

GHCA BOARD MONTHLY NEWSLETTER - JANUARY 2023

PRESIDENT'S REPORT:

Hello 2023:

A look back at recent history shows us that while we are only in the third year of resident control of the GHCA Board, this is actually the sixth calendar year since the transition process started. It was around Thanksgiving in 2018 that an election was held for directors of the Grand Harbor/Oak Harbor, LLC Transition Board. Three of us currently on the GHCA Board (Roger Andrus, Lance Hall and I) were elected along with our former colleagues Bob Garrison and Doug Marquis. For a little over two years we worked together with a large group of very capable committee members to prepare for the transition of control of the GHCA Board from the Developer to residents, which took place the beginning of December, 2020.

A few months later, in 2021, GHCA filed suit against the Developer and certain Developer-appointed Directors. The Transition Board did not have legal standing to sue the Developer...it had to be done by the GHCA Board of Directors after residents had assumed control. However, much of the work that formed the early basis for litigation was prepared by the Transition Board, its committees and the experts who were engaged.

I am kicking off the first GHCA Newsletter of 2023 with this little look back in time for three reasons. First of all, during the period since the creation of the Transition Board to today, many new residents have come to live in our community and this gives them a historical perspective. Secondly, the most common topic for which we receive questions and about which we are able to say very little is the status of the litigation. The third reason is evident in the opening sentence of Roger's Legal Report below: "The pace of activities has been increasing." That's his usually understated way of communicating that on the litigation front STUFF IS HAPPENING! More on that later.

MRTA Declaration:

Last month we indicated in our newsletter that the package of documents for the revival of the GHCA Declaration of Covenants had been submitted to the Florida Department of Economic Opportunity in Tallahassee, and that that they had to make their decision on our application by today, January 30th. We are very happy to report that while they waited to the very last minute to decide, just prior to going to press on this issue they advised us that they have completed their review and our proposed revitalization is approved!

We will soon be either hand-delivering or mailing every properly annexed resident member of GHCA another package of documents recognizing the revived Declaration, and then our final step will be to take the legal actions necessary to bring into GHCA all those residents who were not correctly annexed by the Developer in the beginning. This long process will then have a happy, but expensive ending.

Holiday Security:

You will learn in the Security Committee Report below that we made it through the holiday season without any reported security issues. Some "would-be bad guys" were heard trying doorknobs on homes and parked cars but they moved on without incident after discovering

that the doors were locked. Good for you, the residents! There is no better deterrent to crime in a gated community than locked doors.

But we also had help. First of all, our new security provider, St. Moritz, is providing more roving patrol car coverage than our previous provider. In addition, once again we owe a big thank you to our two resident members of the Indian River County Sheriff's Office Reserve, Dr. James Betancourt and Dr. Barry Garcia, for their dedication and creativity in placing their off-duty patrol cars in visible places around the community and for patrolling neighborhoods themselves during the holiday season. Nothing makes bad guys scatter faster than a police car, whether moving or parked.

TREASURER'S REPORT:

We have just completed a final financial report for 2022 that has been submitted to our auditors for review. Our thanks to Angie Theall, Alan Romano and the rest of the A R Choice team for their hard work in getting our financial results completed promptly. Last year our audit was completed in May. This year we have already started the process so that our audit can be done in February.

2022 unaudited results show an excess of revenues over expenditures for our routine operations of \$145K. Our revenues were \$9K better than budgeted while our expenses were \$136K under budget. The most significant variations from budgeted expenses were: legal expenses due to the costs of reviving our Declarations (MRTA), security gate issues, repairs to our irrigation systems and the two hurricane cleanups that were not specifically budgeted.

We did contribute our required funding of \$49K for our Replacement Fund, which is the statutory reserve for our roads. We also added \$166K to our Deferred Maintenance Fund. This fund is where we have paid for the bridge replacement and other deferred maintenance special projects. These projects have been paid for using our loan from Marine Bank. Finally, our litigation expenses totaled \$400K this past year and were funded by the balance of our special assessment in 2021 and our line of credit at Marine Bank.

As of December 31st we have \$1,119K in cash in our various fund accounts. Our term loan is \$1,332K and the line of credit is \$167K. We will take down the remaining balance of the \$2 million term loan in 2023 and will begin repayments starting in September 2023. This loan has an interest rate of 3.99% for the first 8 years before any rate adjustment and will be repaid over 15 years.

The financial statements for December will be available on <https://ghca.online> and labeled as unaudited. Once our audit is completed, the final audited results and the 2022 Audit Report will be posted.

A R CHOICE MANAGEMENT REPORT:

Harbor Bridge #2:

The road re-striping has been done and the storm drains have been cleaned out. This project is complete and open to normal traffic

Reclaimed Water Pond Bulkhead:

As of this writing we have only one proposal and a hopeful contractor who has turned down placing a bid. Unfortunately, this type of work is in high demand and contractors are very busy. We will continue to look for qualified contractors to bid for this work.

Irrigation:

Once again we find ourselves in drought conditions which is typical this time of year. We ask that everyone stay diligent and conserve water. Irrigate only two times per week. Our ponds are visibly low now and will only get worse until we receive rain.

Indian River Boulevard:

Many of you have noticed the widening of Indian River Boulevard. The county is planning on installing bike lanes. At the same time, a new fiber optic cable is being installed. Much of this widening affects our irrigation system. We have to move valves and, in some cases, run all new lines for irrigation heads that need to be relocated. We have no estimated time of completion yet and hope to have more information next month.

LEGAL REPORT:

The pace of activities has been increasing. There are currently approximately 10 depositions scheduled and more are anticipated. Discovery and lay and expert witness preparation continues. Counsel is preparing responses to Defendants' motion for partial summary judgment, which will be the subject of a hearing in late February. Mediation has been scheduled for March 9th and a May 1st trial date has now been set.

MARINA COMMITTEE REPORT:

We have invited Marina ownership to meet with us to discuss the long list of issues that stand in the way of a positive relationship between the Marina and our community. On two previous occasions we had virtual meetings via Zoom, but this time we would like to have both sides in the same room. We await their agreement and availability so that we can set a date, time and place to meet. They continue not to be in a hurry to resolve any of the many issues between us.

Earlier this month there was a significant fuel spill in the harbor, apparently caused by a bilge pump leak from a boat. Marina management was very slow to react, perhaps partially because the general manager recently left the company and has not yet been replaced. Many residents acted swiftly to bring this spill to the attention of the Marina, the county and the regulatory agencies. Marina response was too slow and their level of communication was unacceptable. Incidents like this will be on the agenda for our next meeting.

Lastly, the appearance of the Marina parking lot and surrounding area has deteriorated greatly with lack of attention to landscaping and the constant accumulation of work materials, storage containers, dumpsters, etc. This has been added to the list of topics for discussion at our next meeting with Marina management.

SECURITY COMMITTEE REPORT:

It has been a relatively smooth transition since St. Moritz Security Services started as our new security provider on December 1, 2022. All new employees are now in place, the new security vehicles have been delivered and they can be seen patrolling the premises. You will note that the security patrols have been more frequent than they have been in the past. We have received a very limited number of complaints about security over the last two months and have received numerous positive comments from residents in regard to the team's professionalism.

We are happy to report that the holidays were quieter than in the past several years, with no instances of thefts or other issues reported. Regardless, we still urge all residents to make sure that you keep your homes locked when you are out, even if only for a short bit, keep your garage doors closed unless you are present, and always keep any vehicles parked outside locked with no personal items left inside in plain sight.

Our new IT consultant, United Technology Services, has begun their work to evaluate the guard house phone systems, computers, internet and systems communications. We are working to finalize our selection of a vendor to provide improved access control systems and to modernize our guest and vendor entry protocols. We expect to finalize our decisions in the next few weeks and to implement the new system immediately thereafter.

FINAL NOTE:

I already quoted the opening sentence of Roger's Legal Report. Now I would like to cite the last sentence: "Mediation has been scheduled for March 9th and a May 1st trial date has now been set." These are not tentative or possible dates...they are fixed dates. Only something major and unforeseen could cause those dates to move later because they were officially agreed to by both parties in the litigation and were confirmed by the court.

Even though there has still been no discussion about a negotiated settlement prior to trial, we now have a fixed timing for the end of this long road. Some of you have asked if the litigation might go on for years, and the answer is now pretty clear that it will go on for months, but not years. While there is always the chance of a post-trial appeal, one way or another, we will very likely see the end of our litigation in 2023, perhaps even before summer. We'll keep you posted as best we can.

Jeff Caso
GHCA President, on behalf of the Board