GHCA BOARD MONTHLY NEWSLETTER - NOVEMBER 2022

PRESIDENT'S REPORT:

This year Mother Nature seems to want to play a game with us. The "normal" summer wet season was unusually hot and dry this year and we are now only a month into the "normal" Fall dry season and we have already had several periods of heavy rain on top of a November hurricane. While we enjoy having all the ponds full like they are now, it's really in the middle of summer that we need to draw water from our ponds the most to supply badly needed irrigation water. What Mother Nature is apparently saying to us is "Boys and Girls, get your act together and don't count on anything. Be prepared!" Message received.

Thanks to the strong support from our homeowners and lot owners, we have completed the necessary first step in the process to revive the GHCA Declaration of Covenants, and we are now well into the second step. We needed a majority of owners to sign and submit the Written Consent form and we cleared that bar with room to spare. Thank you! Our counsel has now prepared a file to send on to the appropriate Florida authorities documenting the required majority consent and including signed GHCA application papers for the revival. Once those documents are received, the government has 60 days to review them and advise us of their decision. As soon as the revival is confirmed, we will initiate the steps needed to correct the problem of certain homes not having been properly annexed into the community by developers years ago. That process should be completed during the first half of next year.

From time to time it becomes necessary to remind residents of the fact that privately owned golf carts are forbidden in the community. For historical reasons, an exception was made long ago for residents of Oak Harbor to own and operate private golf carts within the boundaries of Oak Harbor only. This exception was apparently made in acknowledgment of the need, especially at Somerset House, to provide accessible transportation inside Oak Harbor to very elderly and/or invalid residents. But it is forbidden for anyone, including Oak Harbor residents, to use privately owned golf carts on any roads or walkways in the Grand Harbor side of the community. Only in a rare case involving an invalid resident will any exception to this rule be considered in Grand Harbor.

Finally, at last week's GHCA Board Meeting we approved the 2023 GHCA Annual Budget which you will read about in more detail in the Treasurer's Report. While all residents will soon receive detailed copies of the budget for next year, I know from past discussions with many of you that it is not easy for everyone to look at all the columns of numbers in a budget table and grasp the meaning of where the money is going to be spent. With that in mind, here is a simple description of how your 2023 GHCA dues assessments will actually be spent.

Both basic dues assessments (funds coming in) and operations expenditures (funds being spent) will be very close to $4 million next year. In addition to basic assessments and operations expenditures there are reserve assessments, additional funding from loans, and special projects expenses (as described in detail in the Treasurer's Report). But the ongoing day to day operations of GHCA require roughly $4 million of funds coming in to support $4 million of expenses going out.

There are three groups of expenses that together use 83% of our $4 million of assessments, while another three groups use the remaining 17%. Here is how they breakout in percentage terms.

GHCA Operations Expense Percentages

Landscape Maintenance:	31%
Cable TV and Internet:	31%
Security:	21%
Management, Repairs, and Electricity	17%
Total Operations	100%

The first thing that should stand out is that 31% of the 2023 GHCA operating expense budget goes to pay for the bulk cable television and internet contract that was negotiated last year with Comcast, and which saves the vast majority of homeowners anywhere from $30 to $100+ per month after deducting the monthly cable dues amount paid to GHCA.

The only category of expenses that is increasing in percentage importance between the current forecast for 2022 and the budget for 2023 is Security. We have been reporting regularly the changes in Security that are being made and a further update will be found in the Security Committee Report of this newsletter.

TREASURER'S REPORT:

October's results include $27.5K of expenses for cleanup after Hurricane Ian. Other expenses were as expected. The revenue in excess of expense was about $20K better than budgeted. The results will be posted on our website: GHCA.online.

Our estimate for the balance of the year is roughly breakeven. We have included $24K for expenses to cleanup after Hurricane Nicole. We expect to end 2022 with revenue in excess of expenses around $135K for the year. The bridge project should be completed at a total cost of $1.48 million, of which $1.25 million will be spent in 2022. We will have borrowed $1.4 million from our $2 million Marine Bank loan. Litigation expenses are estimated to be $448K for the full year.

The 2023 GHCA Budget was presented and approved at our Board Meeting on November 22nd. The total assessment for 2023 be $240.60 per unit per month. This is 7% higher than the 2022 assessment of $224.86 per unit per month. The total assessment of $4,259,271 includes $3,908,548 for normal operations, $49,034 for our statutory road reserve (Replacement Fund) and $302,139 for all other reserves (Deferred Maintenance Fund).

Operating expenses will total $3,908,548. In Management, our 2023 general legal expenses are budgeted at a lower amount than 2022 actual now that our expenses for the MRTA required revival of our Declaration are nearly completed. We have also budgeted lower insurance costs as a result of opening up coverage to a broader range of carriers and replacing a property liability policy that had a high minimum premium.

Security costs will be higher in 2023 due to the new contract with St. Moritz providing more comprehensive services. There is also a capital expenditure of $47.6K for new security equipment. Landscape costs are up $100K as a result of increased labor costs. Utilities are also up: +8% for electricity and +4% for our bulk cable tv/internet contract. Repairs and Maintenance include $100K for contingencies, including potential hurricane cleanup expenses.

Special Projects are shown in the Deferred Maintenance Fund and are the major replacements/ repairs and capital improvements that are budgeted. We have budgeted $1.2 million to replace the bulkhead of the Reclaimed Water Pond. Replacement of the irrigation pumps that GHCA owns in the Oak Harbor area will cost $400K in total of which $200K will be spent in 2023. As mentioned earlier, there is also $47.6K for security equipment and $30K for storm water pond remediation. These projects will be financed using the remaining $600K balance of our $2 million term loan. We are also in the process of securing an additional $1 million term loan to fund the balance of these projects in 2023 and 2024.

It should be noted that we will begin repayments on our $2 million term loan in September 2023. We will make four payments of $13,578 in principal and interest next year.

MANAGEMENT REPORT:

Harbor Bridge #2:
The bridge contractor will return in a couple of weeks to complete the concrete curbing. All new asphalt will follow the curbing. The west side guard rails will be replaced and a landscape plan is in place and approved by GHCA, Harbor Pointe and Harbor Village. Landscaping will begin once the contractor has vacated with all their equipment.

We again ask that all casual foot, bicycle and vehicle traffic not go beyond the #1 Bridge. This is still a construction zone. There are people working on the site and there is heavy equipment in use. Please do not walk or ride your bike through this area until all work on the bridge is completed.

Reclaimed Water Pond Bulkhead:
The bid package has been sent to four qualified bidders by GHCA's engineer. Bids are due back by December 8th.

Pond #27 (Near River Course #14 Green):
Sod has been installed over the new banks in the northern area of the pond that has been worked on and it has been watered in. That completes this project.

LEGAL REPORT:

We continue to attempt to engage with the Developer. We have agreed to a brief postponement of some of the deadlines, including defendants' deadline to disclose its experts. We disclosed our experts Wednesday, November 23rd. We're still scheduled for mediation in the early part of next year. Discovery continues.

MARINA COMMITTEE REPORT:

As communicated last month, our counsel sent a letter in late September to the Marina's counsel with a summary of our position on key points regarding the Marina's proposed project to convert and identify 40 slips for liveaboard customers. In that letter we listed requirements for conditions in many areas that would need to be addressed by the Marina in order for GHCA to enter into negotiations regarding any liveaboards. After a long delay, partially as a result of Hurricane Ian and damage done to their client's facilities on Florida's West Coast, counsel for the Marina recently sent us a preliminary response to our letter. Due to the Thanksgiving holiday we have not yet had a chance to discuss it with our counsel, but we will do so in the coming days.

SECURITY COMMITTEE REPORT:

St.Moritz Security Services will be replacing our previous provider, Securitas, commencing December 1, 2022. St. Moritz has completed the process of hiring local security staff and has begun training the new staff. There will be some familiar faces at the guardhouses as St. Moritz has retained a few of our current guard staff, as well as hiring many new faces.

St. Moritz has conducted two full orientation/training classes to date, including training on the current software, proper etiquette toward residents and visitors, protocol for admitting and logging in visitors, reviewing post orders, etc. Uniforms have been delivered to all staff and new vehicles are in the process of being prepped with light bars, signage and other field equipment.

Working together with St. Moritz, we are also in the process of implementing better access control systems to improve and modernize our guest and vendor entry protocols. We are working with several vendors to provide a system whereby residents will be able to go to a web portal on any computer or mobile device and register their guests instead of calling the guardhouse. Residents will be able to issue a guest pass to their visitors or vendors that can be brought up on a mobile device and scanned at any entry kiosk for quick access. We expect these systems to be in place by early 2023.

For the immediate future, while we proceed through the transition, residents who need to admit guests and/or vendors without barcodes can still do so by calling the guard office at (772) 567-3614.

FINAL NOTE:

This is always a special time of the year here in our community. First we have the weekly arrival of more and more good friends and neighbors heading back from their summer homes or travels. Then we have the almost back to back holidays of Thanksgiving/Christmas/New Year's which blend priceless family celebrations with still more arrivals of friends.

We are at an age when golf and tennis performances are rarely getting better, no matter how hard we try; an age when we wake-up in the morning wondering where today's aches and pains will first appear; and an age when the news we read or watch on tv is rarely comforting and the world sometimes seems to be spinning out of control. Our challenge is to try to push aside the negative and focus on the good around us, and there is plenty. Smiles and laughter and hugs always have the power to bring out the best in us, whether we are 7 years old or 87. Let's try to give a smile to the cashier at Publix, to laugh and joke with a friend and to hug somebody special. It works.

Jeff Caso
GHCA President, on behalf of the Board