**GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.**
Minutes of the Annual Meeting
November 5, 2011

John Rasmussen, president of the Association, called the meeting to order at 8:35 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. Carol Post, assistant general manager, stated that the meeting had been properly noticed to the general membership. Faye Sadler moved and Robert Bong 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. Glenn Norton moved and Robert Bong seconded a motion, which was passed unanimously, to dispense with the reading of last year's annual meeting minutes. Glenn Norton moved and Faye Sadler seconded a motion, which was passed unanimously, to approve the minutes of the prior year's annual meeting as previously submitted. Mr. Rasmussen stated that there were nine candidates for nine positions on the board, so an election wouldn't be necessary.

The general manager then presented a slide show depicting some of the work done during the year throughout property.

Mr. Rasmussen then gave the president's report. He reported that repair of the tornado damaged buildings was completed at the beginning of the year. He expressed concern about reserve balances decreasing and that there was approximately $240,000 in delinquent fees outstanding. 47% of this amount is owed by Feltrim, who has entered into an agreement with the Association for repayment. He also addressed the condition of the roads, indicating that Carl Bauer was going to put together a cost, but since the Association doesn't own the roads, the board hasn't come up with a good solution for having them repaired.

Treasurer Robert Krueger then gave a report on the Association's financial condition as of the year ending September 30, 2011, and the Association's auditor, Andrea Doane, gave a report on the 2010 audit, both of which are attached to these minutes of the annual meeting.

Mr. Rasmussen then presented the first proxy item for a vote. Glenn Norton moved and Faye Sadler seconded a motion to amend Section 6.3(d) of the Bylaws to read 66 2/3% rather than 75% to be consistent with the changes in other areas of the documents approved at last year's annual meeting. The motion passed, with 657 in favor and 7 against.

Mr. Rasmussen then explained the 2012 budgeting process, wherein a committee comprised of Robert Krueger, Earl Monari and Carl Bauer were given the task of looking at the budget and presenting ideas for ways to reduce spending. He stated that the two largest areas of the budget were payroll and benefits and the maintenance on the buildings. After considering several options, the board ultimately decided to freeze wages, reduce the work week from 40 hours to

35, increase the employee contribution for health insurance premiums from 9% to 15%, and reduce the number of buildings to renovate in 2012 from 17 to 12. This enabled the Association to reduce operating expenses and increase reserve funding by $133,553 over the amount initially proposed. He indicated that the board will work out a reserve spending plan that will allow the Association to grow its reserves.

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. Rich Leiter asked if the Association is saving money by outsourcing painting, why are we doing landscaping in house. Mr. Gourdie explained that while the operating portion of the landscaping is break-even, the Association realizes a big saving on new plant and sod installs. A discussion ensued regarding the budget cuts, wherein Rich Leiter expressed disapproval over taking from the present employees to build the reserves, and Brenda Graf suggested that when one employee leaves the others could get their hours back.

Mr. Rasmussen then presented the second proxy item, explaining that it would require a vote of 66 2/3% to pass. Glenn Norton moved and Robert Bong seconded a motion to waive 100-percent funding of the reserve requirements for the fiscal year 2012 in favor of a funding level of $459,953 proposed by the Board of Directors. The motion passed, with 669 in favor and 7 opposed.

Robert Bong moved and Glenn Norton seconded a motion to postpone the Association's audit for year 2011 from May 1 to August 1, 2012. The motion passed, with 665 in favor and 2 opposed.

Glenn Norton moved and Faye Sadler seconded a motion to defer excess membership income to subsequent years in accordance with Internal Revenue Ruling 70-604. The motion passed, with 676 in favor and 0 opposed.

Mr. Rasmussen presented the fifth proxy item and explained that Florida law allows a maximum of two-year terms for directors, but that the Association's documents state three years. Kenneth Graf moved and Jean McDonough seconded a motion to amend Article 3.4 of the bylaws to read, "The term of office shall be two (2) years, with terms staggered so that approximately half of the board members will be elected in any given year. Each Director shall serve until a successor is duly elected." The motion passed, with 674 in favor and 7 opposed. Rich Leiter asked whether a motion could be made to require term limits for officers, but Mr. Rasmussen explained that motions cannot be made for items not on the agenda.

The meeting was then opened for owner comments. Phillip Calvin suggested that in the future the Association consider installing an area to wash and vacuum vehicles, that it would be a source of revenue like the laundry equipment. He also expressed interest in having areas where residents could grill and asked about ways to spark owner interest and draw people together, possibly through a community day.

Rich Leiter questioned whether the board should appoint a committee to look into the repair of the roads. Mr. Rasmussen explained that any contribution from owners would have to be voluntary, since the Association does not own the roads. Mr. Leiter also expressed concern that the Association is paying its president when the position has always been gratis. Phillip Calvin felt that the president should be paid. Robert Bong asked how much the Association was paying, and Mr. Rasmussen responded $300 per month for the president and $150 per month for the treasurer or travel expense, but not both. Kenneth Graf asked whether the Association has a liability policy to cover members of the board, and Mr. Rasmussen indicated that it does.

Rich Leiter then asked about the status of the Hobbs lawsuit. Drew Smith, the Association's attorney indicated that the lawsuit was over and that the Association and the insurance company are seeking attorney's fees, and the Association is foreclosing on the unit as part of the process.

At 10:35 a.m., Kenneth Graf moved and Phillip Calvin seconded a motion, which was passed unanimously, to adjourn the meeting.

Respectfully submitted,

Bryon Smith
Secretary