GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Annual Meeting
November 3, 2012

John Rasmussen, president of the Association, called the meeting to order at 8:40 a.m. on the date above noted at the Grenelefe Conference Center, 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, stated that the meeting had been properly noticed to the general membership. Phillip Calvin moved and Joyce Brown 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 Joyce Brown seconded a motion, which was passed unanimously, to dispense with the reading of last year's annual meeting minutes. Phillip Calvin moved and Joyce Brown 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 eight candidates for nine positions on the board, so an election wouldn't be necessary. He indicated that the two-year staggered terms approved at the 2011 annual meeting would begin at the 2012 annual meeting, with Carl Bauer, Robert Krueger, Glenn Norton, John Rasmussen and Bryon Smith serving two-year terms and John "Randy" Kuhl, Richard Moore and Joyce Morris serving one-year terms.

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 there were no major incidents in 2012, but that the Association did sustain damages from a fire, several sewer backups and numerous water damages. He indicated that the reserves are up $96,000 for the year as of the month ending September 30, a figure expected to reach $130,000 by year end. He stated that in preparing the 2013 budget, the Association tried to maintain the 2012 levels, continuing with renovating 12 buildings per year and bringing the employees back up to 40 hours per week but with one less employee in grounds and in buildings.

Mr. Rasmussen also reported on the Treehouse delinquency. He indicated that the Association received final judgment on March 7, with an April 12 sale date. However, on April 10, Treehouse filed for bankruptcy. Its plan proposed payment to the Association at a rate of 3.34 percent of its $123,000 receivable. Although the Association objected to the plan, it was approved by the bankruptcy judge. Treehouse is required to pay its fees moving forward, but the majority of the $123,000 will have to be written off.

Treasurer Robert Krueger then gave a report on the Association's financial condition as of the year ending September 30, 2012, and the Association's auditor, Andrea Doane, gave a report on the 2011 audit, both of which are attached to these minutes of the annual meeting. Discussion ensued regarding possibilities for better rates of return on the Association's investments, wherein

Joyce Brown stated that she handles three- to five-year CDs which currently pay between two and six percent. Chris Gourdie, general manager, indicated that he had looked into the long-term CDs, and that they would be something for the Association to consider when reserve funds reached levels that the Association could safely tie up funds for extended periods of time.

Mr. Rasmussen then presented the reserve budget. He indicated that the board was proposing a funding level of $502,763 for 2013, up from $459,953 in 2012. Carol Vasquez then moved and Phillip Calvin seconded a motion to waive 100-percent funding of the reserve requirements for the fiscal year 2013 in favor of a funding level of $502,763 proposed by the Board of Directors. The motion passed, with 587 in favor and 5 opposed.

Joyce Brown moved and Glenn Norton seconded a motion to postpone the Association's audit for year 2012 from May 1 to August 1, 2013. The motion passed, with 602 in favor and none opposed.

Dan Rieth moved and Joyce Brown seconded a motion to defer excess membership income to subsequent years in accordance with Internal Revenue Ruling 70-604. The motion passed, with 603 in favor and none opposed.

The next item on the agenda was discussion of the roads. Mr. Rasmussen indicated that the Association had three options: do nothing, purchase the roads or sue Westgate to try to get them to fix the roads. He stated that he and Mr. Gourdie met with Westgate's Mark Waltrip in April or May to discuss purchase of the roads, but Mr. Waltrip indicated they planned to sell the property before the end of the year and didn't want to sell the roads. Mr. Krueger went on record as saying that he feels the Association would be making a terrible mistake if it purchased the roads, that it makes no financial sense and he would adamantly oppose any move in that direction. Dan Rieth asked about the cost and whether it would be funded by a loan, and Mr. Gourdie indicated that he had several scenarios for funding the $400,000 installation. Seal coating and maintenance would cost approximately $40,000 per year.

Drew Smith, the Association attorney, addressed the third option, suing Westgate to try to force them to fix the roads. He didn't feel it was a good option, due to the cost of legal fees and the uncertainty of how the courts would define "acceptable condition." He felt it was likely that Westgate would be required to patch all the holes rather than overlay the existing roads with new asphalt. Andrea Doane, the Association accountant, asked about the possibility of the County taking over the roads, having seen discussion of it in minutes of one of the Association board meetings. Chris Gourdie indicated that the cost to bring the roads up to county standards would be double the estimates the Association had received.

Mr. Krueger stated that the membership should direct the board to write a letter to Westgate, indicating that the issue came up and inquiring about whether Westgate has changed their stance. Glenn Norton indicated that if the Association wanted to get aggressive, it could send a letter stating that if Westgate doesn't repair the roads, the Association will have it done and send Westgate the bill, and if it doesn't pay, the Association will sue, but the chance of prevailing would be low. Dominic Fragomeni advised against taking an adversarial position against Westgate, that it would accomplish more for the two entities to cooperate with one another. Mr.

Rasmussen stated that if it comes down to a lawsuit, that would not be decided at the board level but would instead be a membership vote.

Phillip Calvin asked about the possibility of getting a grant, and Dan Rieth stated that it would be in Westgate's best interest to fix the roads, because it is losing revenue, people are not using the facilities, tenants are moving out and the value of its assets is falling. Carol Vasquez then made a motion to draft a letter regarding all the discussion, have it presented to Mr. Siegel and see what happens. Mr. Rasmussen indicated that the roads are only a discussion item, and therefore votes can't be taken.

Phillip Calvin asked about the car wash which was discussed at the 2011 annual meeting. Mr. Gourdie indicated that research was done and the information was presented to the board. Mr. Rasmussen stated that, if he remembered correctly, it was decided that it wasn't economically feasible at the time and the item was tabled. Mr. Calvin asked about the cost and how long it would take to recoup the initial investment, and Mr. Norton suggested that he stop by the office and Mr. Gourdie could provide the information.

Joyce Brown then raised the question of building storage units so residents would have somewhere to store furniture and items other than on their back patios. Mr. Rasmussen indicated that most of the storage closets the Association offers for rent are empty. Mr. Norton stated that the board needs to put together some sort of rules for items acceptable on back patios and balconies.

Dan Rieth then asked if electric grills are acceptable. Mr. Gourdie stated that all grills are against the rules at Grenelefe, but that the fire marshal allows electric grills. Dan Rieth stated that it would be better to allow electric grills, that grilling is not going to go away and the electric grills would make it much safer, to which Mr. Gourdie agreed. Mr. Rieth then asked about three-season rooms, screen rooms with vinyl or plexiglass panels. It was decided that the design review committee would have to choose an approved design so they are all consistent.

At 10:55 a.m., Carol Vasquez moved and Glenn Norton seconded a motion, which was passed unanimously, to adjourn the meeting.

Respectfully submitted,

Bryon Smith
Secretary