

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.

Minutes of the Annual Meeting

November 7, 2015

John Rasmussen, president of the Association, stated at 8:38 a.m. that the meeting could not be officially started, due to the lack of a quorum. He did, however, indicate that he would move ahead with the presentation of reports.

Mr. Rasmussen stated that there were four director positions open, with five candidates running. Those candidates were Quentin Carson, John Kuhl, Earl Monari, Richard Moore and Joyce Morris.

He then moved on to the president's report. He reported that uninsured losses were up, and reserve funds were expected to increase by \$10,000 by year end. He indicated that the budget committee reviewed the budget presented by Mr. Gourdie and Ms. Post, with a goal of keeping the budget the same, keeping the reserves at the same level or higher and providing employees with a 2-percent raise across the board. He stated that the first seven-year building renovation cycle will be completed by the end of the year and during the second cycle, the buildings will cost less to maintain. He explained that, unless waived by the membership, the State requires reserves to be funded at 100%, which for the Association would be \$999,532, but the board is proposing a funding level of \$397,849, up from \$367,235 the prior year.

Mr. Rasmussen stated that laundry revenue was approximately \$72,000 as of September 30, 2014 and is approximately \$76,000 as of September 30, 2015. He reported on 20 units that sold, with overall prices increasing over last year's, and that delinquent fees total approximately \$71,000.

Carl Bauer then arrived at approximately 9:00 a.m., and Mr. Rasmussen called the meeting to order at the Grenelefe Conference Center, Haines City, Florida, the location specified in the notice of meeting.

Mr. Rasmussen then stated that if there were no objections, as president of the Association, he would chair the meeting and appoint Carol Post to act as the recording secretary. Carol Post stated that the meeting had been properly noticed to the general membership. Faye Sadler moved and Carol Vasquez seconded a motion, which was passed unanimously, to waive the calling of the roll. Acting secretary Carol Post then certified the validity of the proxies and declared a quorum. Kenneth Graf moved and Glenn Norton seconded a motion, which was passed unanimously, to dispense with the reading of last year's annual meeting minutes. Carol Vasquez moved and Glenn Norton seconded a motion, which was passed unanimously, to approve the minutes of the prior year's annual meeting as previously submitted.

Mr. Rasmussen then declared the polls closed.

John "Randy" Kuhl then gave a report on the Association's financial condition as of the year ending September 30, 2015, which is attached and made a part of these minutes of the annual

meeting. Glenn Norton then recognized Mr. Kuhl for all the work he does around property during the months he is here, picking up trash and blowing leaves.

The Association's auditor, Andrea Doane, then gave a report on the 2014 audit, which is made a part of the treasurer's report and attached to these minutes of the annual meeting. She stated that there were no significant findings.

Chris Gourdie then presented highlights of the operating budget. He stated that the Association has been able to get more productivity with less money. It has instituted several cost-saving initiatives, including use of temporary employees to save turnover costs and water conservation efforts, which has enabled maintenance fees to remain basically level.

Mr. Rasmussen then presented the reserve budget. He indicated that the board was proposing a funding level of \$397,849 for 2016, instead of the fully funded amount of \$999,532. Faye Sadler moved and Monica Shores seconded a motion to waive 100-percent funding of the reserve requirements for the fiscal year 2016 in favor of a funding level of \$397,849 proposed by the Board of Directors. The motion passed, with 599 in favor and 0 opposed.

Dan Rieth moved and Faye Sadler seconded a motion to postpone the Association's audit for year 2015 from May 1 to August 1, 2016. The motion passed, with 599 in favor and 0 opposed.

Susan Come moved and Carol Vasquez seconded a motion to defer excess membership income to subsequent years in accordance with Internal Revenue Ruling 70-604. The motion passed, with 599 in favor and 0 opposed.

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

Carol Vasquez acknowledged owners Ellie Rieth and Ruth Norton for work they have completed to beautify the Grenelefe property. Other owners were congratulated for plant installs they have done at their own buildings. It was suggested that the Association put out a call for volunteers, and Mr. Gourdie stated that he would include it in the newsletter and have it added to the website. He advised owners who do plantings to come to the office for "no weed whacking" signs, but that they need to keep their beds weeded, as the Association does not have the staff.

Kenneth Graff expressed concern that when the dilapidated buildings on the west side were torn down, one was left. Glenn Norton stated that the County made Westgate tear the others down.

John Rasmussen then gave a report on the roads. He stated that the Association has submitted a proposal to Westgate seeking permission to use Association funds to repair the roads, as those funds become available. He indicated that the Association would make sure there is no liability and it is not responsible to fix the roads in the future. Carl Bauer stated that Westgate has agreed in principle, but that their legal team has not reviewed the proposal yet. Glenn Norton expressed the opinion that the Association should not have to fix the roads, since it doesn't own them, but owners would benefit, because they use the roads. He stated that with this proposal, owners would not have to spend more than they are already spending, that surplus funds would be used.

Dan Rieth asked about the legality of using Association funds to fix the roads, and Drew Smith, the Association attorney, stated that the owners have easement rights, and improving the roads owners use to get to and from their units is justifiable. Dan Rieth stated that the volunteers beautified the golf course then Westgate raised the rates, and he felt that if the Association fixed the roads, there would be no appreciation from Westgate. John Rasmussen stated that fixing the roads would be to benefit the owners, not David Siegel.

Mike Lane then questioned whether one-time repairs would just be done in certain areas, and what would keep the Association's investment from falling apart. Chris Gourdie stated that once resurfaced, the roads would last 20 years. Mr. Rasmussen explained that with the agreement, Westgate would be giving the Association permission to fix the roads over the next seven years.

When asked whether it would require a membership vote, Drew Smith stated that the issue doesn't have to come to the membership unless the Association intends to use funds outside of the approved budget. Mr. Gourdie explained that often the Association has a surplus of income over expenses due to less-than-anticipated expenses, such as insurance premium savings and vacant positions, and those surplus amounts could fund the roads. He stated that the Association would pick the vendor and be in charge of the work.

Earl Monari explained that having Westgate install a separate entry for the golf course was a part of previous discussions but not included in this proposal. He felt that was something that should be considered, as there would be less wear and tear on the roads the Association repairs. Glenn Norton explained that there is no plan to spend money immediately, that the agreement would give the Association flexibility. He indicated that some of the other associations may also be willing to participate. Monica Shores asked why David Siegel won't fix the roads, and Carl Bauer stated that he is losing money on Grenelefe already.

Rich Leiter then asked what was decided on Chris Gourdie's employment contract, a topic he raised at last year's annual meeting. He felt that Mr. Gourdie is doing a great job and should have a five-year contract. Mr. Rasmussen said that the board did discuss it with Mr. Gourdie and decided to leave it as is, and that Mr. Gourdie was fine with it. Mr. Gourdie agreed and stated that he was satisfied with his pay and benefits and was pushing to institute a retirement program for Association employees.

Carl Bauer then stated that he wanted to also acknowledge John Rasmussen for a job well done as president, that fees haven't gone up during his presidency and maintenance has improved.

Dan Rieth then stated that he has never seen an owner allow assets to decrease the way Westgate has and that the roads look so bad it turns people off. Carl Bauer stated that he agreed that the roads need repair. Mr. Rasmussen said that the problem isn't with the Westgate directors, that they are working with the Association, but when they go to corporate, they get shot down. He stated that Mr. Bauer has been bringing the road issue to corporate for the past three years, but it's an economic issue. When someone asked if Grenelefe is for sale, Mr. Bauer indicated that it is and has been, but no one can come up with a concept to make it work.

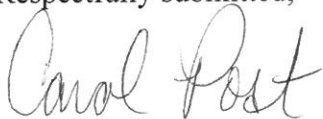
Susan Come then stated that starting this time of year, the trash dumpsters are overflowing. John Rasmussen instructed Mr. Gourdie to look at putting in another dumpster. Ms. Come also asked about loud music coming from an adjoining condo, and Mr. Rasmussen advised that she call the sheriff. Mr. Lane stated that since Westgate has fixed up and rented more units, there is a big problem at the mailboxes with people throwing junk mail on the ground and asked if trash cans could be put there. Mr. Rasmussen instructed Mr. Gourdie to check the property and see where that is an issue.

Mr. Rasmussen then announced the results of the election, stating that John Kuhl, Earl Monari, Richard Moore and Joyce Morris were reelected to two-year terms.

Rich Leiter then asked if there is any thought of having the annual meeting on a different day, since the Association had to bring employees in on a Saturday to count ballots, but Mr. Gourdie indicated that the cost was minimal. Mr. Leiter then questioned whether the officers on the board should have term limits. Mr. Rasmussen indicated that the board elects the officers every year, and Earl Monari stated that board members feel free to speak and express their opinions and felt it was best to leave alone. Glenn Norton stated that Mr. Rasmussen was doing a good job as president, that he is serving as vice-president and is an attorney and former judge, and that Randy Kuhl, who has served two terms on Congress, is treasurer. He stated that he feels the board is in good hands, but that if the board ever had a problem with the president, they would elect a new one.

At 10:24 a.m., Kenneth Graf moved and Faye Sadler seconded a motion, which was passed unanimously, to adjourn the meeting.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol Post".

Carol Post
Secretary