

Collings Lakes Civic Association
Special Meeting Minutes
Monday, May 17, 2021

Call to Order

The meeting was called to order by President, Kyle Smith, at 7 p.m. He asked all in attendance to join the Board in reciting the *Pledge of Allegiance* to the Flag. It was noted that, due to COVID 19, this meeting was held via Zoom.

Roll Call of Officers

President, Kyle Smith addressed the roll call with the following Board Members being present: Kyle Smith, President; Stephen Naegle, 1st Vice President; Steve Slimm, Treasurer; Nick Ninfa, Trustee; Tom Veneziale, 2nd Vice President; Donna Sutts, Trustee; and April Schauer, Secretary.

President Kyle Smith stated that the purpose of the meeting was to review the loan documents and have both Board Members and Owners ask questions regarding the proposed loan before voting on it. Kyle stated that a few years ago, when the Court Order was mandated, it stated that each of the four dams had to be replaced. Since that time, the Board has constantly been looking for financing and more than ten (10) banks were approached; however, due to the amount of debt the Association had from non-paying members, and the taxes that were not in order, CLCA was continually turned down. Additionally, CLCA has no collateral.

Kyle then read from Article H of the Court Order:

“The CLCA shall be required by this order to repair, upgrade and replace the dams per DEP standards, maintaining the community as a lake community. The Board will explore financing, grants, and any other options to defray or spread out the costs of the dam project. The Board shall make special assessments each year for the dams project and said assessments shall be divided per the tier structure above.”

And from Section 3 (Repairing/Replacing the Dams) of the Settlement Agreement which is Exhibit A of the Court Order:

“Both parties agreed that the lakes should remain a part of the Collings Lakes community. As such, the parties agreed that regardless of what steps are taken to reconfigure the governing body of the community or re-elect a new and different board, the organization will be held responsible for taking all necessary steps to rebuild the lost dams and rebuild or otherwise rehabilitate the dams that remain to be in compliance with all state and local regulations. The cost to repair and bring to specifications the dams in the community should be divided by tier percentage in the same manner as the annual fees. The board will ensure that the dams will be repaired and brought to specifications with all reasonable expediency. The board will be free and strongly encouraged to explore financing options that may lessen

the financial burden on the community, including loans, fundraisers, grants, and any other financial assistance that may be available.”

Kyle offered that grants were explored, and there were no grants available, and previously the Board was unable to obtain a loan. Kyle then read a letter from the Association’s attorney into the Minutes:

Kyle discussed a few of the terms of the loan:

- The amount is for up to \$1,000,000;
- It is a “draw down” loan;
- The rate is 4.5% for the first 60 months; and
- All invoices must go to the bank for payment.

Treasurer, Steve Slimm, stated that he has been working with this bank for approximately five months, specifically with John who is an Executive Vice President of Liberty Bell Bank. Steve further reviewed the terms of the loan:

- The Borrower is the Collings Lakes Civic Association;
- The Guarantor is none/no one, which means that they can only take dam assessments if the Association defaults on the loan. Steve further stated that if everyone pays their dam assessments, there is an income of approximately \$540,000 annually, and the loan payment after one year would total approximately \$168,000. With some Owners still in collections, the Association is averaging \$460,000 annually in income for the dams assessments.

Steve stated that he likes to pay things off quickly. He also offered that as of right now, there is approximately \$418,000 in the Dams Account now. There is approximately \$200,000 outstanding in bills for the Braddock Dam leaving about \$218,000 in the Dams Account and the 2022 dams assessments will add to that. He believes that the cost of the Cushman dam can be paid back in approximately two years and is hoping that the assessments for 2022 can remain the same and possibly be able to lower the dams assessments in 2023.

Steve offered that one of the stipulations of the loan is that *all* of the Association’s banking be moved to Liberty Bell Bank, which means that the Association will no longer conduct their banking business with TD Bank. He noted that the same accounts will be established: Games of Change, Checking, Dams Assessments, and the Money Market. He also offered that Liberty Bell Bank will provide him with a scanner to scan checks in for deposits rather than having to go to the bank and physically make deposits. Another stipulation of the loan is that he would not be writing any of the checks; construction invoices would come in and be reviewed by both the engineer and he then be forwarded to the bank for payment from the loan, then the Association repays the bank.

Kyle Smith asked each Board Member if they had any questions:

- Nick Ninfa thanked Steve for his work in this and the ability for the Board to move forward with the next dam.

- Stephen Naegele thanked Steve for a great job.
- Tom Venezia had no questions.
- Donna Sutts thanked Steve and Kyle as this will allow Owner payments not to increase. She asked if the loan defaults, if the Owners who are not paying would be held responsible. Steve Slimm responded that the Association is currently making every effort to pursue those Owners who are not paying, and that if CLCA defaults, this bank will do the same thing.
- April Schauer asked for clarification for those listening in that the only items that the loan money could be used for is dam construction fees and dam engineering fees. Kyle stated this is true and that the bank needs to approve them, and it is stipulated that the funds can only be used for construction and engineering fees.

There being no further questions or comments from the Board Members, Kyle Smith opened the questions to those in attendance.

A Tier 1 resident asked if this loan is for a certain period and only for one dam. Kyle stated that it is an 84-month term and will build CLCA credit which will hopefully allow CLCA the ability to borrow money to finish the remaining two dams. Steve stated that if our payments are strong, then we may be able to do lines of credit regarding future dams and move forward more quickly. Kyle stated that if that were to happen, there would again be Special Meetings prior to any such thing taking place.

A Tier 1 resident asked how many dams in total. Steve responded four: Braddock, Cushman, George, and Albert.

A Tier 1 resident thanked the Board for their dedication.

A Tier 1 resident asked if this would accelerate the progress of Cushman dam. Kyle stated that it will, with CLCA needing only one year or 18 months of assessments and it is possible that the work could start in September and be completed by Spring 2022.

A Tier 1 resident asked for the cost of the Cushman dam project. Kyle stated that this is not known yet, but that information will be disclosed at a future Open Meeting; however, the \$1,000,000 loan, if approved, would cover it in total. Steve stated that the Braddock dam's cost is approximately \$1,200,000, so the Board cannot ensure that it will be less.

A Tier 1 resident asked if estimates could be obtained now for the Albert and George dams. Kyle stated that nothing has been started for either of them. Initially, the plan had been to do the Cushman dam first, but it was necessary to start with Braddock due to the state of the dam. The Board even went so far as to bid both Braddock and Cushman at the same time and even applied for the permits, so we are ready to go with the Cushman dam. Once the funds are available, the Board will be ready to move forward with the next dam. Originally, the costs for the Cushman dam were \$800,000; however, costs have changed. A vast majority of the engineering work has been done for the next dam.

A Tier 2 resident questioned if the engineer would dot the “Is” and cross the “Ts”, so things do not change so drastically? Kyle stated that this next dam project should move along more quickly. This same Tier 2 resident asked if the Board would use the same contractor (RD Zeuli). Kyle stated that he will discuss it with the Board but feels that if the contractor were to be changed, it would delay the project. He also stated that when the Board went out to bid for both dams previously, RD Zeuli was the only contractor to bid on the two projects. The last question asked by this Tier 2 resident was if there were warranties given with the work if the dams were to fail. Kyle stated that the construction contract was reviewed by our attorney and felt that everything was covered for the best interest of the community.

A Tier 1 resident asked if there was any advantage to starting the engineering process and estimates sooner than later to save money for the last two dams. Steve stated that until a true estimate is received for Cushman, we should not move forward on the next dam. He also noted that building/construction codes are changed and updated so it would be a waste of Association funds to prepare something now only to be re-done because codes changed. He feels that the Board could consider getting halfway through the Cushman project before starting with Albert. This Owner also asked if Cushman is being repaired or replaced. Kyle stated that it is being repaired. The original structure can be salvaged; however, the two emergency spillways on each side need to be addressed.

There being no further questions from the members in attendance, Kyle Smith called for a motion to approve the \$1,000,000 loan from Liberty Bell Bank. Steve Slimm made a motion, and Nick Ninfa seconded. Kyle took a roll call vote on this matter: Steve Slimm – yes; Nick Ninfa – yes; Stephen Naegele – yes; Tom Veneziale – no; Donna Sutts – yes; and April Schauer – yes. There was a majority in favor of proceeding with the loan.

There being no further business to discuss, Steve Slimm made a motion to adjourn, and Nick Ninfa seconded. All were in favor.

The meeting adjourned at 7:35 p.m.