 2019 ending December 31, 2019. The financial reports were accepted without dissent.
5. **COMPLETED PROJECTS:** Karen Dilldine reported that in the past year the Association installed a ground cover of washed river rock in the landscape beds across the front of the building and renovated the mezzanine complex from the office to the gym.
6. **UNFINISHED BUSINESS:** Without objection, it was approved to move the matter of increasing dues and proposing an assessment to the category of New Business, which decision would be facilitated by that discussion. The matter of pool deck and beach access security was addressed. Discussion included installation of aluminum gates with a security feature, such as a coded entry as well as the need for more and better signage at the street, at the entrance, and at the pool entries. Security cameras were also suggested. Additional coded security and cameras for the Indoor Pool entry was brought up for consideration. Also discussed was the potential to split costs for a summer security guard to monitor the building entrance drive from the adjacent property.

7. **MOTION:** A motion was made by Charles Willis (#0106), and seconded by Ann Davis (#0905) to take bids on a comprehensive pool access security project. An amendment was proposed by Patrick Greba (#1105) and seconded by Viktoria Sazonova (#0602) to authorize the Board to spend up to \$10,000 on the project. Jason Willis (#0107) moved the question, seconded by Satish Mulekar (#1103). The motion as amended carried by acclamation with one opposed.
8. **NEW BUSINESS:** The first item was a discussion of modernization of the elevator electronics. A representative from Thyssen-Krupp Elevators (TKE), David Eddy attended to address owner questions and to describe the work that is anticipated.

The replacement of the original electronics was not part of the 2018 retrofit. While very few mechanical issues have presented, electronic issues are ongoing. It was explained that the modernization proposal was not generated until the spring of 2019. Modernization requires a lead time of 20-22 weeks as well as the 8 weeks needed for the work itself. Including modernization in the 2018 retrofit would have delayed completion well into the peak tourist season of 2018. The cost, if the Board had decided to completely replace the elevators instead of retrofitting and modernizing, was roughly estimated to be at least \$2.5 million. The Association was assured that the elevators are safe and that the replacement of the elevator electronic system (as well as every system on the building) is inevitable and every effort is being made to provide and maintain a safe, enduring, and affordable system.

The proposal by TKE is that modernization begin at the end of 2020, a process that will take on the order of eight weeks at an estimated cost of \$425,000. This will entail having one elevator in service throughout the project. TKE can attempt to maintain the KONE system in operation for two or possibly three more years. However, this comes with the high additional cost incurred with the replacement of KONE parts that are not kept on site. Furthermore, the KONE business model is known to be one of planned obsolescence and there is a risk that replacement of KONE parts will become prohibitively expensive, in addition to and on the order of the cost of the modernization itself. The Association was told that TKE manufactured parts are warrantied for one year, but that the Service Contract covers such parts in any event.

9. The second item discussed under New Business was a draft of the Reserve Study. A professional study will be commissioned in the coming year to inform and educate the Association on the scope and estimated costs of anticipated maintenance projects and to evaluate the replenishment of the Reserve Fund.
10. The third item discussed under New Business was the unanticipated expenses of implementing a Turtle Lighting Compliance Plan to meet the requirements of US Fish & Wildlife. The property has been examined by Shannon Holbrook of USF&W, who strongly recommended a photometric evaluation provided free of charge by SESCO Lighting. This evaluation was completed and provided a list of light sources and approved means of meeting USF&W requirements. This involved the tinting of windows or closing of drapes on all levels and the replacement of beach visible lighting with approved LED fixtures and bulbs.

Ms. Holbrook stated that USF&W will work with properties to phase in the implementation of an approved plan. Upon completion, there will be an official evaluation of the property. Upon final approval, a letter will be issued recognizing compliance under the law. This recognition would mean that even if there should be a future "turtle disorientation" the property would not be liable to pay fines for violating the Endangered Species Act. It is also an official recognition suitable for use in marketing properties and rentals.

A draft plan for phased implementation was presented to the Association. A detailed compliance plan will be prepared upon request by USF&W for approval. The draft plan schedules more expensive phases until Reserves have been accumulated.

Before the next Turtle Season begins on May 1, 2020:

- Common area windows are to be tinted.
- Compliant fixtures are to be installed in the garage and the front lot.
- Unit balcony lights will be deactivated  
(until removed and/or replaced in 2022).
- Signage will be posted requiring nightly use of drapes during Turtle Season.  
(Door & window glass visible to the beach is to be tinted in 2021.)
- Miscellaneous other fixtures are to be replaced.
- Parking deck fixtures are to be retrofitted  
(until compliant fixtures are installed in 2021).

Units will remain uniform in outward appearance; hence, tinting and balcony lighting will be undertaken as building-wide projects rather than seeking Board and USF&W approval of differing applications, unit by unit.

The phases of the Compliance Plan are subject to approval by USF&W. Balcony window tint will be scheduled for 2021 only if the USF&W suggested measure is approved to post signage prominently on the property and discreetly in the units requiring blinds and drapes be closed at night during Turtle Season. Management can facilitate this practice in the event of a turtle nest on or near the property through additional communication with residents and tenants. Likewise, retrofitting of existing parking deck fixtures until new fixtures are installed in 2021 is subject to USF&W approval, as is installation of balcony lights in 2022.

11. The New Business items were brought forward to inform and to educate the Association on the scope and estimated costs of new projects. This is in addition to the anticipated maintenance projects and the need to increase the Operating Budget. The pros and cons of raising monthly dues by varying amounts were discussed. The amount, timing, and installment payments of assessments were discussed. Spreading the assessment out over three years was suggested.

Summarizing the discussion, David Bodenhamer suggested that there might be a monthly dues increase of 5% beginning with the new 2020 fiscal year to fund operations, and to replenish Reserves, an assessment of \$250,000 to be paid in three installments beginning in May 2020.

12. **MOTION:** A motion was made by Jason Willis (#0107) and seconded by Jo Jordan (#0906) that there be a monthly dues increase of 5% beginning with the new 2020 fiscal year to fund operations, and then an assessment to replenish Reserves of \$250,000 to be paid in three installments beginning May 31, 2020 with later dates in the summer and fall of 2020 to be determined by the Board. The motion carried by acclamation without dissent.
13. **ELECTION OF THE BOARD OF DIRECTORS:** Motions from the floor were entertained to nominate new Members for the Board of Directors. There were no nominations from the floor. Having expressed a willingness to continue serving, Marlene Druce (#1007) moved that the currently serving Board and Officers be accepted by acclamation, closing nominations. This motion was seconded by Ann Davis (#0505). The motion carried by acclamation without dissent.
14. **MOTION TO ADJORN:** Marlene Druce (#1007) moved to adjourn the meeting. Ann Davis (#0505) seconded the motion. The motion carried by acclamation without dissent.

# CSW PROJECTS

These timelines and estimates are based upon the following assumptions.

- 1) USF&W will allow us to extend phases of the Turtle Compliance Project in this manner.
- 2) Elevator Electronic Modernization is put off one year.
- 3) The Wheelchair Lift will operate for another year without irreparable failure.
- 4) Replacement of Ramp/Deck joints can be put off safely.
- 5) Replacement of the Roof can be put off safely.
- 6) Resurfacing of the Balcony & Breezeway Decks can be put off safely.

## CURRENTLY ANTICIPATED PROJECTS

Turtle Tinting	\$85,000	Required.
Turtle Lighting	\$100,000	Required.
Lift Replacement	\$25,000	Required.
Elevator Electronics	\$450,000	Sooner or later.
Rekey Entry Key Cylinders	\$6,400	Approved
Parking, Paving, & Stripes	\$45,000	Currently patching and resealing/restriping.
Railings	\$150,000	Cheapest alternative is additional temp labor & materials.
Roof & Sheet Metal	\$300,000	Currently patching and resealing.
Breezeway& Balcony Deck Resurfacing	\$250,000	Sooner or later.
Parking Deck Work	\$30,000	Sooner or later.
<b>TOTAL</b>	<b>\$1,411,400</b>	

## 2020 Costs

(Nov-Dec 2019) Rekey Entry Key Cylinders	\$6,400	Work to be done as previously approved by Aaron's Lockservice. Enhance security, reduce Master key entry issues, enforce Emergency Access requirement.
(Jan 2020) Tint Common Area Glass	\$3,100	Minimal compliance measure for 2020 Turtle Season. Put off Balcony Light replacement, if approved by USF&W. In house work. Remove switches and secure with wire nuts and blank plate.
(Dec 2019) Disable Balcony Lights	\$500	
(Feb 2020) Replace Ground Level Deck Fixtures	\$9,200	Minimal compliance measure for 2020 Turtle Season.
(Feb 2020) Replace Parking Lot Fixtures	\$12,215	Minimal compliance measure for 2020 Turtle Season. Good faith measure for 2020 Turtle Season. In house work. Shield visible existing fixtures from beach with up-cycled PVC. Replace bulbs as needed. Subject to approval by USF&W.
(Mar 2020) Retrofit Parking Deck Fixtures	\$500	Good faith measure for 2020 Turtle Season. In house work. Post prominent signage within units and in high traffic areas to promote closing drapes during Turtle Season. Subject to approval by USF&W.
(Spring 2020) Drape Closure Signage	\$500	
(TBD) Roof & Sheet Metal	\$10,000	Put off replacement. Flat roof can be patched for a few years longer.
(TBD) Breezeway& Balcony Deck Resurfacing	\$1,000	Put off resurfacing. In house work. Apply, reapply, touch up, primer and traffic coating.
<b>TOTAL</b>	<b>\$43,415</b>	

## 2021 Costs

(11/1/2021) Elevator Electronics	\$450,000	TKE advises that the elevator system can be maintained without modernizing electronics for two or three more years. We risk ongoing electronic failure as well as being on the cusp of original KONE electronics being declared obsolete, making repairs prohibitively expensive.
(TBD) Roof & Sheet Metal	\$10,000	Put off replacement. Sheet Metal good. Flat roof can be patched.
Parking, Paving, & Stripes	\$5,000	Currently patching and resealing/restriping.
(TBD) Breezeway& Balcony Deck Resurfacing	\$1,000	Put off resurfacing. In house work. Apply, reapply, touch up, primer and traffic coating.
(Winter 2021) Retrofit Parking Deck Fixtures	\$33,000	Replace retrofitted P1, P2, P3 Fixtures Timing subject to USF&W approval.
(Fall 2021) Tint Balcony Windows	\$80,000	Timing subject to USF&W approval.
<b>TOTAL</b>	<b>\$579,000</b>	

## 2022 Costs

(TBD 2022) Lift Replacement	\$25,000	Put off replacement. Wait for irreparable failure. Estimated turnaround on \$25K replacement: 2 wks.
(TBD 2022) Roof & Sheet Metal	\$10,000	Last year to put off replacement?
(Fall 2022) Replace Balcony Lights	\$40,000	Schedule for approval by USF&W.
Railings	\$15,000	Cheapest alternative is additional temp labor & materials.
(TBD) Breezeway& Balcony Deck Resurfacing	\$250,000	
<b>TOTAL</b>	<b>\$340,000</b>	

## 2023 Costs

Roof & Sheet Metal	\$300,000	
Parking, Paving, & Stripes	\$45,000	
Exercise Equipment	\$10,000	
<b>TOTAL</b>	<b>\$355,000</b>	

# CRYSTAL SHORES WEST OWNERS' ASSOCIATION, INC.

## DRAFT RESERVE STUDY

11/02/2019 \*Amended to remove one time Elevator Modernization Expense

Component	Estimated Replacement Cost	Estimated Life	Annual Cost	Age	Estimated Required Funding at Dec. 31, 2020	Years to Replacement
Roof & Sheet Metal	\$300,000	15	\$20,000.00	14	\$280,000	1
Parking, Paving, & Stripes	\$45,000	15	\$3,000.00	14	\$42,000	1
Elevators	\$900,000	25	\$36,000.00	2	\$72,000	23
Waterproofing	\$200,000	8	\$25,000.00	2	\$50,000	6
Pools & Deck	\$116,600	15	\$7,773.00	14	\$108,827	1
Exercise Equipment	\$10,000	10	\$1,000.00	6	\$6,000	4
Breezeway Deck						
Resurfacing	\$250,000	5	\$50,000.00	5	\$250,000	0
Railings	\$150,000	15	\$10,000.00	14	\$140,000	1
Fire System	\$85,000	20	\$4,250.00	3	\$12,750	17
Emergency Generator	\$60,000	20	\$3,000.00	14	\$42,000	6
Exterior Doors	\$35,000	15	\$2,333.00	14	\$32,667	1
Handicap Elevator	\$25,000	8	\$3,125.00	14	\$43,750	-6
Sauna	\$4,000	8	\$500.00	14	\$7,000	-6
TOTAL	\$2,180,600		\$165,981		\$1,086,994	