

PRESIDENT'S REPORT:

I hope that everyone had a nice summer wherever you spend it. As we move along in October, many of you will be returning to Grand Harbor and Oak Harbor for the winter season. We wish all of you travelers a safe journey.

In our last report in April, we mentioned that our Annual Meeting will be on October 29th. Due to some scheduling conflicts, the Annual Meeting will be held a week earlier on Tuesday, October 22nd. We also said that Chris Flynn would be running as an incumbent for the GHCA Board this year. Over the summer, Chris and his wife's plans have changed, and they will be moving out of the area to join their daughter in St. Louis. Consequently, there will be an election for 3 new members to our Board. More on the Board election in the Nominating Committee Report.

LEGAL REPORT:

Oral arguments on our appeal of the Summary Judgment in our case against the Developer were made in June. On October 2nd we received a decision from the Appeals Court reversing in part and affirming in part the trial court. We are reviewing the opinion with counsel.

MARINA COMMITTEE REPORT:

There have been no recent developments regarding the marina. We still await a response from marina senior management to resolve various issues.

SECURITY COMMITTEE REPORT:

Nothing to report.

NOMINATING COMMITTEE:

The Nominating Committee, chaired by me, included Bob Garrison, Jack Reis and Rob Hill solicited applications for the 3 open Board seats. From 11 applicants, the committee reviewed and selected 6 nominated candidates for election to the 3 seats. The election process has started, and the results will be presented at the upcoming Annual Meeting. We thank everyone who applied and encourage those not elected to the Board to remain involved through the various GHCA committees.

A R CHOICE MANAGEMENT REPORT

Reclaimed Water Pond Bulkhead: The start of this project was delayed by waiting for the county to approve the building permits. The first sheet pile was driven in place June 4, 2024. The major elements of the new wall are a vinyl sheet pile that is connected to concrete deadmen poured 2+ feet below ground and 10+ feet from the new sheets spaced 10 ft apart by a metal rod (tieback) that is encased in plastic. The final element is a concrete top cap on the top of the sheet piling about 22 inches high by 21 inches wide to stiffen the top of the wall, add strength to the system, and to enclose the tieback (prevents corrosion of the rod). The original plan was to complete about 200 feet of finished wall at a time.

That plan was changed in short order when the contractor noticed that the old wall was so unstable that it was better to get the new wall supported with tiebacks and deadmen before the top cap was formed and poured. As a result, the first section partially complete was 450 ft long with about 45 deadmen and no top cap. That first concrete pour was done on 8/2/24. After that was complete the contractor began to form up the top cap for that section and continued to drive sheet piling and digging new deadmen holes. The final sheet pile sheet was driven on around 9/6/24. The first section top cap and an additional 500 feet of wall was secured with deadmen (50) in a second pour on 9/17/24.

When the weather allows, we will regrade the area next to the first completed 450 ft of wall. The 500 ft section is now having the top cap forms built. This is the most time-consuming part of the work since the wall has many curves and angles, so each form is custom made. The contractor is also digging more deadmen holes for the remaining 280+ feet of unsupported wall. That last section will then have top cap forms done and poured.

Pond and Estuary Committee:

We began the renovation of pond 18 in the first phase of our 2024 demonstration project where we are developing the knowledge to apply to the renovation of all of our stormwater ponds and the estuary.

The pond system is a critical piece of our infrastructure that protects our buildings from floods and cleans the runoff from our landscaping and hard surfaces before the water flows into the estuary and the Indian River Lagoon. Runoff contains particulate matter (sand, rubber, and soil), excess nutrients from the fertilizer we spread, hydrocarbons from our vehicles, and agri-chemicals used to control weeds and pests. The ponds allow the particulates to settle out and the plants and microorganisms in our soil and ponds break down and adsorb the excess nutrients and chemical contaminants. The Indian River lagoon has been designated an impaired body of water by the EPA. We need to remove as much of those excess nutrients as we can to minimize our impact on the lagoon.

Most of the ponds were built in 1987. There has been significant erosion and silting that has diminished the ability of the system to function properly. The aquatic plants and the plants on the banks have not been maintained. The ponds are organized into interconnected basin that allow water from one pond to flow to many others which is critical to prevent flooding from the very heavy storms that pass over Grand Harbor. The erosion and siltation have compromised the ability for water to flow from pond to pond creating bottlenecks that could cause flooding when the 10yr or 50yr storm arrives. Lastly, we have lost 25% of our water storage capacity. That is a loss of 43,000,000 gallons of water that is needed for irrigating our community during the dry season.

We have a multiyear plan to renovate our ponds and recover as much of the lost functionality as we can. That plan prioritizes all the ponds into 3 groups. Ponds 18 and 17 were selected as our demonstration project and funded so that we can learn what is possible at what cost. Both ponds are in the top priority group and have significant flow issues, bank erosion issues, and loss of volume.

Pond 18 is a long narrow pond on the right of River Course #2 fairway and green and behind Mayfair and Camden in OH. Pond 17 is on the other side of River Course #2 fairway and behind Newport. Pond 18 renovation started on July 31st.

We have already learned a great deal with this project. First issue is that the normal bank renovation work with geotubes does not remove as much of the pond sediment as we had hoped. Our goal is to get back as much volume as possible and the biggest impediment is to find a place to

put all the removed soil. To get a 100% recovery for pond 18, we need to remove over 4,000 cubic yards of soil. A very large dump truck holds about 16 cubic yards so that is 250 very large truckloads for pond 18 alone. We will need to find places to place the soil that we cannot use to rebuild the banks (with geotubes). The second lesson is that dredging costs are proportional to the amount of soil removed. Our original estimates using standard geotube bank renovation will not get us where we need to be and are closer to the higher estimates we have from our engineering consultants.

We paused pond 18 for about a week as we modified our plan to remove more soil. They will be starting back up soon. When 18 is done, we will move to pond 17.

Irrigation:

Grand Harbor is a 933-acre community that has 45% of those acres in open landscaped space. Maintaining those 422 acres as we all want them to be requires lots of water and the ability to get that water to all our landscaping. Most of the green acreage is planted with grass which requires between 1 to 1.5 inches of water every week. Native shrubbery requires much less than that, but annuals and “exotic” shrubs need much more. We have completed a review of our current water needs, our sources of irrigation water, and our irrigation systems and conclude that our systems today are adequate with some specific water issues that need monitoring.

There are currently 11 pumping systems (total of 16 pumps) servicing multiple areas and 73 individual home pumps (River Club). They irrigate 250 acres of golf courses and 172 acres of community and HOA open spaces. There is an additional 45 acres under development that will be added in the future. There are 3 golf courses with their own control systems, 78 Residential/Common Area timers with about 870 zones, 116 individual home timers, and over 50 dual home timers currently controlling all the irrigation in greater GH. The timers open and close valves that feed water from 11 pumping systems serving multiple areas.

All these zones require a distribution system that can get the water from the various pumps to each sprinkler head in each timer zone, over the entire 422 acres we irrigate. There are miles of pipe, hundreds of manual and automatic valves. No one knows where they all are. Our sprinkler maintenance companies know the most and we rely on them to find, isolate, and fix leaks and blockages.

There are only 2 sources of water used for irrigation, pond water (surface water) and reclaimed water from Indian River County Utilities. We rely on the county for about 500,000 per day of reclaimed water. That water irrigates the Harbor Course, Victoria, the current Reserve homes, Sunset Cove, and Sunset Trace. We can transfer excess water to the pond system to provide water for other parts of Grand Harbor during the dry season. The rest of the community is dependent on the surface water in our ponds. Pond water is replenished by rainfall. During a drought, we have 2 small freshwater wells we can draw from. That source is not sufficient for our irrigation needs and our Consumption and Use permit only allows us 73,000,000 gallons per year. Our 422 acres under irrigation needs about 60,000,000 gallons of water per month to keep our grass and landscaping healthy.

We meter and report to the state the major pump station consumption (6 of the 11 systems) and the gallons of water we draw from the fresh wells. Those metered pumps serve about 368 acres of the 422 acres irrigated. Those 368 acres require 50,115,000 gallons per month to stay healthy. The 6 metered systems pump about 40,000,000 gallons per month for those 368 acres.

Obviously, rainfall is critical to the health of our landscaping. Over the last 2 years the 368 acres received about 43,120,000 gallons of rain. Unfortunately, there is a rainy season where there is excess water released to the estuary and a dry season (January through May) where there is insufficient rainfall (18,160,000 gallons per month to irrigate and replenish the ponds. The loss of storage volume in our ponds due to erosion and silting (43,000,000 gallons lost) is important to recover so we have the resilience to maintain our property during any prolonged drought.

The systems are complex and highly distributed. What we have is the result of incremental buildout of the community. Maintenance of the system is also distributed to the various entities operating the pumps, setting timers, and repairing the thousands of heads, valves, and pipes. There is no central control station to manage consumption. Modern control systems are possible and have proven to be effective but the capital cost to move to any central system would be prohibitive. What we have is adequate but is unmanageable during a drought.

Other Infrastructure:

There are 19 miles of roads in Grand and Oak Harbor. GHCA maintains or owns 6.7 miles of those 19 miles and has Right of Way responsibility for 5.9 miles of the 6.7. Those rights of way have streetlights, guardrails, sidewalks, gutters and curves, and landscaping to maintain. There are 1.6 miles of Guardrails and 4.7 miles of sidewalks that GHCA is responsible for.

This summer about 850 feet of guardrail on East Harbor Road between Bridge #1 and Bridge #2 collapsed due to rot. We will replace that whole run this fall.

TREASURER'S REPORT:

For the month of August, revenues exceeded budget by \$1,516 and \$24,802 YTD. Key categories continue to be Security Gate income, \$963 for the month and \$16,018 YTD.

On the expense side, Management expenses for the month were \$4,266 under plan, mainly driven by lower Legal fees. YTD, this category is \$20,489 under plan with Legal expenses well below the budgeted amount.

Security expenses were lower than plan by \$902 for the month, but \$9,197 over plan YTD. Our Security Provider contract was \$7,038 under budget for the YTD. Guard House expenses were under plan \$9,086 YTD. These gains were offset by Security Gate expenses which were over budget \$25,320 for the year. In addition to gate replacements and routine maintenance, the major expenses have been \$15,000 for our software license (guest pass system), \$16,300 for barcode tags due to increased sales and \$3,070 to replace the gearcases at the Main and Reserve gates.

Landscape maintenance expenses exceeded plan by \$25,665 for the month and is \$11,633 over plan YTD. Most of these variances are seasonal and are expected to be closer to budget by year end. Utilities are in line with plan. Repair & Maintenance expenses were in line with budget for the month, and \$80,793 under plan YTD. So far this year there has been no expense for either for hurricane cleanup or our contingency funds.

Special Projects is the section where we show the spending projects funded by our reserve funds and borrowings. The delays in beginning the work for the Reclaim Pond retention wall and stormwater pond remediation result in significant variances to budget for the month and the year. Both projects will be completed by year end and bring these variances more in line with the budget. Our interest expenses are lower than budget because we delayed borrowings for project funding.

Earlier this year we spent \$21,115 on some unplanned roadway repairs. The year-to-date variances also show that we spent \$27,390 to complete the Irrigation Pump project in 2024 that was not budgeted. On the other hand, the Security System Upgrades that were budgeted for 2024 were done last year resulting in a \$58,247 positive variance. Finally, litigation expenses were \$14,207 higher than budgeted YTD.

At the recent Board meeting, spending of \$28,800 was authorized for a consultant to provide supporting data for potential low-cost funding for our stormwater projects. This will be spent from our operating contingency funds. We also approved replacing the failed guardrail along E. Harbor Village Dr. for \$35,000 which will be a Special Project funded from our Deferred Maintenance Fund.

The 2025 Budget will be completed and approved by the Board at our next meeting on Oct. 22nd and presented at the Annual Meeting.

FINAL NOTE:

I would like to point out that this newsletter is based on information as of the end of September and the financial data is as of the end of August. We will present an overview of the year to date and an estimate of the full year results at our upcoming Annual Meeting. As mentioned above, we will also be presenting to 2025 Budget and assessment rate at this meeting. The formal notice of the meeting should be distributed to all residents by now. The date is Tuesday, October 22nd, at 3PM in the large meeting room at the Grand Harbor Club. As always, there will be a link to attend virtually.

For the first time since turnover, the GHCA Board will have 3 new members. We will miss the extraordinary skills and knowledge of GHCA matters that Roger Andrus and Lance Hall have provided to both the transition team and the Board. Fortunately, both Roger and Lance will continue to be Grand Harbor residents and provide counsel when needed. I have occasionally checked in with Jeff Caso for background information over this past year as well. We also thank Chris Flynn for his valuable contributions this past year and wish him all the best in his next life adventure.

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