

Adirondack Lodges Homeowners Association, Inc.

P.O. Box 335 Adirondack NY 12808

On the East Shore of Schroon Lake

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**ALHA SPECIAL BOARD MEETING**

Saturday, March 4, 2023

Via Zoom

**Call to order:** President Gary Karl called the meeting to order at 9:03 am with the Pledge of Allegiance.

**Board Members present via Zoom:** Bob Brown, Nancy Esterline, Kevin Granger, Gary Karl, Brad Koehler, Rich Lockwood, Alice Lovely, Kent Molino, Mike Sposili.

**Owners signed on via Zoom:** Laura and David Angliss, Marie and Roger Bombardier, Jeanne and Jim Clement, Erin Cowan, and Ed Colihan, Felicia De Leonardo, Regina and Charlie Dietz, Connie Fenton, Dianna and Bill Firth, Jeanne and Gil Frank, Mary and Mike Geraci, Joyce and Jerry Joyce, Deb Karl, Lisa Irwin and Brian Keane, Brenda Koehler, Linda and Carl Koehler, Sarah and Joel Kremer, Tom Lovely, Eileen and Kevin Lynch, Cindy and Fred Marra, Jane and Nick Mastracchio, Judy and Jeff Miller, Carol Molino, Kathy and Mark Molino, Kim Molino, Sally and Ralph Morrone, Elizabeth Muller, Ann and Brian Nobis, Laurie and Vince Pasqualino, Susan and Mike Purdy, Vivian and Jon Rubin, Susan and Paul Spofford, Michelle and Brian Tario, Muriel and Craig Tashjian, Lori and Joe Tobia, Karen and John Tozzi, Rae and John Ugola, Bridget Rourke and Karl Ulrich, Evelyn and Jeff Van Fleet, Sandy and Dan Vanno, Donna and Ted Ware, Eva Wengler, Kate Whimple, Tom Whelan, Sarah and Paul White, Doris and Bill Wildermuth, Kathryn Reay and John Zollo.

**Confirmation of Meeting Notice**

Secretary Alice Lovely confirmed that the meeting notice had been sent on February 17, 2023.

**President's Opening Statement**

President Gary Karl thanked the current board as well as recent board members David Angliss, Gil Frank and Elizabeth Muller who participated in bringing this proposal forward. He also recognized the foundation laid from 2018 – 2021 and the directors who served at that time. Karl went on to speak of the aggregate value of our community and the importance of the harbor, the history of the restoration efforts, and current status. Key points from his presentation included:

- Convenient boating access to Schroon Lake is a feature of our HOA that is central to the enjoyment of our property—and to its value. Under our Declaration, every owner here is guaranteed a boat slip. And under our Declaration, this Association—which is all the owners, not just the Board—is responsible for preserving that value and every owner’s access to boating.
- It is obvious that the harbor needs replacement. It’s an eyesore, unbefitting a \$50+ million community. It’s in obvious disrepair, in violation of our Declaration’s express requirements that we collectively maintain our infrastructure in “good condition” and “to a high standard.”
- It’s unsafe. The walls are collapsing and the catwalk is unsupported.
- The Board began working on the harbor problem in earnest in 2018, when the Board formed a Harbor Working Group open to all owners and headed by Mike Sposili. In 2019, the board hired CT Male to do investigatory site work. At that time, CT Male found that the existing harbor retaining walls were at the end of their useful life, beyond repair, and in urgent need of replacement.
- Harbor restoration was stalled by an injunction for two and a half years until December 1, 2022, when the Court ruled in favor of the Association and the Board of Directors and dissolved the impediments to proceeding.
- Since the start of 2023, the board has
  - Re-engaged with CT Male and had multiple meeting, calls and interactions with the firm, including another site visit
  - Obtained current estimates of project-related costs
  - Compiled a project budget
  - Held a series of weekly brainstorming Zoom calls with the board and recent board members to formulate a comprehensive plan for restoring the harbor
  - Devoted hundreds of hours to devising an action plan for the harbor in the best interests of the Association.

Karl ended with a reminder that the Declaration is explicitly clear that our harbor is owned by all of us, and its maintenance, repair and replacement is mandatory. He added that the sole purpose of the meeting was to consider and act on a proposal for the harbor restoration, and that beyond acknowledging the delay caused by the harbor litigation, the board would not be discussing the litigation, which remains ongoing. Likewise, the board would not be discussing, or answering questions about, the plaintiff-owners’ potential liability for damages, which will be addressed at another time, in another venue, by the lawyers and the Court.

### **Motion for the Restoration of the Harbor**

Vice President Brad Koehler made the following motion, to be voted up or down as a single motion:

1. The Association, through our consulting engineers, CT Male, will put the harbor

restoration project out for competitive bidding for fall 2023 reconstruction. The Board of Directors, with the advice of CT Male, will evaluate the bids received and determine which, if any, to accept.

2. Under sections 5.02 and 5.03(d) of the ALHA Declaration, the Association will levy a Maintenance Assessment for the replacement of the harbor in the amount of \$25,500 per Unit/Lot. This assessment will be due and payable by May 17, 2023. Proceeds will be deposited to the segregated bank account established for reserves for the harbor restoration project (the "Harbor Reserve Account") and used only for project purposes.
3. The A3 budget for 2023 will be amended to reflect the assessment and expenditures for harbor restoration authorized by this motion. The Treasurer will prepare an amended A3 budget for 2023 and present it to the Board for approval at the Board's next scheduled quarterly meeting on May 27, 2023.
4. If there are funds remaining in the Harbor Reserve Account after completion of the harbor restoration project, the Association will return the balance to owners.

President Karl called for discussion prior to the vote.

### **State of the Harbor and Reasons to Proceed in 2023**

Vice President Brad Koehler spoke about his history with the project, and why it is important to do the harbor project in 2023. Key points he made included:

- 2019 – he joined the Board of Directors. That same year the Association engaged CT Male Associates to assess and provide options.
  - In 2018 the Association formed the Harbor Working group, with the goal to consider any and all options to fix/reconstruct harbor.
  - Engineers confirmed state of harbor
- 2020 – The project was delayed because of the lawsuit, but Mother Nature and the harsh ADK winters/wet spring continued to damage the harbor.
- Today – what he observed:
  - Maybe 1 or 2 gabion baskets are still intact
  - The tie backs are completely disconnected from the wall
  - The wall is all disjointed and bowed
  - The catwalk is separated from the wall, and is buckled and uneven
  - Erosion has exposed all of the electrical wires
  - It is simply not safe
- Other reasons we can't wait any longer:
  - Possible 2-year delay given that the County is planning to replace Mill Brook bridge in 2024
  - Costs are expected to increase...not decrease
  - The longer we wait the higher the likelihood that we may need to close the harbor.

Koehler concluded by saying that we cannot wait any longer. It is the collective responsibility of both homeowners and Board, alike, to fix the harbor now.

## Project budget / assessment / homeowner financing

Treasurer Kent Molino explained the project budget and how the board arrived at the assessment figure of \$25,500 per unit/lot.

- The budget is an **informed estimate**. Once the project is bid competitively, we will have the actual cost.
- The budget is intentionally conservative, i.e., on the high side, so that we don't run short of funds prior to finishing the project. We want to avoid, if possible, having to issue another assessment.
- The budget for the project is made up of three categories or "buckets":
  1. Hard costs – essentially the construction costs, consisting mainly of materials and labor
  2. Soft costs – include professional fees for engineers, lawyers, permitting fees, filing fees, survey and potential bank fees for financing.
  3. Contingency funds – an allowance for unforeseen events; a cushion in case something doesn't go as planned.
- Hard costs – by far the largest outlay for the project
  - In 2021 the association paid an expert to develop an **estimate** of the projected hard costs for our harbor rebuild. Based on CT Male's recommendation, design and drawings for a gravity wall, they came up with an estimate of \$1,550,000.
  - Updated estimate January 2023 (at no additional cost) was 15% higher at \$1,782,500 due to escalating labor rate increases, fuel increases, supply chain shortages, trucking rates, insurance, etc.
  - The price estimate reflects the difficulty of our particular project.
- Soft costs
  - Currently relate mostly to CT Male's services
  - CT Male fees up 7%
  - One permit expired while we were under the injunction and must be obtained again.
  - Soft costs are substantially lower than they would be if we financed the project.
- Contingency funds
  - Typically, this allowance is a percentage of hard costs, usually 20%.
  - We are using a slightly lower percentage for our contingency fund because we are advised that our hard cost estimate is conservative (i.e., on the high side.)
  - CT Male provided guidance on the appropriate amount for the contingency fund.
- The current **estimated** total budget, **based on the best information we have today**, is \$2,181,000.

Here is the breakdown of that number and the assessment figure:

Hard costs	\$1,782,500
Soft costs	\$ 78,000
Contingency Allowance	\$ 320,500
Total	\$2,181,000
Minus: Remaining funds from 2020 assessment	\$(192,000)
Amount we need to collect	\$1,989,000
Assessment per unit/lot (78 total)	\$ 25,500

- Calculation of our assessment
  - We must collect what we believe we need to have in the bank to put the project out for bid, accept a bid, and authorize the work, approximately \$2.2 million, as shown above.
  - Prior assessment: In 2020, the association collected \$3,500 from each unit/lot for the harbor, a total of about \$275,000. It was deposited in a separate bank account to be used solely for the harbor project.
  - Approximately \$80,000 of the initial assessed funds has been spent on project costs such as surveys, engineering design expenses, drawings, permits, expert estimates and needed consultations, leaving \$192,000 currently in the harbor fund account.
- Timing
  - The timing for the project is directly related to the bidding process, material lead times and desired project start date, which does not leave us much lead time at all.
  - Timing for the collection of assessments is designed to ensure potential bidders that we are not a credit risk, which should help generate more interest and better bids from contractors.
  - Early collection of funds maximizes our chances of getting the project done in 2023. For example, the concrete block lead time is 10-12 weeks, meaning we must order it around the beginning of June for a September start date.
- How the money will be handled:
  - Funds assessed for the harbor will be added to the segregated "harbor project" account and will be used solely for the harbor project.
  - Assistant Treasurer David Angliss is negotiating with Glens Falls National Bank for the best available interest rate for our deposit.
  - CT Male will have to approve and sign off on all of our invoices before they are paid to the contractor.
  - **If the project comes in under our estimated budget, the surplus will be returned to the owners.**

- **Financing not in the Association's best interest.** The board looked extensively at financing and it would be disadvantageous to us because:
  - The time required for a bank to do its due diligence would preclude the possibility of doing this project in 2023.
  - A bank loan would require us to obtain 3 years of CPA-produced financial statements for ALHA, which would cost thousands of dollars and take several months, delaying the project.
  - A bank loan would add additional costs to the project budget totaling tens of thousands of dollars for things such as bank attorneys' fees, borrowers' attorneys, loan fees, mortgage recording taxes and fees, interest costs during the construction phase, etc.
  - A bank loan would add hundreds of thousands of dollars of interest to the cost of the project. Today's rates are significantly higher than they were in 2019 or 2021, and prepayment is not a viable option as M & T bank has indicated that they would charge hefty pre-payment penalties.
  - Construction monitoring by the bank is another layer of oversight we do not need.
  - We cannot assume that a bank would approve such a loan, an uncertainty we cannot afford to take.
  - The bank has said that it would want a lien on **all** our cash (A2, A3 and Garage). ALHA cannot agree to this because those funds must be legally separate and cannot be comingled.
  - Per our bylaws, a bank mortgage on Association property would require a 70% approval vote of the homeowners.
  
- An option for homeowners who would like to finance the amount of the assessment is a home equity loan. As an example of what is available, Molino provided the following information from the First National Bank of Scotia, which would be willing to service home equity loans for any interested homeowner. The bank can turn these types of loans around in 4-5 weeks, with the longest part of the process being the title search. Here is the most recent information regarding these loans (bank terms subject to change):
  - \$10,000 minimum loan
  - For a 1<sup>st</sup> position loan (properties without a mortgage):
    - 5.25% for up to 5 years
    - 5.50% for loans of 5-10 years
  - For 2<sup>nd</sup> position loans (properties with a mortgage)
    - 5.375% for up to 5 years
    - 5.625% for 5 – 10 years
  - All closing costs are waived if the loan is held for at least 3 years.
  - If the loan is paid off prior to 3 years, the closing costs will be added back into the final payoff amount.

- Contact information:  
Jennifer Rudolph or Michelle Rost  
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1476 Balltown Road  
Niskayuna, NY 12309  
(518) 370-7245  
[jbrudolph@firstscotia.com](mailto:jbrudolph@firstscotia.com) or [mcrost@firstscotia.com](mailto:mcrost@firstscotia.com)

## **The project: Design, bidding and construction**

Harbor Working Group Chair Mike Sposili discussed the project design and recommended options. A pdf of his slide show presentation is attached.

### **SLIDE #1: (Project Overview Aerial View)**

The first slide provides an aerial view of the project. The restoration is limited to the existing footprint of the harbor. We have some steep slopes, lots of groundwater present on the east side of the harbor and a significant amount of earth that needs to be held in place around the entire perimeter of the harbor. These conditions, coupled with the fact that we will need to build a coffer dam to isolate the harbor from Mill Brook in order to dewater the site, are key drivers of the cost for this project.

### **SLIDE #2: Project Overview**

The second slide depicts how the original harbor was constructed in the 1980's. It was built by using stacked gabion baskets (wire baskets) that were filled with rocks from the harbor bottom to the water line. Timber retaining walls with timber tiebacks hold back the earthen sides (or backslope) of the harbor and pressure treated decking that forms the catwalk.

### **SLIDE #3 & #4: Existing Conditions**

In 2019, our engineering firm, CT Male & Associates, completed a thorough assessment of the site conditions, which included an underwater inspection by a diver, visual inspections of the harbor and soil borings and test pits to establish an understanding of the existing soil conditions. CT Male concluded that the timber retaining walls, wooden tie backs into the earthen banks, and the large wooden beams/logs that support the catwalk are highly stressed and are badly deteriorated. The original wire gabion baskets have failed and the rocks or fill that had been in them has spilled into the harbor. Simply put, the harbor is beyond its useful life.

### **SLIDE #5: Recommended Option**

Upon the recommendation of our engineering firm, we elected to pursue a design solution that consists of precast gravity wall blocks. These are poured or cast off-site, trucked to the location and then put in place, much like you would do with Lego blocks. The base blocks are larger given that need to not only retain the water in the harbor on one side, but the earthen banks around the entire perimeter of the harbor on the other

side. They step down in size as the wall gets higher, and each successive course is filled with stone to keep them in place and they are connected by shear knobs that lock each course into the next as the wall is built. A geotextile fabric is placed between the blocks and the earth that is backfilled.

#### **SLIDE #6: Recommendation – Precast Gravity Block Wall**

The next slide again shows the design recommendation, a pre-cast gravity block and two images of what other projects look like. **When the project is bid, we will be including a provision that allows contractors to propose alternate gravity wall products to achieve the most cost-effective solution that meet the design specifications as established by our engineering firm.** To date, our engineering firm has identified a product called Double Wal, but we are open to other products that are more cost effective PROVIDED they meet the specifications as identified by our engineering firm.

#### **SLIDE #7: Permitting**

Several permits are required for this project and **we have received ALL of them previously.** Due to the litigation, coverage under the Army Corps of Engineers (ACOE) nationwide permit expired and we have reapplied for it. That application has been filed and our engineering firm is completely confident that it will be reissued within 45 days. The reapplication is merely a formality and we aren't actually required to have it in hand until we begin site work which won't be until September 2023. Upon the recommendation of our engineering firm, they advised us to renew now, because it will allow us to obtain more competitive bids for the project. Interested contractors look at the status of permits when bidding and are often times dissuaded from bidding when permits are not in place.

#### **SLIDE #8: Artist Rendering**

The final slide shows a rendering of what the wall could look like when completed (color and texture to be determined). We envision the project beginning in early September, after the boating season is largely complete. The majority of the work will take 3-4 months to complete, although some final site work will need to be completed in the spring. Our goal is to have everything completely finished prior to Memorial Day 2024.

Sposili closed by saying that this is a complex project that requires designs which were developed, reviewed and ultimately approved by engineers. CT Male Associates will be preparing the bid package and help us to evaluate which contractor to ultimately select for this project. We are seeking competitive bids for the project in an effort to approach this as cost effectively as we can. That said, we must select a contractor who is capable of completing this work which includes a challenging site. The pre-cast wall block that we ultimately choose must meet our engineering specifications so that it will endure over time.



## COMMENTS FROM OTHER BOARD MEMBERS:

- Nancy Esterline noted that taking care of our harbor is the responsibility of every property owner in our association. It is explicitly stated in our Declarations and it is the commitment we all made when we purchased property here and became members of the association. The harbor repair is urgent, it's an essential, valuable piece of our community, and it adds value to each of our individual properties. She said that now we can finally move on from this topic, as a community, and focus our time and energy on other things.
- Kevin Granger noted that friends and family often question why the harbor is in such a state of disrepair when the rest of the community is so beautiful. He attested to the due diligence that the board has done on this project and noted that the harbor affects our property values just as do the grounds, roads, etc.
- Richard Lockwood gave a brief review of the due diligence the board has undertaken since 2019. He articulated his support for doing the project in 2023, and noted that a delay does not make the issue go away, saying that this is a clear case of paying the price now, or delaying and paying a higher price in the future.
- Alice Lovely voiced her support for the motion and talked about the value of the harbor as a core asset and welcoming element to the community. She noted that while the assessment is a significant amount of money for each of us, it represents an investment in our community and in our homes' values.
- Bob Brown, who has been a community member for 27 years and has served several times on the board, underscored the time and effort the board has put in, and said that the time has come to move forward on this project. He asked for the community's support.

President Karl opened up the floor for comments from homeowners.

- Elizabeth Muller said that the harbor has gone from being a beautiful and essential asset of the community to now, an eyesore and an embarrassment. She voiced concern over the impact of the unattractive harbor on our Adirondack neighbors.
- Gil Frank affirmed his support for the project, and said that as someone who has helped make repairs on the harbor structure, he believes it needs to be done now.
- David Angliss thanked the board for all the work they have put into the project and the presentation.
- Mike Purdy, Kim Molino and Bill Wildermuth thanked the board for their efforts and voiced their support for the project.

- Paul White said that he fully supports the project and asked a question regarding finding contractors.
- Ralph Morrone thanked the board and asked several questions. Regarding the timing of the dredging of the channel, Kent Molino responded that the dredging will not be done until the harbor project is completed. Regarding the appearance of the completed project, Gary Karl said that the Blue Waters Resort on Lake George is an example of what the retaining walls will look like when completed.
- Jon Rubin thanked the board and asked about the current safety of the harbor. President Karl answered that we will evaluate the state of the harbor in the spring once the ice and snow are gone.
- Nick Mastracchio asked whether CT Male would give us a list of contractors. Mike Sposili responded that the firm has already contacted some contractors. One issue may be that the size and scope of our project may be too small to interest some of the larger contractors but may be beyond the expertise of some of the smaller contractors. CT Male will assist in identifying and evaluating the contractors and the bids.
- Joe Tobia praised the board for the presentation and offered to serve on the Harbor Working Group. He asked whether the Mill Creek bridge can be raised up to give boats more headroom. Mike Sposili responded that Jim Edwards of CT Male has been in contact with Kevin Hajos at the Warren County DPW on this issue.
- Muriel Tashjian thanked the board and asked who will oversee the construction. Mike Sposili responded that CT Male will provide oversight, but at this point we don't know more specifics as to who and when/how often.

### **Action on the Motion**

Rich Lockwood called the question. The vote was taken by roll call of the directors and was approved unanimously.

President Karl thanked everyone for participating. A motion by Rich Lockwood to adjourn the meeting was approved, and the meeting was adjourned at 10:33 am.

aml 3/10/23