

HOA PRESIDENT'S INFORMATION SHEET – MAY 2019

PRESIDENT'S UPDATE:

A few days ago our Board activity shifted into a new gear as our recently hired Engineering firm, Kimley Horn, started the first of many visits to Grand Harbor and Oak Harbor property to inspect assets owned and/or maintained by GHCA. A full explanation of the scope of their work as well as the costs are in this month's Engineering Committee report. You will recall from last month's HOA President's Meeting and from the April Information Sheet that followed how critical it is to our overall transition effort that all assets be evaluated thoroughly and accurately. The Engineering firm's final report will form the basis for our pre-transition determination of the amount of Reserve Account funding the Developer will be expected to cover.

You will see from the Treasurer's Report below that second round \$100 per unit LLC funding due in July has started to flow in with several HOAs choosing also to include payment of the announced third round of funding due by the end of 2019. We thank all Member HOAs for their contributions and hope that non-member HOAs will continue to make voluntary contributions.

Our Board Members and the many committees we work with are starting to scatter all over the country/ world for the summer season but we will keep working. Thanks to modern technology we will stay in communication with each other and will continue to prepare monthly Information Sheets for you just as we have been doing.

TREASURER'S REPORT:

During the April 15th HOA President's Meeting the LLC Board called for a second round of funding (\$100 per unit) due for payment in July 2019. Members were also informed that there will be a need for an additional round of funding (\$100 per unit) before the end of this year to pay for upcoming engineering and legal expenses. Many HOAs have decided to pay both the second and third round calls for funding in the second round. To date we have received the following funding:

First Round Funding Call:	\$102,600
First Round Member Payments:	\$102,400
First Round OH Contributions:	\$13,900
Total First Round Collected:	\$116,300

There are two residents of The Falls who have not yet paid their \$100 funding for the first round and all but 1 non-member Oak Harbor HOA have made voluntary contributions in the first round.

Second round funding has begun to flow in with some member HOAs including their third round contributions. Collections to date are:

Second Round Funding Call:	\$102,600
Second Round Member Payments:	\$17,600
Third Round Member Payments:	\$13,300
Total Collected:	\$30,900

CURRENT CASH POSITION:

Member Contributions:	\$133,300
OH Voluntary Contributions:	13,900
Total Contributions:	\$147,200

Legal Expenses:	\$66,106
Insurance:	2,726
Engineering:	3,000
Administration:	255
Total Expenses:	\$72,087

Cash Balance:	\$75,113
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FINANCE/ACCOUNTING COMMITTEE:

Several members of the Finance/Accounting Committee met with the Developer's Controller at the end of April to request five years of historical, audited GHCA financial statements plus the interim statement and budget 3/31/19 and the detailed general ledger. This information was provided and was the basis for our focus on any significant variances from year to year, analyzing the amounts due to/due from the Developer, plus reviewing the auditor's opinion and footnotes associated with each fiscal audit.

The Committee also recognized a need for additional information which has been requested. During a recent conference call among the Committee members we updated a due diligence check list for follow-up information and are currently preparing a list of follow-up questions to ask the Controller and/or the accountant for the Developer.

LEGAL COMMITTEE:

The Legal Committee continued its efforts to identify GHCA assets and obligations. Importantly, and as a result of persistent efforts from volunteer Ted Miller, we received several inches thick of permits relating to the marina. We were also able to obtain a recent survey of the marina identifying areas of the sea wall within and without GHCA's property lines.

In addition, we have reviewed material relating to the relationship between Grand Harbor and Oak Harbor which was obtained from the current owner and developer of Oak Harbor. Finally, we have continued to assess the results of due diligence requests to the Developer and have prepared what we hope will be a final and all inclusive request.

OPERATIONS COMMITTEE:

The Operations Committee had an in-depth interview with Developer staff responsible for GHCA day to day operations. The discussion focused on understanding who was engaged in GHCA activities and the process of decision making and execution of the different tasks.

We renewed our request for service contracts, including the new Creative Landscaping contract that will replace the Brightview contract as well as insurance information.

ENGINEERING AND ASSET EVALUATION COMMITTEE:

The engineering firm Kimley-Horn has been retained to do all of our engineering evaluations and to calculate a reserve requirement for all assets that GHCA is responsible for. The contract with Kimley-Horn is for the first phase of inspections and evaluations at a cost of \$85,500 and including: the remaining useful life of each asset, the cost to repair and to replace, and the resultant reserve requirement that GHCA should have as of the transition date. This first phase is for a full permit review, a review of all "as built" drawings on file at Indian River County Development and Building departments, and visual inspections of GHCA assets. The scope of the asset inspections is attached below. There will be additional testing done when and where indicated from the visual inspections as additions to the base contract cost.

Additions to the base contract that are already known include video scoping of all pond pipe connections and some potential soil and groundwater testing. There is a potential for core sampling of any of the roads that exhibit base deterioration as well as core sampling on our two

bridges and on a small section of sea wall that is the responsibility of GHCA. There may also be additional testing for the ponds and the estuary.

The committee has met with the KH team to plan a schedule for the inspections and to review with them the information that has already been gathered by the committee. The first inspections began on Thursday May 16 focused on the roads and other assets in the right of way (sidewalks, streetlights, etc.). The Engineering Committee will continue to work with the KH inspectors making sure they have what they need to be successful. The inspections will continue over a period of 2-3 months. Residents should expect to see people poking around the entire property from time to time as the teams work to evaluate GHCA assets.

A copy of the Inspection Scope Document is attached.

FINAL NOTE:

We would once again like to thank all Member HOAs for their capital contributions and non-member HOAs for their voluntary contributions. In addition, we ask all HOA Presidents to continue to send us their questions as well as any questions they may receive from homeowners. We also hope all HOA Presidents and Grand Harbor/Oak Harbor residents have a wonderful summer, wherever you may be spending it.

Jeff Caso
President, on behalf of the Board

