GHCA MONTHLY NEWSLETTER: AUGUST 2021

PRESIDENT'S REPORT:

In last month's newsletter we announced the beginning of the process that will lead to the election of two new GHCA Board Directors to replace the two remaining Developer-appointed Directors, Chris Card and Danica Bahadur, whose terms will end at the 2021 GHCA Annual Meeting later this Fall. When the two newly-elected Resident Directors take their places on the Board, the transition from Developer control to Resident control will be complete, and from then on the GHCA Board will be comprised of 5 elected Resident Directors.

To facilitate and manage the election process, the GHCA Declaration of Covenants calls for the creation of a Nominating Committee which is to have at least three members, at least one of whom must currently be on the GHCA Board and will serve as committee Chairman. The Nominating Committee has been formed and includes four members. Reprising his important Nominating Committee role from the last GHCA Board election one year ago is former Transition Board Member, Bob Garrison. Joining Bob on the Nominating Committee are: Megs Phipps, Mike Skehan and Jeff Caso, Chairman.

An email from the Nominating Committee to all Grand Harbor and Oak Harbor HOA Presidents is about to be sent. It asks each HOA President to solicit candidates from his or her HOA, to have them fill out a Candidate Information Sheet and to forward those names and application sheets to any member of the Nominating Committee by no later than Tuesday, September 21st.

The Nominating Committee will review the qualifications of the candidates including interviewing those final candidates who will be put forward for consideration. Once the candidates are selected, the Candidate Information Sheets for each will be circulated to all HOA Presidents. We encourage all Presidents to share the candidate information with their residents, to engage them in the process and to receive their input.

Each HOA President will vote on behalf of his or her HOA. If the President is unable to vote, the responsibility will devolve to the HOA Vice President.

Any resident who is interested in running for the GHCA Board should let his or her respective HOA President know. Similarly, HOA Presidents should actively solicit residents whom they believe would make good candidates. To get potential candidates started in advance of our note to the HOA Presidents, a copy of the Candidate Information Sheet is attached to this newsletter.

The two newly-elected candidates will serve two year terms, starting with the 2021 Annual Meeting this Fall at which the election results will be submitted to the Board by the Nominating

Committee. The terms of the current Resident Directors: Roger Andrus, Lance Hall and Jeff Caso will expire a year later, at the 2022 GHCA Annual Meeting, at which time the results of another election of three Directors will be announced.

Turning to three other subjects, as you will see in the following reports, we are very close to starting the rebuilding of Bridge #2; we will shortly be ready to sign and announce a new cable contract; and a final step in repairing GHCA maintained roadways will soon begin.

FINANCE/TREASURER'S REPORT:

The Finance Committee spent the majority of its time in August on two tasks. The first was completing the finance package to establish both a long term and a short term loan for GHCA. The second was to review the last few years of monthly Maintenance Assessments to GHCA with respect to delinquent Accounts Receivable that were inherited from the Developer.

We have secured both the $2,000,000 construction loan and the $500,000 line of credit from Marine Bank and Trust. The construction loan is a term loan with a 17 year duration. The first two years are interest only and the remaining 15 years require full interest and principal repayments. The interest rate is 3.99% for 10 years and is adjustable for 5 year terms thereafter. We will soon start to draw on this loan to begin reconstruction of Bridge #2.

The line of credit is a variable rate loan at 0.05% above the Wall Street Journal Published Prime Rate. We have no immediate plans to draw upon this account. We have it in place for short term cash flow timing issues that might come up in the future and, if we do need to draw on this facility, we would intend to pay it back as soon as possible.

We have continually been working to reduce the large Accounts Receivable balance from prior years. A thorough reconciliation of delinquent accounts was completed that verified the accuracy of our accounts and is under review by the delinquent account holders. We expect payment shortly.

The June 2021 GHCA Income Statement and Balance Sheet are attached to this newsletter. The six month financials show no major issues, with four comments being appropriate.

1. Our insurance expense is over budget, but it cannot be renegotiated until our inherited policy expires.
2. Our legal fees will likely come in significantly above budget due to loan negotiations and GHCA formation expenses.
3. Mangrove trimming expense will come in high due to carryover work that should have been done in 2020 before Transition.

4. We have significantly reduced accounts receivable through an effective collection effort, and we are finding additional revenue by reviewing billing procedures. We plan to adjust spending in other categories to keep full year expenses less than or equal to our total revenues.

A R CHOICE MANAGEMENT/FACILITIES REPORT:

Bridge Replacement: We are in the final stages of preparing contracts for signatures. We have one last change in one contract to complete and then we can sign all four of them. We have secured the loan for the bridge replacement and therefore we now have funding to begin construction.

Asphalt Repairs: The last road repairs have finally been completed on Via Marbella. Indian River County authorized funds to pay for this as it was their water line that broke, causing damage. All roads under GHCA responsibility will be re-striped in the coming months.

Lakes and Lake Levels: Lake levels are up and we are getting significant rain. This is a good place to be for lake maintenance. Nevertheless, we always encourage water saving practices. There is no need to water when Mother Nature is doing her job, so please ensure that all rain switches are in the "on" position and are working.

53rd Street Gate: We are still waiting for new sign posts, asphalt striping and the installation of speed bumps to complete this project.

LEGAL REPORT:

Litigation efforts have been focused on managing our counsels' inputs with respect to the two new loan agreements, the contracts in connection with the bridge project and the litigation against the Developer over transition issues.

CABLE COMMITTEE:

With input from the GHCA Board, the Cable Committee is in the final stages of negotiating a new cable contract. We hope to have that completed soon. Upon Board approval, we will issue a report to all residents describing the terms of the new contract.

FINAL NOTE:

Not very long ago it seemed to many of us that the seemingly endless battle against the coronavirus was winding down, and in fact, it was. Vaccination levels in Grand Harbor and Oak Harbor are very high and instances of infection here have been quite low. However, we are nowhere near ready to announce that the game is over. Many of us have been traveling around the country, or the world, joyously visiting friends and family we have not seen in almost two years, and similarly many folks have come to Florida for vacation. The Delta variant has come too. As we contemplate reassembling soon in Vero Beach, let's stay vigilant. The "All Clear" is coming, hopefully sooner than later, but it's not here yet. Nevertheless, enjoy the rest of your summer!

Jeff Caso, President