HOA PRESIDENTS' INFORMATION SHEET – DECEMBER 2019

PRESIDENT'S REPORT:

Two weeks ago I sent a note to all HOA Presidents confirming the rumor that Joe Colasuonno, President of GHCA and President of Development for Icahn Enterprises, had announced his retirement effective the end of November. Joe has been given a six month contract to provide part time services to the Developer but he is no longer an active employee. Chris Card, President of both Grand Harbor and New Seabury, now has full responsibility here for GHCA and Development as well as for the Grand Harbor Club.

Chris and I have recently had a long phone conversation followed up by a 90 minute meeting together, and we are both committed to full transparency and cooperation for the rest of the GHCA transition process. The issues will not always be easy but we have agreed to address them with our eyes jointly focused on reaching a fair settlement.

On another subject, several HOA Presidents and a few residents have recently contacted us as well as GHCA in search of explanations and solutions for the often unsightly condition of our community ponds. As a response we are providing you with a longer than usual Engineering Committee Report devoted almost exclusively to the condition of the ponds. The LLC does not have any authority to get involved in the operational issues that are required to fix the ponds' problems, but their condition is an important focus of our due diligence and any deficiencies will be part of our transition negotiations.

The ponds of Grand Harbor and Oak Harbor are much more important than just the usual calm, natural attractiveness of most ponds. If our community was a living body, the ponds would be its circulatory system. Water flows throughout the system like blood through a body helping to keep everything healthy. As part of our inspections, we just finished cleaning out the system's arteries (the pipes that interconnect the ponds) and as you will shortly read, there is much more that will need to be done in the future. We hope that the information provided in the Engineering Report at least gives you all a basis of understanding about the history of the ponds. Unfortunately, some of the solutions may have to wait until after transition.

TREASURER'S REPORT:

Since last month's report we have only had a small change in our overall cash position. However, we have not yet received the December bill from our engineering firm Kimley-Horn. Last week we presented an invoice to the Developer for about $62,000 to cover the cost of cleaning out the pipes that interconnect our network of ponds. You will recall that the LLC temporarily prepaid this expense. The Developer has sufficient funds left in the 2019 GHCA budget and we should be receiving a repayment check this week. However, we intend to make this a part of our overall transition claim since we believe the Developer, and not GHCA, has responsibility for this cost.

CURRENT CASH POSITION:

Member Contributions:		$306,800
Voluntary Contributions:		42,700
Total Contributions:		$349,500
Legal Expenses:	$80,593	
Legal Retainer:	25,000	
Engineering Expenses:	157,890	
Insurance Expenses:	2,726	
Administration:	432	
Total Expenses:	$266,641	
Cash Balance:		$82,859

LEGAL COMMITTEE:

This past month we continued all of our due diligence efforts. We also worked with the Finance Committee and with outside counsel on issues relating to unit count to ascertain the proper calculation of GHCA dues assessments on the Developer. Time was also spent on various interpretation issues relating to the Declaration of Covenants and other relevant documents. Lastly we worked with the Engineering Committee on the report of deficiencies.

ENGINEERING AND ASSET EVALUATION COMMITTEE:

The principle activities this month have been to review the inspection findings, to identify items that need to be remediated prior to takeover and to begin calculating what GHCA should have in reserves as of January 1, 2021 for future repair and replacement. Part of that is to have estimated costs associated with each asset for remediation and reserve calculation.

This past month there have been a number of questions and inquiries from members concerning the ponds. Many residents have expressed alarm about the accumulated weeds and unsightly condition of several ponds, and with the low water levels. Some have contacted the Developer with these issues and have not had success getting them resolved.

The ponds throughout the community and the estuary are the center of the storm water management system engineered and created in 1987-1988 before any buildings were constructed. The ponds serve four purposes: to catch runoff from all the buildings, roads, and open areas when it rains and move it to the river; to treat the water naturally to remove dirt and chemicals the runoff might have picked up in the process; to be a reservoir for water to irrigate our community, and finally to be a habitat for the small living creatures that are food for the wild life we see every day.

There are three important permits that set conditions for the building of the system, the operation and maintenance of the system and the approved use of the water stored in the ponds. These permits are issued by the Saint Johns River Water Management District (SJRWMD) and the Florida Department of Environmental Protection (FDEP). There are a number of conditions to these permits that specify: the quality of water that goes into the estuary (and eventually into the river) from the ponds; the structures that control the water levels in the ponds and the estuary, and how much surface water from the ponds and how much groundwater we can use to irrigate our landscaping.

Much has happened over the last 30 years to affect the condition of our ponds. First of all there has been excessive erosion of the pond banks throughout this period. That has added to the expected quantity of silt that gets washed into the ponds from the roads. The result is that the soil that was once the bank now resides in the ponds which has altered the original bowl shape of the ponds to a saucer shape. As a result they no longer hold the same volume of water as they did back in 1988.

The structures to control water levels (called weirs) were modified a number of years ago to raise the natural level of the ponds. Among other things this has caused the ground water level to rise. This summer, when there were a number of consecutive days of heavy rain the ponds needed to go back to their originally designed levels to allow the golf courses to drain. That exposed silting in the form of broad “shelves” you may have noticed that in essence used to be part of a pond bank. The weirs were then set back again to the higher level in late September/early October for the aqua-range pond system and those shelves were covered again. The fact is that when the water levels go down today the water line moves much further down than in 1988 when they were built and the ponds no longer hold as much water at the designed natural level.

Complicating this issue is that the Developer changed the landscaping contractor a few years ago and the hand off did not go very well. Eventually the water timing system became unbalanced with multiple water users trying to water at the same time. Let’s remember that the club, GHCA and all the individual HOAs irrigate with pond water. Demand exceeded the pumping capability during overnight hours so the system kept shutting down and the golf courses were severely effected. That particular problem was fixed but the cycles are still not correct and we believe that as a community we are consuming too much water in relation to our reduced pond capacity. Until the heavy rainfall we received the other day we endured a long period of virtually no rain that caused the pond levels to drop again. In drought periods the water line moves down significantly due to the current saucer shape of the ponds.

The vegetation overgrowth and weeds in some of the ponds is a simpler issue. There is a condition in the permits that governs the plantings in the littoral areas (the shelves). GHCA is responsible to maintain the ponds. The Developer has had complete control over budgets and maintenance decisions and has failed to maintain the littoral zones correctly. The LLC does not have any power or mandate or to get into operational issues like these, but we have focused on our ponds and their condition as part of our due diligence, and we will address any deficiencies as part of negotiating our transition agreement.

FINANCE AND ACCOUNTING COMMITTEE:

The Finance and Accounting Committee is currently reviewing the GHCA Financial records. We are also in the process of engaging an outside accounting firm to finalize the review of financial information and to provide a compliance audit on the Developer's obligations.

OPERATIONS COMMITTEE:

The Operating Committee compiled an updated list of our open due diligence requests for submission to GHCA. In addition to the open requests we have identified several new issues that require an inquiry be made with GHCA.

The committee also began to structure a Request for Proposal "RFP" that will be drafted to solicit bids to provide outside property management services that will be necessary after transition, when the Developer is no longer providing those services to GHCA.

In concert with reviewing candidates to replace the Developer as the GHCA property manager we have initiated a request to the Developer that they agree to continue in the role of GHCA property manager until April 1, 2021, should our negotiations continue right up to the end of 2020 deadline.

FINAL NOTE:

Over our lifetimes those of us who live in gated communities like Grand Harbor and Oak Harbor usually manage to accumulate three types of families that remain important parts of our lives. Our first family is of course the one we were born into, perhaps later enhanced by the one we married into, creating a larger first family of relatives.

Our second family is less obvious because it is the one we collect during our lifelong journey. It is made of friends in various places. We rarely see most of them but it is at this time of year that we always think of them. I call this second family our Christmas card family.

Those of you who are reading this also have a third family. This is the family we have chosen to spend a big chunk of our retirement years with right here in Grand Harbor and Oak Harbor. We know that while we are here in Vero Beach it is this third family who will come to us first if we need help.

While we may spend a lot of time worrying about things like possible club renovations and GHCA transitions, let's pause now and focus on how beautiful this place really is and on the family of friends who live here with us. We wish you all the best throughout this holiday season and into 2020.

Jeff Caso
President, on behalf of the Board