

GHCA BOARD MONTHLY NEWSLETTER - AUGUST 2022

PRESIDENT'S REPORT:

As will be described in the irrigation section of the Management Report below, government agencies have determined that our Grand Harbor/Oak Harbor area has entered a moderate drought condition due to the lack of rain this summer. Our ponds supply the vast majority of our irrigation water and they are very low for this time of year. In order to address this situation, and also to coordinate long term water usage throughout the community, a Water Committee has come together representing GHCA, Grand Harbor Golf and Beach Club and Oak Harbor Management.

Representatives of the three entities recently met and jointly recommended water conservation action steps that GHCA then sent out to all residents in an email blast. The measures to be taken include a 25% reduction in the amount of time each irrigation zone is on, as well as graduated shut down periods for the overall irrigation system after measurable rain events. Should drought conditions continue to worsen in the coming days and weeks, it may become necessary for us all to take further steps in water conservation. A copy of the Water Conservation Action Plan is attached to this newsletter.

We often are asked to explain the membership in GHCA, how it relates to membership in HOAs, and how the voting process generally works for GHCA issues that require membership approval. Taking those related subjects down to finite levels that cover all voting situations would require too much space to be worth it, but here is a general description borrowed from our governing documents that holds for most voting situations.

- * All home and lot owners in both Grand Harbor and Oak Harbor are members of GHCA. They also are all members of the HOA (neighborhood/island) in which their home or lot is situated. There are some exceptions for HOAs that are still under development and are still controlled by a developer.
- * For most GHCA voting occasions, residents are represented by their HOA Presidents, who, by virtue of their roles as HOA Presidents, are the Voting Members of GHCA. They and their HOA Boards should be seeking to know the wishes of their HOA residents prior to representing them as the Voting Members within GHCA.
- * When Voting Members submit their votes in a GHCA voting situation, each Voting Member's vote usually has the same weight (one vote) as all other Voting Members votes, regardless of the number of residents in that HOA. For example, the Voting Member representing the Harmony Island HOA with 183 homeowners has the same one vote as the Voting Member representing St. Margaret's Island HOA with 7 homeowners.
- * A recent exception to this rule was the process that our governing documents required us to follow last year in order to gain approval to proceed with litigation against the Developer. In that situation we needed 75% or more of all homeowners inside 75% or more of our HOAs to vote yes to litigation. We surpassed those stringent requirements and the litigation was approved.
- * There also are entities within GHCA that are not HOAs such as the Grand Harbor Club, the Oak Harbor Club, Somerset House at Oak Harbor and the Marina. Special rules generally define their GHCA voting rights and assessment obligations.

All of these details were drawn up in our governing documents decades ago by early developers. They were sometimes later amended. What is most important to know is that in the eyes of GHCA and of its Board of Directors, all homeowners are equal, no matter where they live, no matter what HOA they may be part of, no matter whether or not they belong to a club.

FINANCE/TREASURER'S REPORT:

July was a good month for operations with revenues 1% better than budget. Architectural review and late payment fees more than offset a shortfall in security gate income. On the expense side, the results show an almost 10% favorable variance to the budget in July.

For the year to date, the net result is \$101K favorable to budget. As mentioned in previous newsletters, the main unfavorable expenses are general legal, security gate, irrigation repairs and general repair and maintenance expenses.

Assessments Receivable continue to increase to \$126K at the end of July. We have put in place our policy of late fees (5%) for assessments that are not paid within the 15 days of the month that they are due. Furthermore, any outstanding balances as of the end of July begin to incur interest charges (18% per year). We encourage all members to make sure that their HOA property managers make timely payments of their GHCA dues to avoid penalties and interest charges.

We have \$102K in our operating bank accounts and \$989K in our reserve bank accounts. Our litigation expenses are \$162K through July.

Spending on the replacement of Bridge #2 was \$112K in July, bringing the total year to date spending up to \$952K. To save a little interest cost, we used some of the cash in our special projects account to pay bills for the bridge project. We will refund any amounts used from our loan commitment later. We also have a suggested proposal for repairing the Reclaimed Water Tank and we will be soliciting bids for the work.

With the budget for next year due by the end of October, we are beginning the process of preparing it now. We plan to construct the budget presentation in a similar format to the financial statements that have been posted on our website (GHCA.online). We think that this format provides more clarity into where your dues are being spent.

A R CHOICE MANAGEMENT REPORT:

Harbor Bridge #2:

Both lanes of traffic are open on the new bridge. Our bridge contractor has moved off the job until all utilities are relocated back to the new bridge from the temporary channel crossing beam. The water and sewer lines have been completed. We are waiting on Comcast, AT&T and FPL to move their lines back. AAA Irrigation will be the last to install their lines, and are on standby.

We again ask that all casual foot, bicycle, and vehicle traffic not go beyond the #1 Bridge.

This is a construction zone. There are people working on the site and there is heavy machinery in use. It is dangerous. Please do not walk or ride your bike through this area until all work on the bridge is fully completed.

Reclaimed Water Pond Bulkhead:

The Engineer has completed his report and has delivered options and total costs for walls of different materials for the replacement bulkhead. The Committee met and reviewed the options available, and has made a recommendation to replace the bulkhead with a vinyl sheet wall with concrete cap, tiebacks

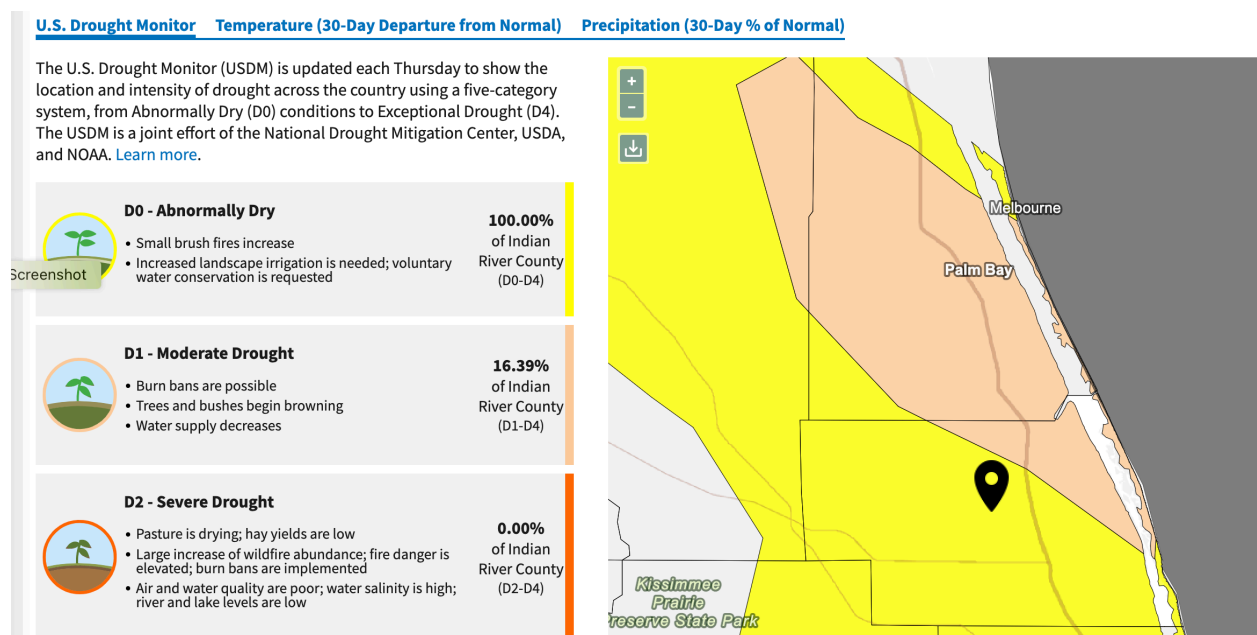
and dead men as required for structural integrity. The Committee Chair, Lance Hall, will ask the Engineer to draft specifications for the selected materials and to send them out to qualified contractors for bidding.

Pond #27 (Next to River Course #14 green):

The contractor is finishing a job at Orchid Island and should very soon start dredging part of the pond and rebuilding the banks in the north corner of Pond #27.

Irrigation:

The rainy season has not been kind to our community. We are in a moderate drought condition in Grand Harbor and Oak Harbor and lake levels are down. See the map below which shows our part of Indian River County in moderate drought condition.



The River Course at Grand Harbor is in the process of replanting new grass that is going to require more water than normal for a period of time with rain totals currently well below normal. This is a multi-million dollar investment that we must put a priority on or we will have a dust bowl until the next growing season.

St. Johns River Water Management District (the agency that oversees local water use) reports that the underground aquifer levels for our region are still at normal levels and we have opened our two functioning wells that feed our irrigation pumps. That water supplements our pond water but is not sufficient to provide our daily needs and we are capped at 72 million gallons per year usage, which is about 60 days of irrigation requirement for the area served south of the Harbor Course, including the River Course and Oak Harbor. The newly formed Water Committee representing GHCA, the Grand Harbor Club and Oak Harbor Management have recommended the water conservation action plan described in the President's Report and attached to this newsletter.

MARINA COMMITTEE REPORT:

A second conference call was held in early August bringing together the GHCA Marina Committee (including resident representative Alan Polackwich), Marina management and counsel for both parties. The primary purpose of this meeting was to go point by point through a list of key issues that our counsel had sent to Marina's counsel as a starting point for discussion. Our list covered topics of interest to GHCA and to many residents in such areas as: the need for GHCA Architectural Review Board approval of any material changes to the existing parking lot; the availability of parking for Marina Towers residents and their guests; the current and future implications on parking of live-aboards and Freedom Boat Club renters; the corner of the parking lot that is full of trailers, sheds and other construction equipment; the current permit violation of having live-aboards; potential nuisance issues caused by live-aboards in the center of our residential area; current and potential environmental issues; safety and security concerns; service utilities such as waste removal; possible assessment increases for the Marina; traffic to and from the Marina and safe access and traffic control, and the need for the Marina to repair and maintain the boardwalk around the south end of the harbor.

Marina representatives gave preliminary responses to some of these issues, reiterated their desire to have a number of live-aboards, admitted upon receiving a direct question that during peak season they now regularly have "40 or so live-aboards" at the Marina, offered that they had now installed 25 pump out stations for free of charge use, and stated that they wanted to work with us on the outstanding issues.

As a next step it was agreed that each side would form opening points of view on all issues as a first step in negotiation, and that we would share our points of view with the other side simultaneously in a process that has not yet been determined.

LEGAL REPORT:

The litigation committee continues to meet bi-weekly with litigation counsel and, as appropriate, with the special counsel overseeing expert testimony on the condition of the estuary and the storm water management ponds. Preliminary reports expected by the end of the month will help us both fine tune the amount of our claims and substantiate their validity. Our counsel is expected to start depositions in early September. Depositions by defendants were scheduled to begin in July but were postponed at defendants' request.

NOMINATING COMMITTEE REPORT:

With the upcoming GHCA Annual Meeting in October, the Board terms of Roger Andrus, Jeff Caso and Lance Hall will expire. Each has indicated that they will seek another term on the Board.

In keeping with the GHCA governing documents, the Board has selected Michael Clarke to Chair the Nominating Committee charged with seeking candidates to run for the open Board seats. Joining Michael on the Nominating Committee are Bob Garrison, Randy Old and Jack Reis.

During the first week of September the Nominating Committee will release a letter to all Grand Harbor and Oak Harbor HOA Presidents alerting them of the upcoming election and the process and timeline that the Committee will be following in its candidate search and qualification. If you are interested in running for an open position, please reach out to your respective HOA President after September 7th and obtain a Candidate Information Sheet to be completed and returned to your HOA President.

SECURITY COMMITTEE REPORT:

The GHCA Security Committee, with assistance from MCH Security Consulting, has prepared a detailed Request for Proposals (RFP) for a security services provider. The goal of the RFP is to enter into a contract with a reputable and experienced security company able to provide an elevated level of service to GHCA. The RFP was sent to selected security providers in late June.

A total of 5 proposals have been received from highly qualified firms to date, including a proposal from our current provider, Securitas. Several additional proposals are pending. Upon receipt of the remaining proposals, the committee, working with our consultant MCH, will review and evaluate the proposals and will narrow the field to 3 or 4 prospective candidates. The committee will be interviewing each of the selected firms and will be forwarding their recommendations to the GHCA Board in September.

FINAL NOTE:

We have been issuing these monthly communications to residents for almost 4 years now, first reporting on the GHOLLC Transition Board activities, and now providing monthly GHCA Newsletters. An enduring theme throughout has been the subject of water, especially in 2022 as we have endured numerous irrigation disruptions throughout the Grand Harbor/Oak Harbor community. These water related problems are not unique to our community, but it sure will be nice when Mother Nature, our new Water Committee and some water management technical improvements all come together to take water and irrigation problems out of our every day headlines. Let's all drink to that.

Jeff Caso
GHCA President, on behalf of the Board