

**Crystal Tower Condominium Association
Homeowners Association Annual Meeting
August 19, 2023
Gulf Shores Activity Center
Gulf Shores, Alabama**

Board President, Kevin Logsdon, called the meeting to order at 9:35 AM.

Board Members Present:

Kevin Logsdon, President
Shelby Kirk, Vice President

Nancy Gordon, Secretary
Tom Maleck, Director

Also Attending were:

Young's Suncoast

David Bodenhamer
DeAnn Duhon

Guests/Vendors

Matt Taylor – Grant, Sanders & Taylor, P.C.*
David Sharpe – C-Sharpe Co, LLC*
Hollis Anderson – C-Sharpe Co, LLC*
Bryce Moore – Thompson Engineering*
Heath Horton – Thompson Engineering*
Daniel Craven – Craven & Perry, PLLC
Lynn Perry – Craven & Perry, PLLC
Vickie Lisenba – Craven & Perry, PLLC

*Joined the meeting for presentation and Q&A only

The Owners of 79 Condos were in attendance and Kevin Logsdon, Board President, announced there was a quorum for this meeting.

Kevin Logsdon opened the floor for final approval of the 2022 Homeowners Association Meeting minutes. Maria Cazalas, Owner Condo 307, seconded the motion. The motion was carried with the majority in favor.

Kevin Logsdon introduced the members of the Board of Directors and the guests that were present. Mr. Logsdon announced that the meeting was also available via Zoom to Owners unable to attend in person, assisted by Sharri Logsdon, Owner of Condos 1203,1609, and 1709.

Matt Taylor with Grant, Sanders & Taylor, PC presented and reviewed the 2022 Crystal Tower Yearly Audit. Mr. Taylor stated the yearly audit was an unmodified audit as has been in years past and explained that means the auditors concluded that the financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles and that there was nothing that the auditor looked for that was not readily available to them. Mr. Taylor stated that Young's Suncoast is doing a good job of keeping the Crystal Tower books. Mr. Taylor presented a few highlights which included that the Association had at the end of 2022 \$2.1 million in cash but that there were some contingencies such as a portion of the Reserve Fund being

allocated to projects. There were a few Owners delinquent on assessments, but the Board was doing a good job of collecting money from Owners. Expenses were mostly aligned with the previous year except for the increased cost of insurance. The floor was open for discussion and the following questions were asked:

1. Can or should the association borrow from the Reserve Fund to pay for insurance?
2. What is a forensic audit and did Mr. Taylor believe one was needed for Crystal Tower?
3. Does the same auditor perform the Audit each year?

Answers:

1. The Association can choose what to do with their funds but using the Reserve Fund to pay for insurance makes that money taxable and the money must be paid back into the Reserve Fund.
2. A forensic audit is a specific more in-depth audit done from a legal perspective and the yearly audit performed by Grant, Sanders & Taylor is done from a financial statement perspective. A forensic audit would be targeting a specific issue to develop evidence in a file for an attorney for legal proceedings.
3. The yearly audit of Crystal Tower finances is done by an auditor that is available at the time the audit is scheduled. The audit has been performed by a different auditor each year for the last three years.

David Sharpe and Hollis Anderson with C-Sharpe Co, LLC introduced their company, C-Sharpe Co, LLC. Mr. Sharpe provided a summary of previous projects/repairs they had completed at Crystal Tower. Hollis Anderson reviewed the most recent contract between Crystal Tower and C-Sharpe, the completion of the repair and recoating of the North elevator tower, and the proposed repair and recoating of the East elevation. A key point that Mr. Anderson presented was that there was a change to the original scope of work due to the discovery of significant rusted metal framing of the elevator tower that was unknown and contrary to the belief that the entire elevator tower was solid poured in place concrete. After this was discovered Thompson Engineering was brought in to generate a recommended scope of work to address the structural issue with the elevator tower. The floor was open for discussion and the following questions were asked.

1. What does C-Sharpe believe the projected life span will be for the recoating work performed on the north elevator tower?
2. What is C-Sharpe seeing with other high rises along the beach and where are they in their recovery from Hurricane Sally?
3. What type of preventative maintenance should be performed on the north elevator tower to prolong the life span of the work that was just completed?
4. What investigating could have been done when forming the initial scope of work that would have indicated the correct cost of the repair and recoating of the elevator tower?
5. Could the work on the North elevator tower have been postponed preventing it from running into the busy summer season?
6. Is there concern that the same rusted metal framing may be found in the other elevations of the building?
7. Why were there periods of time when it appeared there were few workers on site, especially when the project ran past the projected completion date?
8. Who owns C-Sharpe?
9. Is there a warranty on the new stucco system applied to the north elevator tower?
10. Can you explain why the east elevation needs to be painted?

Answers:

1. In general, new stucco systems are installed in a way to allow them to have a much longer life than systems that were applied seventeen years ago and the new system should last much longer.
2. Other high rises are in varying places in their recovery reconstruction. Associations that were able to

receive funds from their insurance claims moved into recovery much quicker but in general the recovery has been in phases over the last nearly three years.

3. Inspections should be performed annually or bi-annually, sealant application recommendations kept up with, and any issues that might arise should be addressed quickly. Mr. Anderson stated that the Crystal Tower Board has a history of addressing issues quickly and problem solving so that problems don't become bigger and more expensive to correct.
4. Mr. Anderson answered that more investigative work or studies could have been done prior to the completion of the initial scope of work but that the tough part of that as an association is that the pros and cons of spending the money to access some of the areas that can be difficult or tricky to evaluate has to be considered. He stated that more and more associations are beginning to incur the higher cost of more thorough probing and investigative work and hiring engineering firms to perform full building surveys. He used the east elevation as an example of performing those types of studies to have a clearer understanding of the scope of work prior to opening up the building.
5. Mr. Anderson answered that his company understands the importance of keeping a building open year-round and especially during the busy season and they did all they could to continue working and also keep the building open during the repair and recoating of the north elevator tower.
6. Crystal Tower is comprised of multiple materials such as cast in place concrete walls, some cement walls, and some stud metal framing. Some older stucco systems can be penetrated by water and deteriorate metal framing. Mr. Anderson stated this is a common issue with all buildings along the coast.
7. Mr. Anderson answered that rigging and staging set up to access some areas can be tricky and sometimes complicated work has to be done on top of the building and with that rigging and staging there are safety limitations on the allowed weight. They must consider the weight of workers, plus their equipment and mud and pails etc. which start to reach the safety thresholds of the staging. Mr. Anderson stated he would have liked to have had twelve guys working at once but that can't be done as they would not have been operating in compliance with OSHA safety standards.
8. David Sharpe's business partner, Russell Buster, is the primary owner of C-Sharpe. The two of them have a buyout agreement that expands over a period of years, and they are in that process now. The company functions as it always has and both men are involved in the management of the company. Mr. Buster has been with C-Sharpe for approximately 15 years.
9. There is a ten-year manufacturer warranty for the stucco system and a one-year workmanship warranty. Mr. Anderson stated that they are local and available almost immediately should any problem arise.
10. The East elevation original scope of work included minor stucco repairs, new sealants and coatings on the East elevation. The blue markings are a result of the sounding of the wall that allows them to identify the portions of the wall that have lost adhesion. This was done prior to the metal framing deterioration being discovered on the North elevator tower and once that was found the decision was made to concentrate on the North elevator tower as it was the bigger issue to solve and address.

Bryce Moore and Heath Horton with Thompson Engineering provided summaries of the reasons for the work performed by C-Sharpe on the North elevator tower and for the scope of work proposed for the East elevation. Thompson Engineering found that the system on the north elevator tower was not a barrier system and if you get water at the top that water has access to run behind the system all the way down and affect the entire elevation of the building. This finding drastically changed the scope of work which is why the work on the North elevator tower took so long to complete. Thompson Engineering redesigned the system and moved away from a barrier system and the misapplication of the original stucco. The new system is a drainage system so that if water were to breach a level the water would release itself to prevent what happened with the original system. The vents on the sides of the tower were also redesigned as they were determined to be allowing a mass amount of humidity and moisture into the electrical rooms. Hoods were designed and installed over the

vents to prevent wind and water intrusion. The studies, testing, and findings of the East elevation system were presented. The stucco system originally installed on the building is too thick which makes it too heavy which creates too much load on the wall and causes sagging and cracking when there is water intrusion. There is also a lack of flashings in the original design so there is no break between the system and the concrete which is obviously a moisture intrusion point. Testing that simulates a rain event with a high east wind was performed on the windows of Condo 901. The window was dismantled so that what was happening during the test could be observed. It was found the sealants, flashings and backer rods had failed or were not originally installed correctly. Mr. Horton explained that a temporary fix was found that entails resealing the window and carefully sealing the bottom joint while leaving the weep hole open. He stated the fix will work but it involves a maintenance plan of making sure the sealant stays in good shape for as long as possible. Mr. Horton stated the more permanent fix would be to remove the window and properly flash the jams and reseal the window. That repair will be more work and cost more, but it is the better and more permanent repair. The floor was open for discussion and the following questions were asked.

1. Is it safe to assume the issues discovered with the windows in Condo 901 would be the same for every level?
2. Is the problem with the East elevation structural or is it just the windows and coating?
3. Can you explain the three different proposals submitted for work on the East elevation?
4. Was Thompson Engineering involved in the initial scope of work for the North Elevator Tower and is the Association facing the problem and same cost of repair for the West elevation?

Answers:

1. Yes, it is safe to assume that the problems with the window installation would exist on the East and West elevations.
2. Thompson Engineering does have a structural department, but they have not been involved on the East elevation as there is currently no evidence to support that there is a structural issue other than the expectation that the same rusted metal framing will be discovered once the stucco is removed.
3. Options presented to repair the East elevation are at three different levels. The first is to power wash the current façade and apply another waterproof coating but that is not what Thompson Engineering would recommend be done as it does not take care of any of the cracks. The coating will help for a short time, but the system will continue to take on water and the metal studs will continue to erode, which will cause more problems.
4. The secondary option is to remove and replace the sealants and backer rod around the windows and install them to a very technical and appropriate standard. To also seal the cracks of the façade and then apply the elastomeric coating which is estimated to keep the East elevation dry for a period of five years. This would allow the Association to build up their Reserves so that the third option could be done which is to replicate the work that was completed on the North Elevator Tower and completely strip the stucco off the face from top to bottom and go in with new flashings and new design and also redesign the stucco system to be a drainage system and not a barrier system.
5. Thompson Engineering was consulted about the North elevator tower after the initial scope of work was done. The contractor and the Board requested Thompson Engineering provide a second opinion as they felt the scope of work was not going to satisfy the work that needed to be done. They were brought for a design change. On the East elevation Thompson has been much more involved. More than likely the same initial designer, the same initial contractor, and the same initial components were utilized throughout the building so it would only make sense to assume that all components and all systems were installed the same way so more than likely are having the same results.

David Bodenhamer provided an update on the financials. As of August 18, 2023, there is approximately \$875,000.00 in the Reserves. There is approximately \$262,000.00 in the Special Assessment insurance account. There are two insurance installment payments left to be paid with the next installment due on August 25, 2023.

The amount due is lower than originally contracted because there was some interest saved due to making previous payments before the due date. The payment that is due is approximately \$167,000.00.

Daniel Craven introduced himself and provided a brief overview of Craven & Perry, PLLC and the services they provide to the Association. Mr. Craven announced they will be overseeing the Board of Directors election and answering any legal questions. Mr. Craven also announced that approximately 142 condos were represented either in person or by proxy and this was a record attendance for Crystal Tower. A five-member board will be elected with members serving a one-year term. Any changes that might be made such as increasing the number of Board members or staggered terms the Association will have the opportunity to vote on at a later date. The floor was open for discussion and the following questions were asked.

1. Is there a concern that motions that were passed by the Board serving staggered terms are not valid?
2. Can Board meetings be held via Zoom for the Owners to view and participate that cannot attend in person?
3. What would cause a Board meeting to move into executive session and how much notice is required to be given prior to holding a Board meeting?
4. Could the insurance company deny a claim payment such as in the case of a Hurricane if there is a known issue such as with the North elevation that has not been repaired prior to the storm?
5. Does it make sense to insure the building or should Owners self-insure or not insure at all?

Answers:

1. No, the Bylaws state that directors are elected until they are disqualified.
2. Yes, Board meetings can be conducted via Zoom if the Board designates to hold them by Zoom. Owners may watch but may not participate. The Alabama Uniform Condominium Act does not allow for Owners to participate via Zoom or to vote remotely via the internet.
3. An executive session will be called if the Board will be dealing with matters or discussions that are sensitive, litigation, or involve a person's character. The Board is required to provide no less than 10 days' notice for a meeting of the Association and no less than 3 days' notice for a meeting of the Board. There is an exception for an emergency meeting written in the Bylaws.
4. Insurance policies all have exceptions and coverage is all shades of gray. It is the responsibility of the Association to act reasonably to have repairs done and maintenance performed on the building. Dealing with insurance claims is always gray and never black and white. Mr. Craven stated that right now the average rate for insurance coverage in Gulf Shores/Orange Beach is \$10,000.00 per unit. Some Associations are paying more and some are paying less and he provided an example of one Association where the cost is \$12,500.00 per unit for insurance.
5. The Alabama Uniform Condominium Act requires Associations to carry insurance therefore they are not allowed to self-insure or not purchase insurance.

The floor was open for a discussion of New and Old Business prior to the Board Candidate presentations and the following questions were asked.

1. Why didn't C-Sharpe finish the East elevation, and what will be additional costs when a vendor is brought back to make the repair?
2. Can committees be established that are independent from the Board of Directors?
3. Are repairs related to Hurricane Sally completed?
4. Is the Insurance Special Assessment approved and will there be a late fee for Owners who have not made their payment?
5. When will the beach erosion be addressed?

6. Why have the Crystal Tower Board meeting minutes been prepared by the Property Manager and not the Board Secretary?

Answers:

1. Three options for repair were presented to the Board and a recommendation was made to the Board by the President but a motion was not passed to repair the East elevation. Yes, there will be additional costs.
2. No committees can be formed that are independent of the Board.
3. No, the East elevation still needs to be repaired.
4. The elected Board will revisit the special assessment shortly after the election.
5. The city is scheduled to address the beach erosion in November 2023.
6. Mr. Craven stated that would be an answer the Board Secretary would need to provide but that in his experience Associations that employ a property management group have them put forth the minutes.

Daniel Craven explained the election ballot that listed the names of ten Board candidates. A motion was made by Sandy Meaders, Owner Condo 1907, to close the nominations. Maria Cazalas, Condo Owner 307, seconded the motion. The motion was carried with all in favor.

The following Board candidates spoke briefly about their qualifications and why they would like to be elected to the Board of Directors. Kevin Logsdon withdrew his name from the election.

Chip Alonzo, Condo 808

Shelby Kirk, Condo 901

David Apple, Condo 1301

Tom Maleck, Condo 609

Nancy Gordon, Condo 304

Kim Sweatt, Condo 1106

Peggy Harris, Condo 2009

Brad Vicknair, Condo 301

Shannon Johnson, Condo 406

Daniel Craven directed Owners to complete their ballots. The owners were directed to strike through Kevin Logsdon's name and to choose up to five candidates. Ballots were collected by Daniel Craven, Vickie Lisenba, Paula Tsilis, Condo Owner 509, and Dave Holmin, Condo Owner 1209.

A motion to adjourn the meeting was made by Lance Frankham, Condo Owner 1107. The motion was seconded by Wanda Garrett, Condo Owner 1908. The motion was carried with all in favor. The meeting was adjourned at 11:53AM.

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August 22, 2023

Via Email Only

Crystal Tower Condominium Association, Inc.

c/o Tom Maleck, President

Email Address: tommaleck@gmail.com

Re: Certification of August 19, 2023 Election

Dear Mr. Maleck,

I had the privilege of running the Election of Directors at the Annual Meeting on Saturday, August 19, 2023. The voting results of the Election, which I hereby Certify, were as follows:

	<u>Votes</u>
Kim Sweatt	112
Peggy Harris	83
Brad Vicknair	81
David Apple	78
Tom Maleck	78
Chip Alonzo	71
Nancy Gordon	67
Shannon Johnson	58
Shelby Kirk	55

As a result, Kim Sweatt, Peggy Harris, Brad Vicknair, David Apple and Tom Maleck

were elected to one (1) year terms.

Sincerely,

/s/ Daniel H. Craven
Attorney for Crystal Tower
Condominium Association, Inc.