

# Highland Towers, Inc.

## Minutes of August 5, 2021 Board of Directors Meeting

### 1. President's Report by Louis Mazza:

Louis Mazza welcomed and thanked everyone for their attendance for this evening's board meeting. Louis mentioned that this meeting is a trial to see if a 7:00 p.m. board meeting is better for Shareholder attendance. It was noted that there was significant attendance this evening.

### 2. Roll Call of Directors:

President – Louis Mazza, Present  
Vice President – Chris Van Horn, Present via ZOOM  
Secretary – Jennifer Schammel, Present  
Treasurer – Jim Keefe, Present via ZOOM  
Director – John Gammage, Present  
Director – Kevin O'Hara, Present via ZOOM  
Director – Bob Turrentine, Present via ZOOM

### 3. Proof of Notice of Meeting:

The notice for the meeting was provided via email with more than 48 hours' notice. Email addresses are recorded for the distribution list.

### 4. President's Remarks:

*Dear Shareholders:*

*I am sure that most of you received an email from Mr. Bergsten. I am not going to dignify his accusations with a response. However, I want you to know that that I am outraged that he would dare accuse a shareholder or board member of anti-Semitism without a shred of evidence. He wrote that "his broker said a resident said the building was not taking any more Jewish people". He hasn't a shred of evidence, nor was he there to hear this, but he tried to pass this off as fact.*

*Now, I will tell you the truth about an incident because I was there. I can give you a first-hand account that sheds light on the character of his broker. Just so you know, all applications are privileged so I cannot talk about the prospective buyer. I can tell you about my telephone conversation with his broker after the committee denied the application. During the call, I was told, and I quote "I am sure you can tell by their last name that they are Jewish, but don't worry, they aren't really that Jewish". I was shocked and outraged and asked if she was implying that we had denied the buyer's suitability by their religion. Naturally she back tracked and said "no, no, that's not what I mean. I immediately told her that our discussion was over and terminated our conversation. That Mr. Bergsten, I attest to be the truth.*

*Lastly, Mr. Bergsten, I demand that you issue a public apology for the slanderous remarks you made about Jennifer. He claimed that Jennifer said that "the building was in danger of collapse as a fear tactic to keep people in line.." This is a vile, vindictive and libelous accusation. How dare you make such unproven and inflammatory falsehoods. Shame on you. We now have the true measure of your character.*

*Now to move on with our meeting.*

*Look, this has been a tumultuous process. All our nerves are frayed. Between the disruption and ever rising costs, is it any wonder that we are all yelling at one another.*

*I am asking that we all stop for a moment and take a deep breath... I mean that...try it, it's not bad!*

*Now let's do this with our renovation process. Believe me, I really don't want to pay for all this stuff that is going on in the building. Helen and I could have had a fantastic vacation sailing in the South Pacific with the money it is costing. So, I get it. We all get it. But we are adults, and this is the hand we were dealt. It is no one's fault. The previous board was spot on in getting this renovation going, especially in light of recent events. They made the best, most informed decisions based upon facts given to them by professional engineers. I give them full grades and my appreciation for their foresight.*

*Now, it this board's job and you, the shareholder to deal with these realities. This is not the board's or a specific board member's restoration, it is the shareholder's restoration. We, not just the board ..... we the shareholders and we.....neighbors in the same building need to put our disagreements aside and work toward getting this project moving along and completed. You need to understand that board decisions are not the view of one or two individuals, but decisions made by the board members as a group. There are no secret agendas, no back-room deals going on. If you feel this way, I want you to raise your hand right now and say so in front of everyone.*

*We the board, are shareholders just like you, we are on the front lines, trying our damndest to make our building better. Frankly, if you feel you can do a better job, don't just criticize, be positive, get on the team and work with us. Thank you.*

*Toward that end, I would like to re-visit the railing issue. I have shared my views and the reasons for my views. A group of shareholders have been very vocal about getting glass railing. They claim that a majority of shareholders want them. However, no proof has been presented. There are no affidavits, no signed petitions. How do you expect the board to vote?*

*So, I am asking the board to prepare a survey, like the financing survey we just sent out, asking each of you if you want the glass railing. Please understand that per our governing documents, the board will be voting to decide on which railing type will be used. However, we will be taking your wishes into consideration.*

## **5. Old Business:**

### **Glass Railing:**

Louis Mazza made the motion:

*I move that a survey be emailed to shareholders asking if they want to replace the existing railing with glass railings. The survey will include pricing and estimated installation timing information for both types of railing.*

The motion was seconded by Jennifer Schammel. All board members voted in favor of the motion.

Lou stated that there would be an opportunity for the glass railing advocates to make some comments.

Jim Keefe spoke on behalf of the Shareholders supporting the glass railing. Jim stated the following:

*You get one chance to make a first impression and we are having an opportunity here to match the improvement we will make of the structure of the building with the curb appeal that will allow you if and when you choose to sell your unit to realize the benefits you are paying for. The material that is contemplated being used is available, it is adaptable to our balcony slabs and it has been installed and approved in many buildings in Highland Beach and other locations. The figures we have been given in regard to cost indicate that the differential between the glass railing and the like for like is the term that is being used but a replacement more or less of the picket fence aluminum railing, the differential between those two is \$100,000. \$100,000 divided by 50 means that on average it would cost each shareholder \$2,000. We whether like it or not are going to spend somewhere north of \$2.5 million dollars on this renovation. When that renovation reconstruction is completed whatever we put in place on those balconies is there to stay. If you want to have the benefit and I think the aesthetics are pretty clear, if you want that, this is the only time you are going to be able to do it. And at a cost that considering what else we are going to be doing is modest. You know a lot of us think about the building and I'm relatively new in terms of being a member of this community, but we call it the Pink Lady and we have a lot of affection for it, the longer you have been here the more affection you have. And we are at a point here where we have a rehab at the Pink Lady, you know her bones have gotten brittle and her skin is not as fresh and bright as it once was we want to restore the building to a degree of soundness where we can continue to live in it safely and comfortably and to my mind why not go the extra step to make her looks match her good health. That's about it folks.*

There were some questions about the spacing of the posts and since it was not known by the glass railing proponents what the spacing would be (could be 4' or 5') the point was made that the glass was not continuous and totally unobstructed as it would have an aluminum post every 4' or 5' or so.

### **Glass Railing Analysis**

Jennifer Schammel, representing the Construction Committee presented a spreadsheet showing a detailed analysis of the different railing options to date. The spreadsheet included technical information including pricing, schedule and impacts to the Shareholder. This analysis will go out to the Shareholders with the survey to inform the Shareholders of factual details for each railing

system. There are no advantages/disadvantages or opinions on the spreadsheet. It is simply cost, schedule and impacts.

Competitive pricing was received from five contractors. The first three came from USSI – two are standard aluminum railing designs proposed by Q and Q (a three line and two-line version of standard aluminum rail), the third option is the glass and aluminum version as proposed by the Shareholders (to be installed by Complete Aluminum) and the last one is an alternate glass railing with a favorable installation method to have as comparison. It will not be part of the survey, but is included to show a better solution for the mounting as the longer the decision is pushed out, the more slabs are poured and core drilling will need to occur.

USSI's subcontractor, Q and Q would install the aluminum rail, while Complete Aluminum is the proposed installer of the Shareholder proposed glass railing. Poma is the installer for the alternate glass railing. All three of these contractors are able to work on US Structures swing stage, but due to the long lead time, the glass railing will cause a delay in the sequencing of construction and consequently push out the completion of the balconies.

In addition, the construction committee also went out to two additional contractors for pricing, Alenac and CBR. Chris Van Horn spearheaded that effort in getting this pricing in. These contractors would not be able to work on USSI's swing stage and therefore require their own swing stage and have the associated costs and schedule added accordingly. Due to liability issues, USSI will only allow contractors whom they have a previous relationship with and a sound safety program use their swing stage. Jennifer noted that she does not have a personal interest in any of these contractors. There is no financial gain for her or the committee of one over the other. In addition, the committee has no personal opinion on the railing type and since the duty of the committee is to present the facts only, is not interjecting any commentary on the different railings and is simply providing the facts from the research done on these options.

The Balcony Railing Pricing Analysis spreadsheet included in these meeting minutes as Appendix A, was reviewed and each option was detailed out. The dimensions and specs for each railing was discussed as was the cost and schedule for each, method of attachment, waterproofing details, and the impact to the Shareholder – when they can occupy their balcony.

It was noted that with the glass railing as proposed by the Shareholders, due to it being custom would require an Engineer to sign off on the existing balcony slab design including the ability to accept the imposed load of the railing, the wind load capacity, spacing of posts, etc. This would require the Association to hire a Structural Engineer (our Engineer of Record is not able to do this) to verify our current slab design, while the vendor's Engineer would need to design the railing. In conversation with Complete Aluminum, they indicated they needed our Engineer to design the railing for our particular project as well.

#### **Next BOD Meeting:**

Lou advised that the next scheduled meeting is Monday September 6<sup>th</sup>. As this is the Labor Day holiday, Lou asked that the meeting be moved to Aug. 26<sup>th</sup> at 7:00 p.m. The Board unanimously approved the motion.

## 6. New Business

### **Mask Policy:**

Lou asked the Board to re-issue a mask mandate for all common areas in the building based on recent news reports regarding a COVID resurgence. Kevin O'Hara confirmed the importance of wearing a mask. Lou made the motion that it be required to wear a mask in all Highland Towers' indoor common areas. Kevin seconded the motion and it was unanimously approved by the board.

### **Seven Stack East Wall Repairs:**

Jennifer reported that the East Seven Stack walls have continued to have extensive repairs required at the concrete around the windows. As earlier reported, exploratory work on the Seven Stack East elevation windows exposed rusted rebar on the exterior which caused the Engineer to direct the contractor to remove plaster/drywall on the interior of the walls at the windows. After the plaster and drywall was removed, it was found that in addition to the rusted rebar on the interior it was also found that the old AC openings every unit has under bedroom and other windows had large voids and trash stuffed into the openings, which would not prevent water intrusion inside the wall if there was a crack in the exterior stucco. Photos of these conditions were shown in the August 2nd BOD meeting. This condition is likely common throughout the building.

Also, the windows on the East elevation were exposed during the plaster and drywall removal and it was determined that they were not installed correctly. The bucks were not the correct size and anchors do not embed properly in the structure. The Engineer inspected the windows and wrote a letter stating that the Seven Stack units must either provide the documentation confirming the windows were installed per the NOA (Notice of Acceptance) or they must be replaced. Because 13 of the 14 windows on this elevation appear to be inadequately installed, the engineer is requiring the contractor to randomly spot check other windows. The cost of the window is by the Shareholder, but the building has the cost of the dust walls inside and the removal and replacement of the drywall. This cost is difficult to predict at this point and is not currently in the assessment projections yet. Nor is the block fill. A projection for these costs must be included in the assessment value.

Kevin O'Hara asked if these costs should be included in the project at this time as the purpose of the restoration project is for emergency issues and asked if this type of exploratory work with windows falls within the emergency parameters. Jennifer responded that it is irresponsible to leave these conditions now that we know the extent of the corrosion within the concrete walls and it becomes a safety issue as water is entering the walls at these areas, the structural concrete is spalling, the rebar is rusting and the structural integrity of the columns and walls will continue to degrade. Most Shareholders have complained that their windows leak so it would not make sense to not make these repairs during the restoration as the corrosion will continue to spread if it is not addressed.

**Restoration Special Assessment:**

A Projected Budget Summary was presented to show the anticipated assessment amount. The method for making the projections is based on assumed quantities to complete the project using unit prices included in the contract with US Structures. Originally USSI competitively bid the project with 3 other bidders. Because it is unknown what the actual work will be during a concrete restoration, the Engineer provided baseline quantities to bid. Unit prices were included for multiple repair line items. The pricing is therefore totally transparent. The Contractor isn't coming up with the amount for the assessment as a \$1.5million dollar change order. They are only entitled to the actual quantities of work installed at the unit prices in their contract which is verified by three parties. (Inspector, Engineer of Record and the Construction Committee). Because there have been far more full depth repairs than anticipated, this is the biggest unknown for projecting costs. Out of the ten balconies worked on so far, eight of them have had to be totally replaced at the unit price for full depth repair. This was totally unexpected. It will be unknown how the other stacks will fare, but to make a projection, it can only be assumed the remainder of the balconies will be similar to the Five, Six and Seven Stacks. Although impossible to predict the final cost, the Board must start somewhere and need to raise the funds to keep the contractor working.

Lou stated that in this meeting the Board needs to determine how much to include in the assessment. Knowing that the projected costs of \$1.5 million do not include several items such as the additional window wall repairs, AC fill in repairs, Project Manager costs, and other items, these items will need to be included. Also noted, there are no reserves from 2021 being applied.

Also not included in the current assessment which needs to be added is the inspection and any repairs required at the interior structural columns in the lobby and other lower-level rooms. There are three cracks in the column plaster in the interior lobby and the finishes will need to be removed to observe any damage to the structural columns and make the necessary repairs.

After board discussion it was determined that the assessment amount should be rounded up to \$2 million not including the additional cost of the glass railing.

**Cash flow:**

Chris Van Horn presented a cash flow spreadsheet to show projected costs vs. proposed assessment funding and how often the assessment would need to be collected.

After Board discussion, it was decided to have three installments. \$1 mil in October, \$500K in December and \$500K in January.

**Assessment Financing:**

Lou presented the results from the Shareholder survey regarding financing options. There was a total of 25 responses.

Option 1) Cash payments upfront: 17

Option 2) Building loan: 4

Option 3) Hybrid building loan: 1

Option 4) Undecided: 3

Since the overwhelming support has been for the cash payments, Lou presented some options for personal loans, home equity lines of credit, etc. If anyone is interested in some of these options they should contact Lou. In addition, there was some discussion regarding the position of the Lender being second as per the HT Bylaws and some additional research needs to be done.

The Board determined that since the Shareholders responded in favor of the cash option (no building loan) the assessment will move forward in that manner.

#### **7. Open Discussion - Shareholder Q&A:**

There was open discussion regarding railings, sliding glass doors, financing options, etc. One Shareholder brought up the potential problem if a Shareholder defaults on their loan or paying the assessment.

Lou also mentioned that the Town of Highland Beach has mentioned that there are potential financial programs for the re-certification work the town will be requiring and asked that anyone interested please step up to form a committee and research these potential grants, bonds and loans that may be available.

8. **Adjournment:** Lou Mazza asked for a motion to adjourn the meeting. A motion was made, the motion was seconded and approved. The meeting was adjourned.

Respectfully Submitted,


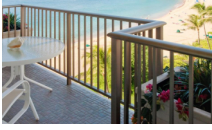




Jennifer Schammel, Secretary

Appendix:

Appendix A – Railing Pricing Comparison Spreadsheet

# HIGHLAND TOWERS BALCONY RAILING PRICING

8/5/2021

Description	Railing Pricing through USSI (Railing Contractor Works off of USSI Swing Stage During Restoration)				Alenac	CBR
Railing Type						
	3 Line Aluminum Rail with Vertical Pickets and 2" posts	2 Line Aluminum Rail with Vertical Pickets and 2" posts	Glass railing with Aluminum Posts	Poma Postless Infinity Rail - All Glass	3 Line Aluminum Rail with Vertical Pickets and 2" posts	3 Line Aluminum Rail with Vertical Pickets and 2" posts
Swing Stage	Inc.	Inc.	Inc.	Inc.	\$ 38,500.00	\$ 38,500.00
Additional Mobilizations for USSI**	Inc.	Inc.	Inc.	Inc.	\$ 38,500.00	\$ 38,500.00
Cost for core drilling	N.A.	N.A.	\$ 29,400.00	inc.	\$ 29,400.00	\$ 29,400.00
Cost for 100% Rail Replacement	\$ 168,000.00	\$ 168,000.00	\$ 348,000.00	\$ 447,000.00	\$ 116,736.00	\$ 169,574.00
<b>Total Cost:</b>	<b>\$ 168,000.00</b>	<b>\$ 168,000.00</b>	<b>\$ 377,400.00</b>	<b>\$ 447,000.00</b>	<b>\$ 223,136.00</b>	<b>\$ 275,974.00</b>
<b>Cost per Balcony (Avg)</b>	<b>\$ 3,428.57</b>	<b>\$ 3,428.57</b>	<b>\$ 7,102.04</b>	<b>\$ 9,122.45</b>	<b>\$ 4,553.80</b>	<b>\$ 5,632.12</b>
Lead Time for Materials	6-8 weeks	6-8 weeks	12-14 weeks	6-8 weeks	??	3-4 weeks
Engineering and Shop Drawings	In house 2-3 days	In house 2-3 days	Uncertain - Assume 4 weeks	Uncertain - Assume 4 weeks	??	??
Permitting	Quick - Standard Rail. 1-2 weeks	Quick - Standard Rail. 1-2 weeks	Uncertain - Contractor advised could be 4 weeks	Uncertain - Contractor advised could be 4 weeks	Quick - Standard Rail. 1-2 weeks	Quick - Standard Rail. 1-2 weeks
Total Lead Time	10 weeks	10 weeks	22 weeks	16 weeks	??	8 weeks
Post Pockets	Blockouts can be installed - Preferred Method	Blockouts can be installed - Preferred Method	Core Drill later - Not Ideal, cuts rebar, potential future corrosion from dissimilar metals, adds cost	No need for post pockets - Surface Mount with embedded 2" stainless steel pins	Core Drill later - Not Ideal, cuts rebar, potential future corrosion from dissimilar metals, adds cost	Core Drill later - Not Ideal, cuts rebar, potential future corrosion from dissimilar metals, adds cost
Waterproofing	Waterproof after railing installed	Waterproof after railing installed	Waterproof after railing installed	Can waterproof prior to railings	Waterproofed after railing installed	Waterproof after railing installed
Anticipated Time After Concrete Repairs Complete Balcony Can Be Used*	5-7 Stack: 10 weeks 1-4 stack: 4 weeks	5-7 Stack: 10 weeks 1-4 stack: 4 weeks	5-7 Stack: 22 weeks 4 Stack: 8 weeks 3 Stack: 6 weeks 1-2 Stack: 4 weeks	5-7 Stack: 16 weeks 5 Stack: 10 weeks 1-4 Stack: 4 weeks	Same as USSI Aluminum Railing except add 2 - 4 months or longer for swing stage de-mob/mob/de-mob/re-mob**	Same as USSI Aluminum Railing except add 2 - 4 months or longer for swing stage de-mob/mob/de-mob/re-mob**
Re-install ACs 7 Stack - Approx. time after concrete repairs complete	10 weeks	10 weeks	22 weeks	2-4 weeks (would need to put up temp rail)	??	8 weeks
Warranty on Manufacturer's Finish	20 Years	20 Years	10 Years	??	??	20 Year

\* Note that this does not include any additional time waiting for a sliding glass door to be replaced if necessary as that will prevent using the balcony even if railing is installed.

\*\* Note that using a separate contractor for the railing will result in additional time for USSI to demobilize their swing stage, Railing Contractor to mobilize their swing stage and perform the work, then demobilize their swing stage to allow USSI to re-mobilize their swing stage to complete the waterproofing, spraydeck and painting work. Depending on where the swing stage is relocated to, it could take additional time to get it back.

\*\*\* Note that this pricing is for railing on balconies only and does not include the catwalks. The first option above is the same style as what is currently on the balconies and catwalks.