

HOA PRESIDENTS' INFORMATION SHEET – JULY 2020

PRESIDENT'S REPORT :

After several months of silence, the Developer has finally permitted their attorneys to speak with ours, at least on those topics not related to our financial claims. Roger Andrus gives you a full view of these positive developments in his lengthy Legal Committee Report which I urge everyone to read closely.

From time to time over the past year we have received questions from residents about our overall legal strategy. We have routinely chosen not to respond, since that is an area where a degree of secrecy is required. However, certain aspects of our legal planning will be disclosed in this month's Legal Committee Report. We ask for your understanding as to why we cannot go any deeper into details, and of course, no litigation could ever commence without the approval of the HOA Presidents.

Until such time as the Developer is ready to engage in discussions regarding our financial claims, we will work full time on the preparations necessary to identify and elect candidates for the new resident controlled GHCA Board that will be in place after turnover, and we will work on preparations for the 2021 GHCA budget with the two current resident directors on the existing Board, and through them with the Developer's representatives.

Through counsel we have also exchanged names of individuals who will work with Developer's representatives on various additional areas of transition, such as insurance, GHCA finances, and real estate. There will be direct communication between the respective parties on each of these issues.

Lastly, as explained in the Operations Report, we will soon conclude our evaluation of the prospective candidate firms to become the new Property Management Company for GHCA in 2021, and, once finalized, we will work with that firm to evaluate the current vendors and service providers for GHCA, offering recommendations either to confirm existing contracts or to make changes.

Yes, finally, things are starting to move forward.

TREASURER'S REPORT :

We have received \$103,500 in Member funds and non-member contributions since the first of the year. There are only a handful of members who have not yet submitted their funds, and follow-up letters have been sent to each. We have \$81,875 in the bank at this time.

CURRENT CASH POSITION :

Beginning 2020 Cash Balance :	\$125,197
Member 2020 Contributions :	\$99,000
Voluntary 2020 Contributions :	<u>4,500</u>
Total Contributions :	\$103,500
Engineering Expenses :	\$4,650
Legal Expenses :	125,825
Litigation Retainer :	10,000
Administration and Insurance :	<u>6,347</u>
Total Expenses :	\$146,822
Ending Cash Balance :	\$81,875

LEGAL COMMITTEE :

There have been a number of encouraging developments toward a smooth and timely change in the control of the Board of GHCA on or about December 31, 2020. Counsel for the Developer has worked with our counsel to develop a time schedule and checklist to ensure that all of the steps necessary to achieve informed resident control are accomplished. This includes creation of a Nominating Committee and a process for the election of three resident Directors. Developer's Counsel has also been given a copy of our document request list to complete the due diligence process and we have identified the respective representatives of the LLC who will work directly with Chris Card, the Developer's representative, in several areas to achieve completion of this process and the related check list items.

Tom Lauda has been appointed a resident Director of the Board of GHCA to fill a vacancy created when Don DeLess resigned in March of this year. At a meeting of the Board of GHCA held Tuesday, July 28th, the Nominating Committee, consisting of Tom Lauda (Chair), Roger Andrus, Jeff Caso and Bob Garrison was appointed. A process for potential nominees to be submitted to the Nominating Committee through the HOA Presidents will be announced.

Unfortunately, the Developer and the insurer for the Developer-appointed Directors has continued to be unwilling to enter into discussions with respect to the claims presented arising out of the Developer's failure to meet its obligations under the Declaration of Covenants with respect to maintaining the assets of GHCA, establishing reserves and for certain financial irregularities. In considering legal options to enforce the rights of GHCA against the Developer should the Developer continue to fail to negotiate directly with us, the LLC and its counsel have determined that the best way to proceed is to allow the new Board of GHCA to be installed at the end of the year and to prepare the way for that Board promptly to commence an action directly against the Developer.

One other matter of note occurred at the Tuesday Board meeting. For more than a year the Northern bridge on East Harbor Village Drive has been closed to heavy traffic because it is unsafe. As a matter of record the obligation to maintain the bridge is GHCA's. However, as previously disclosed, the LLC's position on behalf of the HOAs and the residents of Grand Harbor and Oak Harbor is that the condition of the bridge and the obligation to repair or replace it is the responsibility of the Developer. A resolution to spend up to \$1,000,000 for bridge repair/replacement, to be funded from all available insurance proceeds, the Comcast fund, all GHCA reserves and, if necessary and approved by the members, a special assessment, was presented to the Board and approved by the three Directors appointed by the Developer. The two resident Directors voted against the resolution because it is the Developer's obligation to repair/replace the bridge and use of the funds approved by the resolution was not proper.

Lastly, as you may be aware, this week a demand was made by Grand Harbor Members Association and five equity members of Grand Harbor Golf and Beach Club on the Board of Governors of the Club to enforce terms of the Agreement of Sale between the Developer and the Club. This demand, if not met, is expected to result in litigation to enforce those contractual rights. Grand Harbor and Oak Harbor Transition, LLC is not involved in that demand.

FINANCE AND ACCOUNTING COMMITTEE :

The Finance and Accounting Committee has selected an accounting firm to prepare a review of the accounting transactions of the current GHCA entity controlled by the Developer. The Committee forwarded the firm's proposal to the LLC Board for consideration.

Our Committee has finalized the updated Finance and Accounting Report dated June 30, 2020 to include the results of the 2019 GHCA Financial Statement Audit Report and will forward the revised document to the Board.

ENGINEERING AND ASSET EVALUATION COMMITTEE :

No activity to report this month.

OPERATIONS COMMITTEE :

Pursuant to our established timeline, all four of the prospective property management companies responded to our Request for Proposal for property management services for GHCA post-turnover with their submissions on time late last month. The vendors' submissions went simultaneously to each Transition LLC Board member.

The Operations Committee reviewed the responses and clarified several points with the individual vendors. The submissions were then summarized and submitted with a recommendation to the Board for consideration and further action. It is hoped to have a Property Manager appointed and in place to work with the outgoing GHCA Board and the LLC Finance Committee on developing the 2021 Budget in November.

FINAL NOTE :

While we are relieved that during this past month Developer's counsel started talking with our counsel about non-financial topics, and that Developer's representatives can now begin to work directly with the LLC on these matters, we have a long way to go. There is a lot that could have been accomplished during the past five months of Developer's silence. Nevertheless, we will move forward with our revised timetables and will ensure that a smooth GHCA transition can take place by the end of the year.

Those of you who have moved to your normal summer locations surely know that those of us who are still here are living on the edge of the new epicenter of Covid-19. Little Indian River County has moved rapidly up in the ranks of Coronavirus positive infections (with over 2,100 as of today) and with 38 Covid-19 deaths reported in the county. Wherever our Grand Harbor and Oak Harbor friends and neighbors are right now we hope you all are putting safety first in your daily choices. This too shall pass...eventually. Be well.

Jeff Caso
President, on behalf of the Board