

HOA PRESIDENTS' INFORMATION SHEET- OCTOBER 2019

PRESIDENT'S REPORT:

As seasonal homeowners are returning to Grand Harbor and Oak Harbor it seems an appropriate time to revisit a question that we commonly receive and which we know was often raised during the recent Grand Harbor open sessions with Club Management. That is the question "what are the GHCA assets that will be transitioning at the end of next year to resident control?"

It is confusing at times to separate those assets that belong to the Club from those that are owned and maintained by the individual HOAs, and from those that are owned and/or maintained by GHCA. As a reminder, Grand Harbor and Oak Harbor Transition LLC was formed, and our Board was established at the end of 2018, to prepare for the legal, operational and financial transition of GHCA assets to a new resident controlled GHCA Board on January 1, 2021.

The mission of the LLC and our Board is threefold: (1) Carefully investigating the conditions of the physical and financial assets of GHCA to determine whether the Developer will have fulfilled its obligations to the residents of Grand Harbor and Oak Harbor at the time the residents take control of the GHCA Board; (2) negotiating a fair settlement of any issues discovered, and (3) insuring that the newly elected resident controlled GHCA Board is fully prepared to take over all GHCA operations through the management company that will be hired.

As many of you have seen, investigating the condition of the physical assets has been going on all summer led by our contracted engineering firm, Kimley-Horn. They started by inspecting all the bridges and tunnels and were the team that discovered the failure of one side of the bridge leading to Harbor Pointe. Then they inspected the main roadway that weaves through the community, along with the guard rails, sidewalks, street lights, landscaping, signs and easement areas that run along the road. Most smaller roads are either owned and maintained by individual HOAs or by the Club.

GHCA assets that KH has been inspecting also include: Security infrastructure (the perimeter fence, security buildings and the security system); all the ponds in Grand Harbor and Oak Harbor as well as the network of pipes that interconnect them and the critical storm water management system they help to function; common grounds like the fountain and the main entrance along with their respective landscaping, irrigation and utilities, and the highly sensitive estuary/conservation easement areas.

In general, an asset is probably not part of GHCA if you can eat in it, sleep in it, swim in it, or hit or roll a ball on it. Those assets belong to homeowners, to individual HOAs or are assets used in the operation of the Club. The pretty things are almost all not GHCA. But most of those things under the skin are. GHCA is the bones, the blood and the other systems that hold the pretty

things together and help make them work. Our job is to insure that those assets are ready, operationally and financially, at Transition.

TREASURER'S REPORT:

All second round member funding has been received and all non-members but one HOA in Oak Harbor have sent in voluntary contributions.

Third round funding was called for the end of September and we are very pleased to report that we have received \$110,500 to date. Four Grand Harbor HOAs are the only members still outstanding and all but two non-member Oak Harbor HOAs have submitted voluntary contributions. Thank you.

CURRENT CASH POSITION:

Member Contributions:	\$301,000
Voluntary Contributions:	<u>40,300</u>
Total Contributions:	\$341,300
Legal Expenses:	\$66,916
Legal Retainer:	25,000
Engineering Expenses:	83,096
Insurance Expenses:	2,726
Administration:	<u>432</u>
Total Expenses:	\$178,171
Cash Balance:	\$163,129

LEGAL COMMITTEE:

We have met telephonically with counsel to address due diligence items, issues raised in inspectors' reports and the timing and tactics for our ultimate demand to the Developer for

deferred maintenance items and unfounded reserves. We will now be working through a list of related action items to allow us to keep the process on schedule.

ENGINEERING AND ASSET EVALUATION COMMITTEE:

We have made good progress this past month. All assets except the irrigation system have had complete on site inspections. That includes a second visit by the Kimley-Horn environmentalist to look at water flow within the estuary, to do an extensive review of the ponds' current banks, control systems and littoral zones plus a general review of all storm-water management assets.

In addition, Shenandoah was on site to clean out all the blocked pond interconnections they found in their August diver study and to finish the inspections of those pipes. During their time on site we identified several connections that the divers had missed and some silting and pipe condition issues within the ponds. They are estimating the cost to remediate some of those issues and to inspect the additional items. We will refer any additional cleaning and repair requirements to Joe Colasuonno for GHCA action, and we will get those last pipes inspected.

That next phase will be to finalize the report of findings, to develop both a list of items for remediation and a schedule of required asset reserves that GHCA should have for the replacement and/or renovation under GHCA responsibility. We have a very large community and there are many significant assets that must be evaluated. KH will estimate for each asset the remaining useful life and the cost of remediation or replacement. They also need to determine if there are any federal, state or county permit violations that need to be corrected prior to property owner takeover. We expect this phase to take about two months to complete.

FINANCE AND ACCOUNTING COMMITTEE:

In addition to receiving and reviewing requested financial information from the Developer, we have started the search for a forensic accountant.

OPERATIONS COMMITTEE:

No new activity to report this month.

FINAL NOTE:

We continue to thank all residents for their support and we also thank the HOA Presidents for the key role they play in passing these monthly Information Sheets along to all residents in

Grand Harbor and Oak Harbor and for helping keep us connected with all of our roughly 1,000 homeowners.

Jeff Caso
President, on behalf of the Board