

**Minutes
Crescent Sandpiper Annual Owners Meeting
January 23, 2016**

Attendees:

Board Members

Bill Everson
Ed Gallegos
Deanna Kent
Wayne Orlosky
Peter Winkert

Property Manager

Peggy Pacetti

Association Accountant

Sandy Williams

President Bill Everson called the meeting to order at 10:30 am with a quorum of board members present. Management provided proof of notice.

Proxies were certified and a quorum of owners was established. Since only three owners ran for the three open seats on the board, no election was necessary. Deanna Kent and Wayne Orlosky will remain on the board. Steve Brown will join the board.

Secretary's Report

Motion to dispose of 2015 Annual Meeting minutes.
Motion by Peter Winkert
2nd by Wayne Orlosky
Motion carried.

Treasurer's Report

Sandy Williams presented the Treasurers Report.

The association and rental program financial statements for 2015 are to be considered draft reports until the audit is completed by an outside accounting firm early in 2016.

As of December 31, 2015, the association operating bank account had a balance of \$85,085.79. The three reserve bank accounts had a combined balance of \$117,584.73, which is down from December, 2014 due to \$223,716.21 spent in 2015 for the completion of the renovation project, a new pool deck and pool gates. We are starting to build back the reserve funds by contributing \$68,000.00 to the reserves in 2016. The net loss for 2015 was \$7,792.80 due to being over the budget in the Building Maintenance and Pool Furniture accounts.

The rental program had an excellent year in 2015, the first full year with the majority of the units with in-house management. The program had a net income of \$28,016.51 in 2015.

Motion to accept the Treasurer's Report made by Wayne Orlosky
2nd Ed Gallegos
Motion carried.

Manager's Report

There were no unit sales in 2015, though Unit 228 is on the market.

The rental program is progressing very well as noted in the Treasurer's Report.

Several owners reported they had their best rental year ever and thanked Peggy for doing an outstanding job.

Old Business

Unit 211: The current lease expires June 1, 2016 and it is uncertain at this point if the current tenant will renew, rent month-to-month, or move. If the unit is vacated, we will be left with three options:

1. Renovate and rent long-term. The unit currently rents for \$1,000 per month. With significant upgrades, it should rent for \$1,600 per month, unfurnished. The needed upgrades: New kitchen (cabinets, countertops, appliances,) replace first floor carpeting with tile, replace carpeting on stairs, upstairs hallway, and bedrooms, install window coverings, and possible provide a washer/dryer hookup. At \$1,600/month, the unit would generate \$19,200 per year in income to the association. Peggy noted that she has had five calls asking if we have a long-term rental.
2. Renovate and add to the rental program. The unit would need the same upgrades as above and would need to be fully furnished and stocked per rental program requirements. This is a more expensive option than the first, but might generate \$20,000 - \$25,000 in annual income. However, it would also mean the association was competing with owners currently in the rental program.
3. Sell Unit 211. This option would generate a one-time financial windfall for the association, and \$6,000 +/- in annual association dues. In a survey of owners in 2009 or 2010, a large majority voted to keep Unit 211.

The board will prepare a ROI on all three options and report back to the owners within 60 days.

Windows: The courtyard facing windows installed in the 2005 reconstruction are failing. They were considered "state of the art," were missile proof, and met or exceeded all building codes at the time. Unfortunately, their thermal rating is awful resulting in significant internal and interior condensation. The windows on the south building facing north are the worst, with water migration through the sill, dripping, fogging, and drywall damage. The balance rods in the windows are made

of carbon steel and are rusting and failing. Locking mechanisms are failing. Repair parts are becoming scarce as the company that manufactured the windows is out of business.

After considerable research, it has been proposed that we replace the failing windows with units manufactured by CWS. They are a reputable company and manufacture a quality window. The proposed units use stainless steel balance rods and carry a 20-year warranty. Several local vendors recommend, carry, and install the CWS window line and have submitted bids for the project.

Window replacement will be in phases:

Phase 1: Replace the ocean facing and courtyard facing windows on the end units: 101, 201, 103, 117, 234. The approximate cost is \$30,000 and the money is available from the reserve fund.

Phase 2: Courtyard facing window on the South Building.

Phase 3: Replace remainder of courtyard facing windows as needed.

Phases 2 & 3 must be planned for in the reserve budget.

It was noted that there is no enforceable warranty on the existing windows because the manufacturer is out of business. It was asked if the engineering firm that recommended them or the installation company that installed them could be held partially or wholly liable. Bob Decker asked to go on record requesting that the new board consult an attorney to explore the possibility of pursuing liability for the windows. The board will consult with the association attorney.

Motion to put windows in the reserve fund made by Wayne Orlosky.

2nd Ed Gallegos

Motion carried.

Motion to prioritize window replacement in phases by Wayne Orlosky.

2nd Ed Gallegos

Motion carried.

New Business

Woodhull Unit 104: Peter Winkert read an email from Alec and Pati Woodhull requesting approval to transfer ownership of Unit 104 to a family LLC for use by their entire family.

Motion to approve transfer of ownership of Unit 104 made by Wayne Orlosky

2nd Deanna Kent

Motion carried.

Beach Access/Dune Walkover: The path to the beach is filling in with sand. The DEP will not allow us to dig it out with any machinery. It has been dug by hand in the past, but it fills back in. The board received a quote of \$12,000 to build a walkover with pressure treated decking and rails, however it is not budgeted for at

this time. A request for a show of hands from all owners in attendance who wish to pursue a dune walkover resulted in no hands raised.

Courtyard Lighting: The board has a quote of \$7,000 to replace the existing courtyard lighting with LED lighting. The proposed lighting will be low to the ground and light only the walkway rather than the entire courtyard. Bill has received citations from the DEP "Turtle Police" noting that our lights are not in compliance with turtle regulations. There is no funding in place for new lighting, and the board is awaiting additional proposals and quotes for replacement and installation.

Building Lights: The existing lights mounted to the building exterior were installed in 2002. Ballasts are failing and replacement parts are becoming difficult to source. The board proposes replacing the existing lights with LED lights that will save electricity for a cost of \$7,000, including installation. The board proposes to include funding in the next budget.

Open Discussion

Several owners asked about costs to upgrade Comcast cable TV to high definition. Peggy agreed to follow up with the Comcast representative to determine costs and procedures to upgrade to high definition TV, and she will report her findings to the new board.

Jon Baxter noted that Bill Everson is leaving the board after 11 years of tireless service. The board expressed their appreciation to both Bill and Edna for all they have done for the association, and for guiding the Crescent Sandpiper through it's most difficult days, and that appreciation was met with a standing ovation from the owners. Thank you Bill and Edna!

Adjournment

Bill Everson moved for adjournment.

2nd by Wayne Orlosky

Motion carried.

Respectfully submitted by,

Peter Winkert
Secretary