

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.

Minutes of the Annual Meeting

November 7, 2009

John Rasmussen, president of the Association, called the meeting to order at 8:30 a.m. on the date above noted at the Haines City Banquet Hall, 799 Johns Avenue, Haines City, Florida, the location specified in the notice of meeting.

Mr. Rasmusen then stated that if there were no objections, as president of the Association, he would chair the meeting and appoint Bryon Smith to act as the recording secretary. Bryon Smith then presented the chairperson with an affidavit stating that the meeting had been properly noticed to the general membership. Harvey Gold moved and Jack Engleman seconded a motion, which was passed unanimously, to waive the calling of the roll. Acting secretary Bryon Smith then certified the validity of the proxies and declared a quorum. Jack Engleman moved and Harvey Gold seconded a motion, which was passed unanimously, to dispense with the reading of last year's annual meeting minutes. Kenneth Bruhn moved and Linda Gilbert seconded a motion, which was passed unanimously, to approve the minutes of the prior year's annual meeting as previously submitted.

The general manager presented a slide show depicting some of the landscaping renovations throughout property.

Mr. Rasmussen then announced that five candidates had submitted their names for six seats on the board, and in the absence of a contest an election was not necessary. He indicated that the only change on the board of directors was that Richard Moore will be taking Brian Siegel's seat. The other five automatically elected are Robert Krueger, Joyce Brown, Carl Bauer, Joyce Morris, and John Rasmussen.

Mr. Rasmussen then gave the president's report. He reported that the Feltrim deal was dead, and that no other purchase of the resort was currently in the works. He also indicated that since taking the landscaping in house in mid 2008, the Association has been getting a much better product. He reported on two falls which went against the Association's liability insurance, one settled for \$25,000 and another with \$25,000 set aside. He indicated that since passing the Policy for Delinquent Accounts in November 2008, the Association has been charging 10% interest on past due accounts, and that approximately \$147,500 worth of fees are currently in attorney collection, with 27 out of the 38 delinquent units in foreclosure, either by the bank or by the Association. Mr. Rasmussen indicated that in a June meeting with general manager Chris Gourdie, approximately \$100,000 in cost saving measures were implemented, including elimination of employee auto and tool allowances, capping pay raises at 3%, eliminating the office cleaning person, and switching to online payroll with direct deposit. The cost saving measures enabled the Association to keep the 2010 fees the same as 2009's fees.

Mr. Rasmussen also reported on two polls which recently were sent to the membership. The proposal by an owner to complete all the building and landscape maintenance at one time and to specially assess the owners received an overwhelming "no" response. The proposal for a pool/recreation area for owners had 80 units indicating interest. He stated that Carol Post would be sending a proposal with new pricing to gauge owner interest.

Treasurer Robert Krueger then gave a report on the Association's financial condition as of the year ending September 30, 2009, and the Association's auditor, Andrea Doane, gave a report on the 2008 audit.

Chris Gourdie followed with an explanation of the operating and reserve budget. He reviewed the portion of the operating budget approved by the Board and discussed the suggested contribution to the reserves for membership approval. Harvey Gold moved and Kenneth Bruhn seconded a motion to waive 100-percent funding of the reserve requirements for the fiscal year 2010 in favor of a funding level of \$272,000 proposed by the Board of Directors. The vote was 577 in favor and 6 opposed.

Dan Leiter moved and Kenneth Bruhn seconded a motion to postpone the Association's audit for year 2009 from May 1 to August 1, 2010. The vote was 580 in favor and 3 opposed.

Linda Gilbert moved and Dan Rieth seconded a motion to defer excess membership income to subsequent years in accordance with Internal Revenue Ruling 70-604. The vote was 583 in favor and 0 opposed.

The meeting was then opened for owner comments. Dan Leiter asked if CFI had any plans for the condos, other than renting them, and any plans for the resort. He expressed complaints regarding the heating of the pool and Jacuzzi.

Harvey Gold questioned whether the annual meeting was required to be held in November and indicated that attendance would probably be better if it was held in February.

Dan Rieth then addressed CFI representative Bryon Smith and asked if the owners could get answers from Westgate regarding the pool and whether the hot tub would be included. Mr. Smith indicated that he would try to get an answer but suggested that Mr. Rieth speak with Billy at the pro shop. Mr. Rieth suggested that the Association get involved, and director Shirley Gold stated that the Association office and board do not have any better access to the information than anyone else.

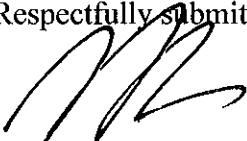
Dan Leiter expressed the opinion that the values of the condominium units have decreased very quickly due to deterioration of the resort-owned property, i.e., roads and amenities. He asked if the board could have a meeting with someone from CFI to fix some of the problems.

Jack Engleman asked if Westgate (CFI) owned the roads, and a discussion ensued about the possibility of the Association purchasing the roads. Mary Whitmarsh asked about giving them to the County. Harry Posigian said they need to be patched, and Chris Gourdie indicated that CFI had just put down 4,000 pounds of hot patch. Dan Leiter indicated that he would like to see the Association a gated community, owning its own roads, and asked the board to please consider it.

Dan Leiter then stated that Grenelefe looks much better than it ever has and expressed appreciation to the board and staff for doing a great job.

At 10:15 a.m., Jack Engleman moved and Faye Sadler seconded a motion, which was passed unanimously, to adjourn the meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Bryon Smith', written over the text 'Respectfully submitted,'.

Bryon Smith
Secretary