

GHCA BOARD MONTHLY NEWSLETTER - OCTOBER 2022

PRESIDENT'S REPORT:

All of us on the GHCA Board of Directors are grateful for the excellent resident turnout for our first live audience meeting in three years. This year's Annual Meeting on October 25th reminded us how much more we feel like a community when residents are in the same room listening, reacting and asking questions. We also thank those of you who tuned into the webinar service and followed the meeting from wherever you might have been.

It was unexpected by Roger, Lance and me that we would be the only candidates on the ballot for the openings on the Board that were created by the expiration of our two-year terms. As was communicated at the meeting, we take our jobs representing you very seriously, and we have all committed to stay on the Board at least through the period of our litigation with the Developer. Thank you for your continued support.

At the present time we have received more than 2/3 of the MRTA Written Consent forms that are needed from home and lot owners in order to move on to the next step in reviving the GHCA Declaration of Covenants. We still need about 200 more to reach majority approval. We thank those of you who have already submitted your Consents, and we very much appreciate the green light given on Wednesday by the Oak Harbor POA to help us achieve our objective. Once we reach the target of 628 received Consent forms we will begin the process of applying to the County for final approval of our Declaration revival.

We would like to remind all homeowners and their realtors that there is a long-standing policy that "For Sale" and "Open House" signs are forbidden throughout the community, and that realtors must check in advance with security before organizing any gatherings or activities associated with selling a property.

We also regret having to report that there have recently been multiple incidents of verbal resident aggression against our security guards. Each time that anything like this occurs we receive a report from security and we take no pleasure whatsoever in learning that any of our residents could behave so badly toward our security guards, no matter what the circumstances were. Knowledge that we are soon switching to a new security provider is also no excuse for this kind of behavior.

Lastly, we would like to remind all dog owners who walk their dogs with extendable leashes to remember to keep your leash tightened to 5-6 feet maximum whenever encountering other walkers on the path, and especially other walkers who also have their dog on a leash. This is for everyone's protection.

FINANCE/TREASURER'S REPORT:

We have spent a very busy past few weeks putting a 2022 forecast and 2023 budget together. We also just received the results for September and will post them on our website: <https://ghca.online>. September results show a small excess of revenues over expenses. We had a significant unbudgeted expense of almost \$30K for preparing and mailing the MRTA revival documents that most of you received. These costs are included with our legal expenses which have been over budget for the year because of the legal work done in

preparing for this revival process. Additionally, our litigation expenses are high for the consultants and lawyers as we approach a trial in early 2023. Accounts receivable continue to climb primarily due to the Developer not paying GHCA assessments. This is affecting the cash that we have for operations.

The forecast that we have made for 2022 is based upon our actual results through August and estimates for the remaining four months. The results for September were close to our estimates and provided no material surprises for the forecast. We are expecting operations to end the year with an excess of revenues over expenditures of about \$130K, not including our litigation expenses.

The Replacement Fund, which is our statutory reserve for road repair and replacement, will be fully funded for 2022. The balance of our reserves is in the Deferred Maintenance Fund and is being moved into a separate account at Marine Bank. This fund is where we show funding for our special projects that are not normal operating costs, such as the bridge replacement. This fund is also where we show the term loan that is financing these large project expenses. Rather than having an extraordinary assessment for these projects, we are using bank financing to stretch out these costs to our members.

The 2023 budget is nearing completion. Despite high inflation that we all are experiencing, we have a year against year operating budget that we have managed to keep at 5%. Our anticipated increase in assessment, which we expect to be around +7%, is mostly due to the upgrades in security that we are making. A new agent is preparing our insurance package for 2023 and we are anticipating a somewhat lower premium cost than last year. The budgeted assessment includes \$49K to fully fund the Replacement Fund and about \$240K for our Deferred Maintenance Fund. We are budgeting for three special projects next year: rebuilding the walls of the Reclaimed Water Pond (\$1.2M), replacing the Oak Harbor irrigation pumps (\$200K in 2023 and \$200K in 2024), and various storm water pond remediation (\$30K). We have made a request to Marine Bank for additional financing to pay for these projects.

A R CHOICE MANAGEMENT REPORT:

Harbor Bridge #2:

AT&T finally started to reroute their cable on October 24th. This work should be completed in a day or so and will be followed by AAA Irrigation. The Bridge Contractor can then pour concrete gutter and curbing on all four corners of the bridge, followed with laying asphalt over both the bridge and bridge approaches to complete their work. We will then be repairing the wooden guardrail that was removed during construction on the west side of the bridge. We are looking at placing concrete bollards on the east side of the bridge both to prevent cars from driving off into the canal and also to protect the newly installed water line. We will finish by completing the necessary landscape replacement.

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 equipment in use. Please do not walk or ride your bike through this area until all work on the bridge is completed. That day is coming soon.

Reclaimed Water Pond Bulkhead:

Lance Hall and Alan Romano recently met with the project engineer to start a final review of the bid specifications. Once accepted, they will be sent to qualified contractors for bidding. Our legal counsel has prepared the contract in advance of the selection of contractors so that we can keep moving forward.

Pond #27 (South of River Course #14 Green):

As previously communicated, the geo-tubes have been placed to restore the lake banks on the north end of the pond, and the drain pipes have now been cleared. New sod was installed along the banks covering the geo-tubes, thus completing this project. We will now closely monitor this test of the geo-tube system for rebuilding pond banks and re-using silt dredged from the pond.

Drought:

We have received some much-needed rain this month which filled our ponds and replenished the water table. An enormous amount of water has been used rebuild the River Course after the renovation, and the need continues to be high as the new grass grows in.

Indian River County is no longer under a moderate drought condition. However, the restrictions imposed by both the county and by the St John's River Water Management District are permanent regulations and allow watering only two days per week for a limited time per zone. We ask all homeowners to continue to follow these ordinances and to conserve water by fixing broken irrigation heads, redirecting sprays away from roads, and repairing leaks as needed. The dry season will begin soon enough and saving water now will reserve that water for use during the long periods of no rainfall that normally occur starting in January.

LEGAL REPORT:

Discovery efforts proceed with the defendants continuing to delay in producing documents in accordance with the agreed schedule. The hearing to compel production is scheduled for November 8th. The litigation committee meets frequently with counsel, including counsel retained to manage the experts with respect to aquatic issues, to discuss the status and timing of the case and the experts' work to be in a position to prepare their reports and testify. As reported at the Annual Meeting, while our case is on the trial docket for February of 2023, the congested docket in the Indian River Circuit Court, exacerbated by Covid, may result in a later trial date.

NOMINATING COMMITTEE REPORT:

In September, the Nominating Committee solicited nominations for candidates to run for the 3 Board positions that were up for election this year. The three incumbents had all indicated their intention to be candidates. No applications or other candidates were presented. Therefore, the ballot sent to Voting Members only had three candidates to vote for the three open positions.

At the GHCA Annual Meeting on October 25th, it was announced that Roger Andrus, Jeff Caso and Lance Hall had been elected to another two-year term.

MARINA COMMITTEE REPORT:

In last month's GHCA Newsletter we reported that our counsel had sent a letter to the Marina's counsel with a summary of our position on key points regarding the Marina's proposed expansion/renovation project. We have not yet heard back from the Marina's counsel other than to learn that their client owns properties on Florida's west coast that were impacted by hurricane Ian, thus disrupting the normal course of business.

SECURITY COMMITTEE REPORT:

After receipt and review of proposals from a number of highly qualified security providers, GHCA has elected to move forward with a new firm. St. Moritz Security Services, Inc. will be replacing our current provider, Securitas, in December. The reasons for our change in security providers have been well documented with heavy input from residents. We believe that St. Moritz will be the partner that we expect and need. They were selected with an emphasis on improved guard services, a higher level of professionalism, and a focus on improving the relationship between the service provider and the residents who live in our community.

St. Moritz Security Services has the operational stability and financial strength of a \$137M company that has been in business since 1982. They currently have seven established branch offices in Florida, including West Palm Beach locally. Since its inception, the company has provided a broad range of security services, including access control, to communities similar to ours in Grand Harbor/Oak Harbor. Their clientele also includes government critical infrastructure sites, Class A commercial buildings, luxury retailers, banking and financial institutions, as well as a broad range of residential communities.

One reason why GHCA selected St. Moritz is their strong belief in employee investment, including employee training and opportunities to advance that have contributed to excellent employee retention rates. They train their officers to provide service in environments that require a significant degree of public interaction. They also offer use of their exclusive technology applications such as TracTik, which supports electronic reporting and management of personnel and critical incidents. They are also equipped with a 24/7 Security Operations Center (SOC) to assist with site communications, additional sourcing coverage and virtual post inspections, among other critical functions.

Working together with St. Moritz we also expect to implement improved access control systems and to upgrade and modernize our guest and vendor entry protocols. We are working with several vendors to provide a system whereby residents can go to a web portal on any computer or mobile device and register their guests instead of calling the guard house. Residents will be able to issue a guest pass to their visitors or vendors that they can bring up on a mobile device and scan at any entry kiosk for quick access. We will also be reviewing and upgrading our vendor access protocols to improve both vendor screening and overall security for residents. We expect these systems to be in place by early 2023.

Of course, all of this has a cost. Some of the costs we will experience are due to much needed infrastructure improvements such as new access control hardware, new access kiosks and camera system repairs. However, most of the costs are associated with improved pay rates for gate officers and improved on-site supervision. As everyone is likely aware, pay rates for good

staff have increased considerably over the past few years, and finding and retaining good staff involves paying equitable salaries. Knowing that payroll costs for guard services will be a significant factor in employee retention, we are also considering utilizing remote guarding services for some of our gate locations, especially during off hours. Remote guarding allows a resident or guest to talk to a live guard at the entry kiosk when they need access or a guest or vendor needs access. This helps minimize the cost of on-site guards and also helps during off-hours when there are fewer on-site guards.

As we begin to roll out the new guard services and other programs, all residents will receive additional information on all new security features.

NEW CONSTRUCTION COMMITTEE REPORT:

Construction activity is picking up in the community. GHO Homes has six houses under construction in The Falls. A new home is being built in St Andrews, and the developer of Laguna Village is gearing up for the construction of four new single-family homes along South Harbor Drive.

FINAL NOTE:

Roger, Lance and I are pleased to have been given the opportunity to stay with Mike and Dave on the GHCA Board of Directors for another term. We all look forward to 2023 being a year in which we successfully conclude this period of litigation so that we can fully turn our attentions to the future of this wonderful community we all live in. Thanks again.

Jeff Caso
GHCA President, on behalf of the Board