



PHOENIX V

A NEWSLETTER FROM
YOUR BOARD OF DIRECTORS
FALL 2021

A MESSAGE FROM THE BOD PRESIDENT, JIM REDWINE: SEPTEMBER 9, 2021 NEWSLETTER PRESIDENT'S MESSAGE

This certainly has been a pivotal year for Phoenix V! Many of the initiatives we have been working on for several years have come to fruition. We have a gorgeous brand new lobby with blue tile throughout, new furniture being delivered each week for both the North and South lobbies, and a mural by a nationally-known artist that should bring lots of new visitors and guests, thanks to the efforts of Director Lauren Bethancourt and the lobby enhancement committee.

Our new (Second Amended) Declaration of Condominium and By-laws have come into effect. With these new documents we have put into place permanent reforms on the authority of officers to spend HOA funds and made sure that proxies are transparent and reflect the will of HOA members. They also fix issues with how our HOA's insurance works. Finally, the new documents (and the proposed new Rules & Regulations) provide for a transparent program of regular owner maintenance so that owners can predict and plan for their obligations and help us keep up the building.

We now have a management company that works for us, along with new janitorial and security service vendors.

We have completed the repairs to our facility necessitated by Hurricane Sally. We also negotiated a 27-30% reduction in owners' ServPro bills as a result of the forensic audit we conducted.

We have made major improvements to our facility, thanks to Director Norm Anderson.

Most importantly, this year has reminded us of first principles – what our Association was founded for in the first place: In the words of our Articles of Incorporation:

...to provide for the maintenance, preservation and architectural control of the apartment units and the common areas and facilities within that certain condominium known as PHOENIX V, and to promote the health, safety and welfare of the residents.... Articles of Incorporation, Article THIRD, par. 4.

The tragedy of the Champlain Towers South collapse is a wake-up call to everyone who owns a condominium that we must set aside monies regularly to provide for the long-term care of their buildings. The Board has completed and implemented a [reserve study](#) and tried to understand what our building's priorities should be on a scientifically / technically sound basis by commissioning, for the first time, an independent professional engineer to assess our building's envelope, the south wall, and the lobby settling issues, and to get to (and fix) the ROOT CAUSES of these issues. The engineer's reports can be found [here](#).

Our capital reserve assessment is designed to build up our funding so we can address the issues that affect our building. **We want to get to the root cause of issues so we are treating the "disease" and not just the "symptoms" and so that we can avoid having to pay for the same "fixes" again and again.**

And, you have our assurance that we will do our best to make sure that owners do not have to pay more than their fair share of the costs of addressing the issues our building faces.

We certainly have accomplished a lot in the past three years. We have reformed how our building is governed and managed, and done much to improve our facility. [See the section on Board Accomplishments]. We still have a ways to go. Most importantly, we must continue to accumulate our capital reserve funds, so we can continue to preserve and enhance all of our investments -- which is what our work has been all about. See the discussion of our budget and the proposed capital reserve assessment.

In light of all that we have done, the Board would like to request your support and your proxy, as explained in the next section.

Thanks much,
Jim

Announcements

ANNUAL MEETING

The PV HOA annual meeting will be held on October 2, 2021 at 9 AM-Noon VIA ZOOM only out of an abundance of caution due to the COVID-19 pandemic. Unfortunately, the owner social on Friday, October 1st, has been cancelled. We look forward to celebrating as owners together in 2022.



THE PROXY EXPLAINED

We are looking forward to seeing virtually at the 2021 Annual Meeting, which, unfortunately, will be held via Zoom meeting in light of the continuing Delta variant / Covid-19 pandemic. We ask you to vote your proxy vote in favor of the Board's recommendations now to make sure that we have a quorum to conduct our meeting. You may also vote by ballot distributed at the meeting. See the enclosed separate "2021 Annual Meeting Access & Voting Instructions" on how the meeting will work and how to vote.

To begin, we would like to explain the proxy form in order of line items, and give you the Board's recommendations. Then we will update you on developments since the last newsletter edition.

Item 1 addresses the budget for year 2022 ([Attachment 1](#)), calls for expenditures of \$2,806,753 and provides that the Board is authorized and directed to expend funds consistent with the approved budget. The Board recommends that you vote YES on your proxy. (The budget is approved unless a majority present in person or by proxy reject it.)

Item 2 provides that the dues charged to members of the HOA will be increased by \$155,669 (or seven and nine-tenths percent (7.9%)) effective January 1, 2022, and that any surplus at the end of calendar year 2021 be directed to the HOA's "Reserve Fund". The principal reasons for the increases are increases in the costs of insurance and other operating costs. Because of the number of hurricanes and other named storms in the Gulf of Mexico, insurance costs are expected to increase by thirty percent (30%) The dues levels associated with the 2022 budget are included in Attachment 1. **The Board recommends that you vote YES on your proxy. This item requires a majority of the voting rights present at the Annual Meeting.**

Item 3 provides that the Assessment for the Reserve Fund for 2022 will be set at \$1,650,000.00, and that such sums be payable in two (2) equal installments due April 1, 2022 and October 1, 2022. (If members want to pay these sums monthly, this option is available, and we will help you implement it.) The assessment levels associated with the 2022 budget are included in Attachment 1. The Board recommends that you vote YES on your proxy. This item requires a majority of the votes of the Association.



THE PROXY EXPLAINED

Item 4 asks that you approve a secured line of credit in the amount of not to exceed One Million Dollars (US \$1,000,000.00). This line of credit will be used solely for recovery and/or reconstruction expenses following a casualty to the property of the Association, and for no other purpose. It will be secured by a security interest on receivables due from members of the Association, and / or such other property of the Association as the Board of Directors deem acceptable. This item requires the affirmative vote of a majority of the votes entitled to be cast at a meeting of the Association.

From 2013 to 2021, the HOA had a line of credit in the amount of \$500,000.00 which was to be used for recovery or reconstruction after a hurricane. A line of credit would allow the HOA to begin recovery & reconstruction efforts before insurance proceeds could be received or consent of the owners obtained for an emergency or special assessment. This line was secured by amounts due from the owners to the HOA. Unfortunately, Brett-Robinson failed to renew the line of credit this year. The Board then attempted to negotiate with the lender for a replacement line of credit. In doing so, the Board discovered that the consent of the owners to the security interest (mortgage) had never been obtained as is required by the HOA's Articles of Incorporation.

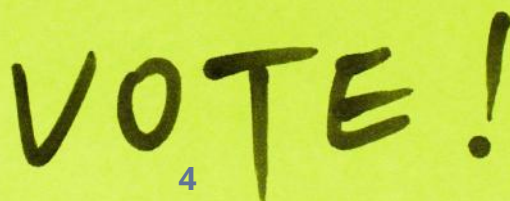
After consultations with counsel and discussing the situation with the bank including discussions regarding a smaller loan or some other arrangement in lieu of the required owner consent, the bank advised that it was unable to extend credit without a security interest / mortgage.

Article THIRD, par. 4. provides:

THIRD: Purpose and Powers - ... [T]he specific purposes for which [the Association] is formed are to provide for the maintenance, preservation and architectural control of the apartment units and the common areas and facilities within that certain condominium known as PHOENIX v, and to promote the health, safety and welfare of the residents within said condominium and, for these purposes to:...

4. Borrow money and, with the assent of a majority of the votes entitled to be cast at a meeting of the Association, mortgage, pledge or hypothecate any or all of its real or personal property as secured for money borrowed or debts incurred. (Emphasis added.)

The proposed resolution allows for a larger loan, up to \$1 Million, in light of inflation. It also provides that the loan would be secured by an interest in receivables (amounts like dues and assessments) due from the owners to the HOA. It says, however, that other collateral can be offered at the Board's discretion. Most importantly, the resolution provides that the loan proceeds can be used only for reconstruction following a casualty to the property of the Association (like a hurricane, other storm, or flood), and for no other purpose.



VOTE!
4

THE PROXY EXPLAINED

Item 5 asks for approval of new Rules & Regulations for the building. A principal change in the new rules is the inclusion of a program to set out owners' responsibilities to maintain various elements in their respective condominiums. The new rules are designed to mesh with and implement our new condominium documents to provide transparency on when various condo elements should be inspected, repaired, or replaced. This is also designed to provide predictability so that owners are not subject to unplanned surprises like previous water heater replacements, for example. The new rules also update our pet policies and parking. They offer a new, hopefully WIN-WIN way to deal with underground parking. See the section on the **Restated Rule & Regulations**. These rules may be amended from time to time by the Board of Directors of the Association (which the Board has done), and must be approved by not less than a majority of the votes of the Association. **The Board recommends that you vote YES on the Restated Rule & Regulations.**

Item 6 states that each of the following be elected a director of the HOA, for the term indicated. Wendell Behel for a term ending in 2024, and James M. Redwine for a term ending in 2024. The Board recommends that you vote FOR Mr. Behel and Mr. Redwine on your proxy. Nominations will also be accepted "from the floor," i.e., during the Zoom meeting.

Item 7 ratifies the actions of the Board during 2021, as has been done in prior years. **The Board recommends that you vote YES on your proxy.** This requires a majority of the voting rights present at the Annual Meeting.

If you have questions about any of the options on the proxy, please call any Board member and they will be happy to explain all options.

Jim Redwine, President, 225-281-4089

Norm Anderson, Vice President, 904-228-6483

Ted Sendak, Treasurer, 256-325-3709

Lauren Bethancourt, Secretary, 985-774-9363

Wendell Behel, Director, 256-710-1236

Gary Dean, Director, 205-445-3610

Mark Escue, Director, 817-821-0736

Gary Pacos, Director, 716-560-3342

OUR RESPONSE TO THE CHAMPLAIN TOWERS' CONDO TRAGEDY

A recent article about the condo tragedy involving the Champlain Towers condo in Surfside, FL (<https://hoaresources.caionline.org/surfside-response-questions-condo-residents-should-ask-now>) suggests that HOA members should ask the following questions about their building. The Board's responses, below, show that this Board has proactively been addressing the issues facing our "mature" building for several years already:

Is our building safe? So far, no one has suggested that the building is not safe to occupy.

What is being done to protect our health, safety, and investment? The Board has engaged an independent professional engineering firm, Thompson Engineering of Mobile, AL, to conduct a building envelope inspection, to prioritize the issues found, to review issues regarding the south wall and the atrium / lobby, and to help address them. The Board has included in its budgetary requests for 2022 funds to continue to address the issues found, most especially to find and fix the root causes of the issues we face.

Does our community have a reserve study to plan for the repair and replacement of major components owned by the community? When was this reserve study last updated? Yes. A full reserve study was completed in June 2019 and the Board commenced to implement it that year. Sedgwick, the author of the 2019 study, recommends that it be updated every 3-5 years. We have calendared it for updating in March 2023.

Does our community have a plan to fund the repair and replacement of major components owned by the community? Yes, pursuant to the budgets we have proposed and have been implementing since 2019, we have been building up reserves steadily to address issues with the components identified and at the times suggested in the 2019 Sedgwick reserve study and other issues as they are identified.

Our financial position has substantially improved since February 2019, when we had reserves of only \$525,000 as of May 31, 2019. Your Board recognized early that our financial position needed substantial improvement. As our 2019 reserve study noted:

"Our analyses indicate that the association is experiencing a near term reserve underfunding scenario; a total of +/- \$7,710,000 in reserve expenditures is forecast over the next 8 years, Continuing to fund the reserves as included in this report at the association's approved fiscal year 2019 contribution level will almost certainly necessitate future special assessment(s) and/or loan(s) to offset the planned reserve expenditures." (Sedgwick updated reserve study, June 25, 2019, p. 9)

Although we have made substantial improvements, we still have a significant way to go.

OUR RESPONSE TO THE CHAMPLAIN TOWERS' CONDO TRAGEDY

Does our building need an inspection by a professional engineer to evaluate the structural integrity of the building? The Board has engaged Thompson Engineering of Mobile, AL as described above. Their reports so far can be reviewed collectively [here](#).

Are critical components in the building such as structure, balconies, stairwells, etc., included in the reserve study? So far as we know, Yes. The Board continues to investigate and address the building and will continue to transparently share them with you as we discover them, such as with our elevators (see the Facilities section).

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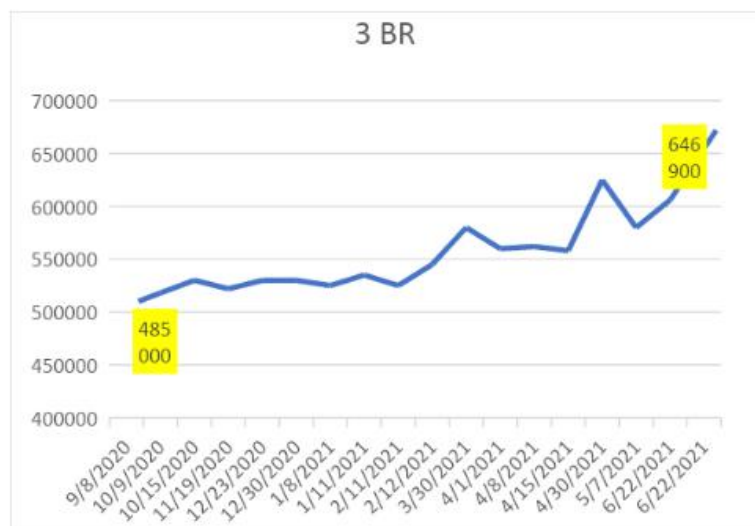
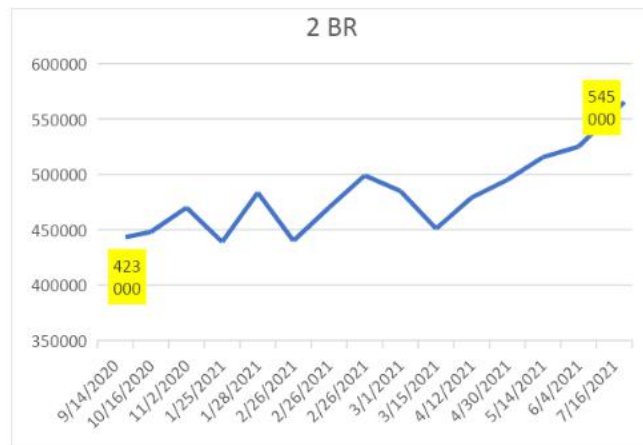
REAL ESTATE AND RENTAL REVIEW

Below are three charts showing the three main types of condos at Phoenix V, closed sales over the past year. We believe the data shows our investments in our property are paying great dividends!

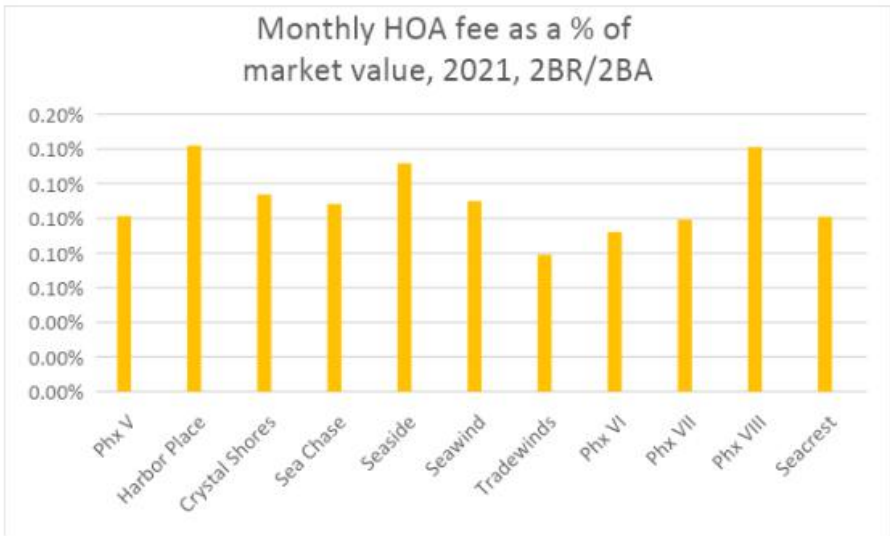
Since early September 2020 and forward for a year, the closed sales are showing steady inclines.

- **1BR shows a growth of nearly 19%**
- **2BR shows a growth of nearly 29%**
- **3BR shows a growth of nearly 33%**

I realize there are other variables to consider, (level of updates, garage parking spaces, how assessments are split between buyer and seller), however we think we can all agree this is a low



The following chart shows how Phoenix V HOA fee compares to similar properties with regard to unit market value. **The data shows our monthly fee is comparable or lower than the many other properties.**



The following chart shows how Phoenix V HOA fee compares to similar properties with regard to a common nightly rate. **The data shows our monthly fee is comparable or lower than the other properties.**



BOARD ACCOMPLISHMENTS

As we come up on another Annual Meeting, it's worthwhile recalling what this Board of Directors has accomplished over the past three (3) years. Among the Board's accomplishments are the following:

- Enacted resolutions establishing authority limits on spending by Board officers
- Created a weekly check control form & system to monitor expenditures
- Created a committee of qualified owners to review real issues with south sliders and selected independent contractor to begin implementing system to prolong life of sliders (now done in-house to save money)
- Retained an experienced, independent accountant
- Implemented an independent reserve study, including a system for predictable, level assessments to build up building reserves, rather than large, unplanned one-time payments
- Substantially increased building reserves to protect all owners' investments
- Created an independent internal controls system / review
- Created a professional, detailed quarterly owners' newsletter
- Hired independent counsel to advise & represent the association
- Put in place a proxy system like real corporations for 2019 and subsequent annual meetings to ensure transparency and democracy in elections
- Hired an independent national appraisal firm to conduct new insurance valuation
- Obtained adequate property insurance for the building
- Conducted a competition for a new insurance broker and selected a new broker
- Instituted a proper procurement system with requirements for competition, pre-qualification of contractors, standard terms & conditions, insurance requirements, etc.
- Conducted a national procurement for qualified concrete / garage engineer (SGH) to quickly do root cause analysis on garage issues
- Conducted a national procurement for qualified contractor for garage repair work and & qualified contractor-Board member properly supervised contractor (Western) that resulted in \$500k savings from prior Board / engineer estimate
- Filed a complaint against engineer and contractor to recover sums HOA was improperly forced to pay
- Hired an independent professional building envelope engineer to conduct an inspection and determine root causes of building moisture intrusion problems, and develop plan to prioritize work
- Put in place a proper preventative maintenance program
- Hired our own painter to reduce subcontracted costs, resulting in substantial savings for the HOA



- Conducted a competition for and selected a roof tenant, resulting in \$330K+ advance payment used to increase building capital reserves
- Fixed the broken fire suppression system
- Fixed the antiquated domestic water supply system
- Resurfaced the indoor pool and spas
- Conducted a competition for and selected new security firm
- Conducted a competition for and selected new custodial firm
- Conducted a competition for, selected, and successfully transitioned to, a new building management company
- Conducted a successful response to Hurricane Sally, including managing costs, negotiated approx.. 30% discount to ServPro bills, etc.
- Put in place an advance hurricane response system & response contracts
- Called and conducted a special meeting of owners to pass the updated Second Amended Declaration of Condominium (removing harmful and outdated provisions) and Second Amended By-laws (making reforms procurement and proxy reforms permanent), and got mortgage holder consent.

OUR NEW CONDO DOCUMENTS

The Board is very pleased to announce our new condo documents – the Second Amended Declaration of Condominium and By-laws came into effect. Just in time for the current hurricane season.

As you may recall, at the March 31, 2021, special meeting of the HOA, owners overwhelmingly approved the updates to our condo documents that the Board proposed. These changes were subject to the approval of holders of mortgages on 66 2/3rds percent of our units. We obtained the required number of consents and have recorded the new documents, making the changes effective.

You can access the recorded versions of new documents through AppFolio Owner Portal>Documents > HOA Documents. These are also available on baldwincountyal.gov > Public Records > Probate Deeds and Records.

Below is a summary of the changes in our new condo declaration:

1) Deletion of Section 14.4. This was the provision that forced us to charge back to owners sums that were not covered by the HOA's insurance. As we noted in prior updates, this unwelcome result came from surprise legislation that became effective in 2019 that we were not consulted OR informed about. The deletion of this section restores the rule that everyone expects, that the HOA would cover damage to our units as sold when the building was new (subject to terms of the insurance policies, including deductibles and the like).

2) Sections (4)(o) and 10.1(iv) and 17.1 These sections bring this section of our formerly outmoded condo declaration in line with current Alabama statutes, specifically AL. Rev. Statutes section 35-8A-3-115(e). Read together, these provisions say that an owner is responsible for any maintenance and similar expenses caused by his or her misconduct, and also requires that before an owner can be penalized for that misconduct, he or she will get notice and an opportunity to be heard according to procedures established by the Board. "Misconduct" is defined as "disregard or failure to comply with the requirements of any applicable law, this Declaration, Association By-Laws or Rules and Regulations, or any other regulations concerning use, operation or maintenance of the condominium property adopted by the Board of Directors."

3) Section 10.1(b)(1). This section says that owners have the basic responsibility to maintain their units, but also balances the rights of the HOA to make sure that conditions in one unit do not damage another unit or the building as a whole. This section says that the HOA cannot require or perform work that is otherwise the responsibility of an owner to maintain his or her unit unless two-thirds (2/3rds) of the Board designate components that have to be repaired or upgraded to protect other units or the building. This is designed to "fix" the problem that occurred several times over the past several years, where the management company and/or an HOA officer ordered replacement of components without any review by the Board. This section also provides that owners have to receive at least 30 days' notice of proposed work, except in case of emergency. Our restated Rule & Regulations propose maintenance schedules for units; See the section on the Restated Rules & Regulations.

4) Section 14 (preface). This change brings our condo declaration into conformity with the Alabama Condominium Act (Section 35-8A-313), namely a requirement in the event of major damage or destruction that the building will be reconstructed unless 80% of owners vote not to re-build. (Previously, unanimous consent not to rebuild was required, which allowed for a single owner to "hold up" all other building owners.)

5) Various sections including section 16. These changes delete a number of outdated provisions, such as those requiring HOA consent to sell units or pertaining to the "Developer." They also delete a requirement for the affirmative consent of mortgage holders to changes (now only notice and timely failure to object will be necessary) (this provision was outdated 20+ years ago when the condo declaration was written and is now updated to reflect long-standing practice).



There are several changes to our By-laws, including the following:

- 1) Sections 2.6 and 2.10 allow for electronic meetings and voting, which we can now utilize.
- 2) Section 2.8 says that any proxy, whether solicited by the Board or someone else, must vote as disclosed on the proxy on the “first ballot” for any election or other matter. If, however, the election or question is not decided on the first ballot, the candidate or question receiving the fewest votes is eliminated and the proxy holder can vote in its discretion on the second and any subsequent ballots.
- 3) Section 4.7 of the By-laws is amended to impose limits on the authority of the HOA’s officers to spend money without full Board consent. These proposed limits on expenditures are because we were concerned that various expenditures were not consistent with our By-laws or were not appropriately approved by the Board. The limits (e.g., not to exceed \$3,000 without Board consent) were enacted with immediate effect at the February 8, 2019, Board meeting after discussion and agreement and they seem to have worked well.
- 4) Section 7.2 and other provisions of the By-laws deal with owners’ and the HOA’s maintenance obligations. We just cross-referenced the condo declaration whenever possible to avoid duplication and to simplify the documents.
- 5) Various provisions of the By-laws refer to the “Developer.” These provisions were rendered ineffective shortly after the completion of the building and are no longer necessary and are, therefore, deleted.

Thank you again for all your support in getting these new documents approved. With these changes – and others – we’re trying to make our building one of the best governed in Orange Beach!!

PHOENIX V’S RESTATED RULES & REGULATIONS

As we discussed our new proposed program for underground parking (see section below), the Board took the opportunity created by the prior uneven enforcement of our long-standing rules to re-examine our Rules & Regulations. We determined that our Rules did not so much need changing as “tightening up” of what was already there, including in our new condo documents. The proposed Restated Rules & Regulations are in [Attachment 2](#) to this Newsletter (the attachment contains both a clean copy of the Rules and a version marked to show changes from the 2019 Rules).

The principal provisions of the updated Rules & Regulations are as follows:

- 1) They better codify our practices on Registration Fees, including amenities and parking passes. The Board sets the actual Registration Fee, and the data available to the Board suggests that \$38 per stay (up to 30 days) is “middle of the market” for such fees.

As we are all aware parking is limited at Phoenix V, and owners and guests are increasingly bringing more vehicles when visiting our area. In an effort to assure that everyone has a place to park, we must limit the number of parking passes sold during peak seasons, or find a new solution (see the section below on Phoenix V's New Proposed Underground Parking Program). Below is a list of spaces and wristbands allowed for each type of unit.

Bedroom	Registration Fee	Parking Passes	Wristbands	Additional Parking	Fee
1	\$38	1	6	0	\$38
2	\$38	1	8	1	\$38
3	\$38	1	12	1	\$38
4	\$38	1	12	2	\$38
Trailer	\$50	1	-	-	-

2) They clarify that all vehicles on premises must have an HOA-issued parking pass. The HOA has to be able to know and control whose vehicles are on its property, and that persons who are using our amenities are authorized to do so, for security and related purposes. They also enact a program for the HOA to lease underground parking spaces from willing owners, to help us create more parking spaces and create a WIN-WIN for everyone, as explained in the separate section of this Newsletter entitled “Phoenix V’s New Proposed Underground Parking Program.”

3) They clarify our policies on pets and service animals. Only deeded owners are allowed to have pets, with the exception of service animals (which by law we have to allow). Guests are not allowed to have “comfort” or “emotional support animals.”

4) Amenity wristbands are required year-round.

5) Age limitations on various amenities (racquetball courts, exercise rooms, etc.) are standardized at 12 years of age, except for the sauna, which remains at 16 years of age.

6) We put “flesh on the bones” of the provisions regarding owner maintenance in the Second Amended Declaration of Condominium and Second Amended By-laws. Those documents, overwhelmingly approved by owners at the Special Meeting on March 31, 2021, provide that owners have to maintain various elements of their units to prevent damage to the building and other owners’ units. Previously, owners were ordered to replace such major components of their units as their water heaters without notice and even without Board approval! This “guidance” should allow owners to transparently have predictability about what their obligations are. See the maintenance program included in [Attachment 2](#) to this Newsletter, and the section of this Newsletter entitled “Our New Condo Documents” for more information on those documents.

THE BOARD RECOMMENDS APPROVAL OF THE RESTATED RULES & REGULATIONS.

PHOENIX V'S NEW PROPOSED UNDERGROUND PARKING PROGRAM

As we all know, the prior uneven enforcement of our registration / parking pass rules created confusion early this summer. For over a decade, our rules have provided that everyone must pay an HOA Registration Fee and be issued an HOA-issued parking pass to have a vehicle on the property (and use building amenities). But, underground parking space owners are also free to rent their space or not as part of the rental of their condo units, and to set the rental rates for their condo units.

The Board took this opportunity to re-examine how our underground parking is utilized and how we can create a “WIN-WIN” for everyone.

Our analysis indicates that: 1) many of our underground parking spaces are not utilized when their owners are not at the building, and 2) we have parking capacity issues – at times our surface lots are filled almost to capacity. If we can't find a way to better utilize the parking we have, we may be forced to reduce the number of spaces allotted per Unit, obtain off-site parking, or to build an expensive new parking structure.

The Board did two (2) things to further this analysis:
1) We did a survey of the underground parking garage. We found that almost half of the spaces were not being used during a one week period. The following graphic illustrates what we found:

Parking Survey

- Average occupied is 54 spaces
- Average unoccupied is 62 spaces



DATE	DAY OF WEEK	OCCUPIED	UNOCCUPIED
06/21/2021	MON	56	57
06/22/2021	TUES	56	57
06/23/2021	WED	60	53
06/24/2021	THURS	60	53
06/25/2021	FRI	53	60



2) We did an informal survey of underground parking rates at hotels in Mobile and Pensacola. We found that rates PER NIGHT were between \$35 and \$45.

To incentivize underground parking space owners to make their spaces available and to create the WIN-WIN we desire, the Board proposes that we lease spaces from underground parking owners on an as-needed basis at a rate of (initially) \$58 per stay (for up to 30 days, as is the case with usual parking passes). The HOA would receive the \$38 parking pass / Registration Fee (since everyone must have an HOA-issued pass), and the space owners would be incentivized to lease their spaces to the HOA by getting \$20 per pass. The program is expected to make additional parking available without additional cost to the Association.

Underground space owners are free to participate in the program or not, as they choose. They can also block out when spaces are not to be leased, and can withdraw from the program at any time on ten (10) days' notice.

If for some reason the program does not work as intended, the HOA can also terminate it on ten (10) days' notice.

Full details of the program are included in **Attachment 2 Part A** to this Newsletter. If approved as part of our Rules & Regulations, the program will be effective on March 1, 2022.

THE BOARD RECOMMENDS APPROVAL OF THIS PROPOSED UNDERGROUND PARKING PROGRAM AS PART OF OUR RULES & REGULATIONS.

FACILITIES UPDATE

Storm/Hurricane Emergency Response Contractors – The PV Board, working with Coastline Management, now has a fully implemented Water Event Response Plan and a Hurricane/Storm Response Plan! The Water Event plan and Hurricane/Storm plans establish the steps and actions to be taken for impacts to the PV facility that range from a water leak to a full-blown hurricane emergency. In addition to the resources of Coastline Management, PV now has Emergency Service Agreements with Advanced Restoration (water remediation services for up to 125 condo units and repair services for up to 20 units, 24 hour response or less), SouthernCAT Remediation and Construction (water remediation for all 251 condo units and all common areas, and facility repair construction services for up to 100 units, 48 hour response or less), and White-Spinner Construction (Major facility/property re-construction and construction management, to include entire property reconstruction, 72 hour response or less).

We have also sent our Facilities Manager, Ed Lipinsky, to “school” to learn how the drying industry operates, and we have started taking ambient moisture readings around the building, both so we can understand what is normal for us, and so we can properly supervise any drying contractors we may need in the future.

Exterior Window Cleaning and Elevator Shaft Window Cleaning - ServiceMaster completed the cleaning of the interior elevator shaft glass and interior/exterior elevator cab glass in July. This is a significant improvement accomplished by ServiceMaster; this is the first time these windows have been cleaned by PV HOA custodian staff in over 10 years. The cleaning has greatly improved the view from the elevators and will be an annual event going forward. The cleaning of the elevator exterior glass, and all the building exterior glass is scheduled in September, weather permitting. Going forward, the building's exterior glass will be cleaned twice a year.

Guard Shack Repair – The Front Gate Security Guard office repair was completed in July. The rotting door, window and AC wood frames were replaced, and all the exterior wood trim resealed and repainted.

Beach Access Repair – With the rise and fall of sand levels at the end of the beach access walkway, a floating end ramp was needed to connect the fixed walkway to the sand. Coastline manufactured in-house a flexible connection to the end of the walkway to solve this problem.

Great work Coastline Facilities team!



Emergency Generator - Taylor Power has completed the emergency generator radiator, alternator, starter, hoses, and fan belt repair work, and the generator is back in full service. The generator was fully load tested to verify full operating condition. A replacement generator is planned for 2027-2028.

Pool Mechanical Room Exhaust Fan/Duct

The exhaust fan for the pool pump and water treatment equipment room had to be replaced in August. The fan ductwork also is deteriorated galvanized metal that has corroded in the pool chemical and ocean air and is being replaced with stainless steel duct in September.



Pool Deck Chairs

With the end of summer near, PV Facilities will be cycling 20 chairs a week into a chair rehabilitation program. The chairs will receive new heavy duty blue replacement fabric, will be repaired of any other damage, and then be returned to the pool deck. Rehabilitating existing chairs proved to be considerably less expensive than buying new ones. Expect to see restored chairs on the pool deck in the next few weeks.



Basement Pool Access Hallway Dehumidifier

To improve the humidity control in the basement pool exit hallway, a dedicated dehumidifier will be added to assist the Air Conditioning fan unit for this area. Much like the indoor pool area, this hallway experiences high humidity intake, and the AC unit could not handle the load during the summer months. Hansen HVAC was contracted to install the new unit in September. PV has three similar dehumidifiers that help dehumidify the indoor pool area.



Trash Chute Dumpster Room Access Doors – PV has two rooms that receive trash from the trash chutes that each contain three dumpsters. The garage style access doors for these rooms are no longer serviceable due to 25 years of impacts from the dumpsters and must be replaced. Coastal Construction has been contracted to replace the doors with new doors that have guides that are protected from dumpster contact. The replacement door work is scheduled for September.



Labor Day Week Pool Security Guard – On September 2, 2021, Securitas will added a Pool Area Security Guard to monitor the PV beach Access and to check for PV wristbands. A Roving Security Guard will continue to circulate around the PV property 24 hours a day every day of the year.

Walk-thru Identified Projects

Additionally, every year, as part of the quarterly meeting before the finalization of the budget, the Board walks through the building with Coastline Facilities' representatives to get their recommendations on building projects and to give the Board an opportunity to review those suggestions and recommend other projects. This year the walk-thru took place on August 28, 2021, and additional projects were identified, and a schedule for their completion agreed, as follows:

WITHIN 2 WEEKS - DUE DATE 9/15	
Landscaping : Entrance attention to trimming	Paint: Surface of Splash Pad slide
Landscaping : Weed South building entryways and remove dead bushes / trees	Replace: Fire cover on mural
Lobby: Flood light for mural	Signage: "Stay off Dunes" placed out
Lobby: Mural - Protective Covering; Signage	Paint: Electrical conduits in lobby to blend into wall
Paint: Beach gate (top)	Paint: N side of building / Stucco repair as needed

WITHIN 1 MONTH - DUE DATE 10/1/2021	
Log all significant warranties	Roof: Camera / Secure Vision
Concrete Repair: grind down outside exercise room	Roof: Satellite conduits / Secure Vision
Concrete Repair: grind down S main exit	Service Master: Set up regular elevator window cleaning
Powerwashing: algae growth building wide	Underground: Number parking spaces - above and below
Repair: Splash Pad Sail / water flowing	Underground: Smoker pot

WITHIN 2 MONTHS -DUE DATE 11/1/2021	
Landscaping: Planters in N / W side area	Pool: indoor pool - Install dehumidifier

WITHIN 3 MONTHS - DUE DATE 12/1/2021	
Basement: Wall fans remove floor fans	Paint: Pavement Striping / add "FIRE LANE DO NOT BLOCK"
Basement: Decide if there is a need for more water hog mats, if so how many	Paint: Pool Coping
Install: Venting in pool pump room	Painting: Window metal frames: N front building and S side indoor pool
Landscaping: Property Beautification plans to present to Board	Service Master: Stairwells - pressure washing / cleaning

WITHIN 6 MONTHS - DUE 3/1/2022	
Pool: Indoor pool deck tile	Plumbing: Pump room
Pool: Resurface Outdoor Pool	

2021 CAPITAL BUDGET PROJECT STATUS

Lobby Furniture (\$10,000) - The final completion of the lobby renovation project is expected before the end of 2021, with the installation of new North and South lobby furniture, new flat screen TV, and the completion of the interactive turtle mural by Kelsey Montague.

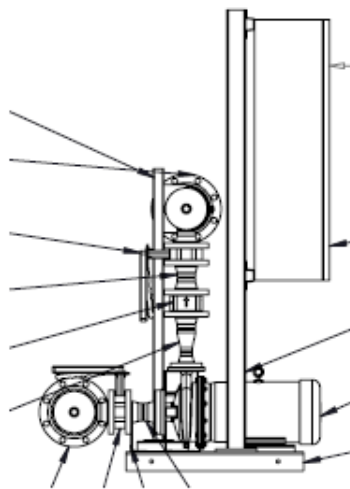
Indoor Pool Resurfacing (\$34,880) - This project was completed in January 2021, and included the complete resurfacing of the indoor pool, replacement of the perimeter tile with new blue tile, pressure washing the deck tile, and installation of a new pool LED lighting system.

Pool Fencing and Gates (\$6,000) - This project was completed in February 2021 and included replacing the splash pad pool fence and gate and pool fencing at the east end of the pool area with a large access gate.

Slider Door Life Extension (\$90,000) - Slider door refurbishment has been implemented throughout 2021 with glass replacement, roller replacement, aluminum frame painting, and track sealing. Two slider doors were replaced (not frames) and twenty others received refurbishment so far this year in the ongoing effort to preserve and maintain the integrity of the original doors. PV now maintains an inventory of 10 replacement glass door panels and other parts and is able to refurbish the doors with Coastline in-house FM staff. This capital project work will continue in 2022.

Slider Door Replacement fund (\$940,000) - These funds are saved in the PV capital reserve fund for the future 2026 slider door replacement project that is expected to cost over \$6 million. Funds will be accumulated over several years, consistent with the Capital Reserve Plan.

Repair Water Supply Main (\$25,000) - PV Facilities (Coastline) met with the City Of Orange Beach Water department this week to review the water supply meter and controls for the water supply line to the PV property. The review of the pipeline found that two check valves in the water supply line are leaking and need to be serviced. Facilities will be contracting to have the check valve serviced by VFP to eliminate the leaking and restore full water supply flow to PV.



Replace HVAC Water Pumps & Controls (\$25,000) – The water pumping system that supplies pressurized water to the entire PV property is the original 25-year-old system (except for new VFD controls) and is no longer supported by the manufacturer. One of the pumps in the three-pump system has failed, and another is on the way (one is the minimum needed to supply water). After exploring the possibility of restoring the system pumps versus replacing the system, replacing the old three pump water system was found to be the most economical solution. Hydra Services has been contracted to replace the water pump system, a new USA made system is on order, and work is expected to be complete in September.

Balcony Closet/Unit Entry Doors (\$110,000) - The project to renovate balcony closet doors and steel entry doors/frames began with prep work and painting in May that continues, and will expand with door replacements in September/October. Fifty balcony closet doors will be replaced, and all the building steel doors/frames will be painted, renovated, or replaced. The steel door work started with the basement common area doors first to maximize visibility and impact. The closet doors started with the north closet doors starting on the 15th floor working down. This project will continue into 2022.

Canopy for Smoking Area (\$5,000)

Coastal Construction has been contracted to install the new 20ft x 8ft smoking area shade cover. The white 140mph rated cover is on order and installation is expected in early September.

PROPOSED 2022 CAPITAL EXPENDITURES

The following is a description of the capital reserve work the Board believes should be done in 2022 and the amounts the Board is requesting to do that work:

Atrium Investigation & Repair (\$150,000) (Condition based) - This project will begin in 2021 with the geotechnical investigation of the root causes of the issues in the north lobby and will be completed in 2022 with the stabilization of the south lobby structure, crack repair and tile replacement. We have noted that the lobby floor is settling at a rate different from the rest of the building and that this is causing the tile cracking we periodically experience.

Slider Door Life Extension (\$50,000) (Reserve Study Recommended) - This project is a continuation of the renovation of PV original slider glass doors and frames to keep the doors in reliable condition until the replacement project in 2026.

Indoor Pool HVAC (\$12,000) (Reserve Study Recommended) - The indoor pool dehumidifier units have reached the end of their useful life (12 years) and will be replaced (one in 2022 and two in 2023) to maintain the reliable operation of the indoor pool facility.

Outdoor Pool Resurfacing (\$65,000) (Reserve Study Recommended) - The outdoor pool surface and perimeter tile has deteriorated and will be replaced in 2022, similar to the indoor pool resurfacing in 2021. Work should begin in January 2022.

Pool Mechanical Room Plumbing (\$10,000) (Condition based) - The pool mechanical room pumps, piping and pipe supports are deteriorated and require refurbishment to maintain the pool water system in a reliable condition.

Slider Door Replacement Fund (\$240,000) (Reserve Study Recommended) - This will be the contribution to the Slider door replacement fund for 2022.

Balcony Closet & Unit Entry Doors (\$50,000) (Reserve Study Recommended) - Balcony door and frame replacement and steel door and frame refurbishment will continue in 2022 with additional balcony door/frame replacement and additional steel door/frame repairs.

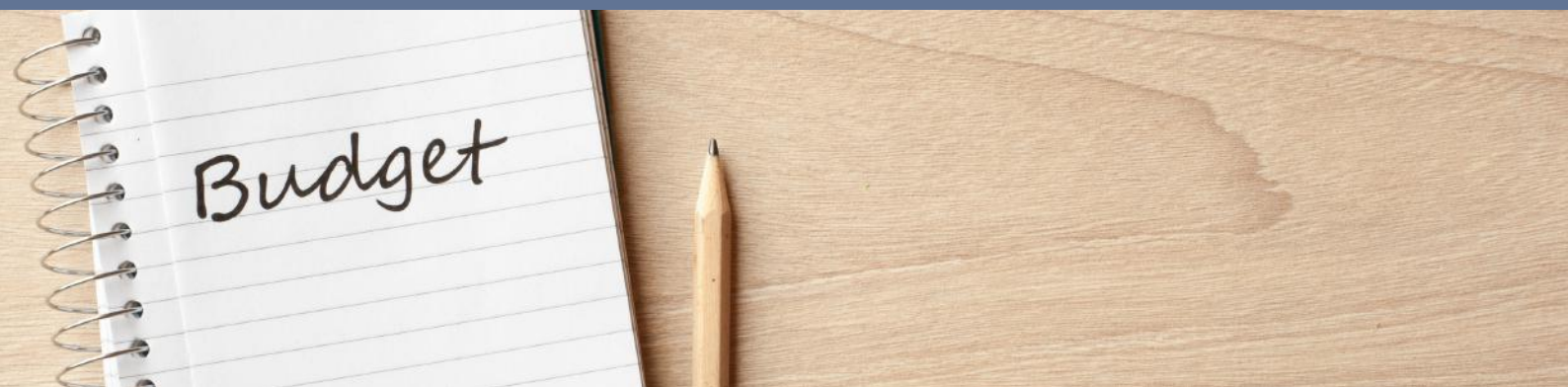
Water Pumps & Controls (\$11,000) (Reserve Study Recommended) -- After installing a new three pump domestic water pumping system in 2021, this work will complete the installation of a third VFD controller for the pump system, completing the project.

Elevator Modernization and Replacement (\$700,000) (Reserve Study Recommended) - It has come to our attention that Thyssenkrupp (TK) Elevator informed BR in 2018 that the PV elevator system would be obsolete in 2020, and also provide a \$1 million proposal for elevator modernization and replacement. BR recommended to the PV HOA that \$87,000 be spent to repair the elevators and BR did not recommend budgeting for elevators in 2019, so nothing further was budgeted. Now three years later, the PV HOA has learned from TK that our elevator system is obsolete and out of production. None of the current Board knew about the 2018 notification from TK to BR. Fortunately the Reserve Study your Board commissioned in 2019 included budgeting for full elevator replacement. The modernization and replacement of the PV elevators will begin in 2022 and be completed in 2023 (\$500,000). The work will take 11 weeks per elevator and is expected to begin in October 2022. TK is working with PV to secure parts needed for the safe and reliable operation of the elevators until the new elevators are installed.

Building Expansion Joint Repair (\$250,000) (Reserve Study Recommended) - The PV condo building is actually three buildings connected with two expansion joints that connect the three buildings together. These flexible expansion joint connections have reached the end of their useful life (16 years) and will be replaced with new flexible expansion joint systems.

South Wall Root Cause Crack Repair (\$116,000) - When the PV condo building was constructed, the contractor did not install an expansion joint at the interface between the concrete vertical structural walls and the metal stud walls on the south facing wall of the building. This has been verified by an investigation by Thompson Engineering. The result is that when the building flexes, cracks form in the stucco coating over the concrete/metal stud interface. The cracks allow water to enter the wall and cause the metal studs to rust and the concrete to spall. In the past, these cracks were covered up with spackle and repainted, which did not address the root cause of the cracks (the missing expansion joint). Going forward, these cracks will be repaired using a method formulated by Thompson Engineering that will involve removing the stucco in crack areas, installing an expansion joint at the concrete/metal stud interface and then replacement of the stucco and paint. This will effect a reliable and permanent repair.





FINANCIAL REPORT

The Board reviewed our financial performance for 2021 year to date. A summary of these results follows:

Financial Summary as of July 2021:

Operating Funds: \$ 437,746.02

Capital Reserves: \$ 2,063,203.91

Cash on Hand: \$ 2,500,949.93

July 2021 Revenue	
Actual: (less assessment income)	\$250,128.15
Budgeted:	\$197,887.59
Variance: Over Budget	\$52,240.56
July 2021 Expenses	
Actual: (less capital expenditures)	\$394,360.88
Budgeted:	\$197,3837.60
Variance: Over Budget	\$196,973.28

As mentioned in the last newsletter, our insurance came due in May, but the budgeted income to pay the premiums is spread over the year. We took a loan out of our capital reserves to pay the premiums and are paying that loan back through November of this year. This saves us several thousands of dollars in interest.

HIGHLIGHTS OF THE FINANCIALS TO DATE INCLUDE THE FOLLOWING:

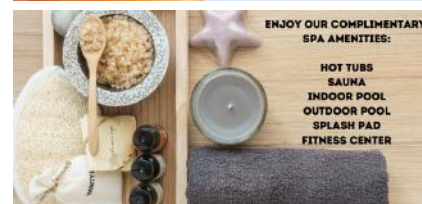
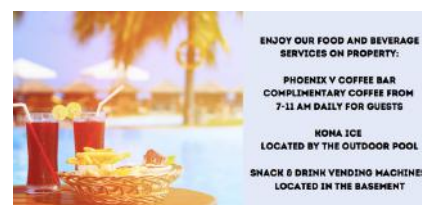
Guest Registration income is over budget to date by \$83,149, so the increase in guest registration fees is helping reduce the increases for dues and the assessment for 2022.

Finally, the item we owners need to be concerned with today is the ServPro assessment that was due 7/1/21. There are still some outstanding payments for over \$17,333.80. That, plus the delinquent monthly dues of \$23,271.14 is putting a strain on the HOA cash flow and our ability to pay our bills. All owners have received notification of the assessments and should refer to those documents for amounts for your condo(s) and where to send payments.

Reminder: The Capital Reserve 2nd Installment is coming due on October 1. You can make payments utilizing the online owner's portal or mail a check payment to Phoenix V.

LOBBY ENHANCEMENT PROJECT

The lobby enhancement project is finally coming to a close. Since this project started in January of 2020, gorgeous new tile has been placed around the elevators, uplighting area, columns, and floor trim. The coffee bar has received a facelift with beautiful artwork that highlights our name, and old, outdated, and out of place jungle murals have been painted over with fresh coats of paint to keep our building looking fresh, clean, and modern. New furniture for both the North and South lobbies have been ordered and pieces are being delivered each week. The last shipment will go out on Friday, September 10th, so we believe all furniture will be on property and installed by the owner meeting on October 2nd. Although the meeting will be conducted on zoom, the Board will be sure to provide the owners with updated pictures of the furniture. This project also focused on streamlining color choices throughout the building. You may have noticed that new signs inside the building common areas are a light grey with white lettering and that outside common areas have blue signs with white lettering. The Board wanted a consistent look and moved away from letting prior facility teams order random colors like maroon, green, etc with no regard to overall appearance. Your Board also made sure to be very cognizant of future plans in regard to color scheme consistency so you will notice that all of the refurbished pool loungers will be a bright and beautiful royal blue to match the new gazebo roofs outdoors which also compliments the building stairwells. The water hog mats in the basement are also of the same color. Consistency is key and we believe we are on the right path. First appearances are everything, so we are also excited to announce that the "WOW" factor we have been envisioning is now complete. Kelsey Montague, a nationally recognized street artist completed an interactive mural on the front facing North lobby wall just last week. The mural highlights our turtle friendly property and pays tribute to the award we received earlier this year for Phoenix V's turtle friendly program. Montague has over 139,000 followers on Instagram and when she posted the mural she created at Phoenix V, the post received 3,419 likes. Followers commented stating that they were so excited to have made a reservation at Phoenix V and that they were looking forward to posing in front of the mural. Last but not least, we have also made sure to give our building an upscale vibe with our digital information display (DID) boards. Take a look below to see these items pictured. We hope you feel proud and have great pride in our building and that you see the many efforts we have made to keep Phoenix V looking great!



COASTLINE'S CORNER



PV HOA MANAGER

EMAIL: ASHLEYE@COASTLINEMGMT.NET

DESK PHONE: 251-216-7138

MOBILE PHONE: 251-550-9088

AFTER HOURS PHONE: 251-948-7001 (COASTLINE DISPATCH)



Coastline Management Contact Info:

Coastline Address:

253 Professional Lane
Gulf Shores, AL 36542

Coastline Phone Number & After Hours #:

251-948-7001

Accounting Specialist - Laura Stevens

laurat@coastlinemgmt.com

Phoenix V ~ Coastline Contact Info:

Front Desk Phone Number:

251-216-7100

Front Desk Email:

pvfd@coastlinemgmt.net

Physical Address:

24400 Perdido Beach Blvd
Orange Beach, AL 36561

Mailing Address for PV:

P.O. Box 5037

Gulf Shores, AL 36547

Facilities Manager - Ed Lipinsky

edl@coastlinemgmt.net

REVENUE ENHANCEMENTS

As everyone is aware, costs to operate a building like PV are on the rise coupled with the inflation in the US economy resulting in increased owner expense and/or less of a profit margin. The Revenue Enhancement Committee's focus is to help reduce costs to owners at Phoenix V.

Our 2021 income ledger is above budget (+), driven primarily by the enforcement of parking/guest registration. We are projecting the parking/guest registration to be 25% better than plan. The HOA receives income from additional sources including roof rental (Cel tower), Ike's Beach Rental Service, Kona Ice by the pool, vending in the building as well as space rental (PV Conference room/kitchen).

As previously communicated, the Phoenix V Apparel website was rolled out this past quarter. Our HOA receives benefits from each item sold. Get your Phoenix V Christmas gifts ordered early! We are looking to add a few items for the 2022 beach season. Merchandise can be ordered using the following website:

<https://www2.nationsprint.com/clients/phoenixv/index.cgi>



Ike's Beach Service – During 2022 we have added kayak and paddle board rentals to the already available PV Chair Service. As PV owners, we enjoy a discount with Ike's (chair, umbrellas, etc. rentals), just call and set up an account with Ike at: 251-948-3757.

The revenue enhancement committee is also working on longer term revenue enhancements and is currently exploring several communication/technology leasing options with Neutral Path. In addition, the Revenue Enhancement Committee has met to discuss potential updates and/or options to the parking/registration which the board is exploring.

If you have a revenue enhancement idea, please email it to the HOA inbox and/or please let us know if you are willing to join the committee.

DEDICATED PV WEBSITE

The Board is excited to announce that Phoenix V has its own dedicated website. This was a labor of love that the Board felt should be done in order to make your experience as an owner stress-free when it comes to finding out information. Unique owner logins are currently being created and as soon as they are complete, you will receive a message thru appfolio on how to view the website. A sneak peek is provided below.



CLOSING REMARKS

Thank you again for all your help and support. Together, we are making good progress in protecting our investments and enhancing our building. We ask for your support again this year by returning your proxy AND voting in favor of the Board's recommendations.

**THANKS AGAIN,
THE PHOENIX V ASSOCIATION, INC. BOARD OF DIRECTORS
PHOENIXVHOA@GMAIL.COM**

**JIM REDWINE, PRESIDENT, 225-281-4089
JMRPHOENIXVBOD@GMAIL.COM**

**NORM ANDERSON, VICE PRESIDENT, 904-228-6483
NCABUILDER@GMAIL.COM**

**TED SENDAK, TREASURER, 256-325-3709
TSEDAK@AOL.COM**

**LAUREN BETHANCOURT, SECRETARY, 985-774-9363
LAUREN.PVBOD@GMAIL.COM**

**WENDELL BEHEL, DIRECTOR, 256-710-1236
WENDELL.PV5@COMCAST.NET**

**GARY DEAN, DIRECTOR, 205-445-3610
GARYPITTD@GMAIL.COM**

**MARK ESCUE, DIRECTOR, 817-821-0736
MARKESCUEBOD@YAHOO.COM**

**GARY PACOS, DIRECTOR, 716-560-3342
GPACOSPV313@GMAIL.COM**

