

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.

Minutes of the Annual Meeting

November 4, 2017

John Rasmussen, president of the Association, called the meeting to order at 8:45 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 Chris Gourdie to act as the recording secretary. Chris Gourdie stated that the meeting had been properly noticed to the general membership. Murray Miller moved and Randy Kuhl seconded a motion, which was passed unanimously, to waive the calling of the roll. Acting secretary Chris Gourdie then certified the validity of the proxies and declared a quorum. Jeanne Dannemiller moved and Earl Monari seconded a motion, which was passed unanimously, to dispense with the reading of last year's annual meeting minutes. Randy Kuhl moved and Carol Vasquez 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 four candidates for four open positions on the board, so an election wouldn't be necessary. He indicated that John "Randy" Kuhl, Earl Monari, Richard Moore and Joyce Morris would be appointed to two-year terms.

The general manager then presented a slide show depicting some of the work done during the year throughout property, as well as photos of damage sustained during Hurricane Irma.

Mr. Rasmussen then moved on to the president's report. He reported on the damage sustained during Hurricane Irma and the Association's clean-up efforts. He indicated the Association again formed a budget committee to review the proposed budget submitted by the office, which included a 2% across-the-board raise for the employees and an increase of about \$59,579 in reserve funding. The budget committee, consisting of Randy Kuhl, Carl Bauer, Tom Leiser and Earl Monari, proposed that the board accept the budget without change, which it did. Quarterly maintenance fee increases range from no increase to \$1 per quarter for some unit types, except for the lake lofts, which will increase by \$20 per unit. Mr. Rasmussen also gave a report on laundry revenue, delinquent accounts and units that have sold in the past year.

John "Randy" Kuhl then gave a report on the Association's financial condition as of the year ending September 30, 2017, which is attached and made a part of these minutes of the annual meeting.

The Association's auditor, Andrea Doane, then gave a report on the 2016 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.

John Rasmussen then presented the budget. He stated that there were essentially no changes in maintenance fees except a \$20 increase for the lake lofts. Mr. Rasmussen stated that the lake

lofts were built to last 20 to 30 years, that the floors are sagging and the buildings need a lot of work. He stated that some decisions need to be made regarding whether to bring the lake lofts back to the way they were originally constructed or to modify them, which would require a vote of the lake loft owners.

Murray Miller asked how the Association made out on insurance for hurricane damages. Mr. Gourdie explained that the deductible for named storms is 2% of the value of the building, with a minimum \$50,000 deductible overall. Since the damages did not reach that amount, there were no funds to recover. Mr. Gourdie explained that he had checked with FEMA, but no funds were available there, either. He indicated that the expenses would be able to be absorbed in this year's budget, because we were considerably underbudget for the year. Mr. Miller asked if management felt the Association's insurance premiums would increase as a result of the storm, and Mr. Gourdie indicated that the premiums probably wouldn't be impacted right away, but that there would probably be an increase in the future, that the Association experienced an increase when New York was hit sometime back.

John Rasmussen praised the Association staff for all the work they did, coming out the day after the storm, experiencing tough conditions with no power and no phones, and working to set up communications via the Association's website. Chris Gourdie indicated that the biggest issue during the hurricane was all the lift stations being down. He stated that the Association hired a septic tank company to move sewage every day until power was restored to the lift stations. Rich Leiter asked how Westgate managed through the hurricane, and Mr. Gourdie said they had a lot of downed trees on the golf courses.

Mr. Rasmussen then stated that the board had already approved a total operating and reserve budget in the amount of \$2,569,134. He explained that, unless otherwise approved by the membership, the reserves must be funded at 100%, which would result in higher fees. Murray Miller moved and Carol Vasquez seconded a motion to waive 100-percent funding of the reserve requirements for the fiscal year 2018 in favor of a funding level of \$465,078 proposed by the Board of Directors. The motion passed, with 585 in favor and 0 opposed.

Randy Kuhl moved and Martha Oxley seconded a motion to postpone the Association's audit for year 2017 from May 1 to August 1, 2018. The motion passed, with 583 in favor and 2 opposed.

Randy Kuhl moved and Earl Monari seconded a motion to defer excess membership income to subsequent years in accordance with Internal Revenue Ruling 70-604. The motion passed, with 585 in favor and 0 opposed.

Mr. Rasmussen then explained that the next item on the agenda, the vote regarding term limits for directors, required 66 2/3% of the membership in order to be adopted. Earl Monari moved and Carol Vasquez seconded a motion to allow members of the Board of Directors to serve more than four consecutive terms of office. Mr. Gourdie stated that one of the reasons for extending the term limits is because there aren't a lot of owners who offer to be on the board. Rich Leiter stated that he had no objections, but he had a problem with any officer remaining in the same office for an indefinite amount of time and gave examples from the past. John Rasmussen stated that election of officers is a board decision rather than a membership vote. Mr. Leiter also stated

that one of the board members no longer owns property at Grenelefe, and he felt that directors should have to be owners or legal representatives of owners to serve on the board. Gail Gann asked if Westgate would be able to put a fifth director on the board if no other owners came forward, and Mr. Rasmussen explained that, as the developer, they cannot.

The vote regarding term limits was then taken, and the motion failed, with 571 in favor and 11 opposed. Mr. Rasmussen then explained that many owners are under the impression that their votes don't count, since Westgate has more than 50% of the votes, but although some votes require only a majority, any changes to the documents require a two-thirds vote of the membership. Some owners made the suggestion, when there are changes to be made, that the Association do a campaign to get people to vote, such as putting announcements in the newsletters.

The meeting was then open for owner comments. Rich Leiter stated that he wanted it noted in the minutes that there were no Westgate representatives present at the meeting. Nancy Bergeron expressed dissatisfaction with the condition of the laundry rooms and residents not cleaning up after themselves, but also praised the Association staff for the cleanup done after the hurricane.

Rich Leiter relayed an incident where it took a sheriff 30 minutes to arrive at Grenelefe from Lake Alfred when he called for assistance, and that there should possibly be security at Grenelefe. He also asked about the cops that live on property. Mr. Gourdie explained that, in his experience, the cops don't want to involve themselves in situations with their neighbors. Quinton Carson said that if people are causing problems, that the owners need to band together to get them evicted and keep pressure on Westgate.

Mary Graham asked if the Association had had any reports of cars speeding, and John Rasmussen questioned the feasibility of installing speed bumps. Mr. Gourdie said people either love them or hate them, that they slow drivers down, but they're hard on cars.

Mark Weber relayed problems with cars parking or driving on the grass and complained that there is a semi truck parked by the old dumpster area. Mr. Rasmussen explained that that area belongs to Westgate and the Association has no jurisdiction over what they do with their property. Mr. Weber also complained about the landscaping around his building and the fact that the new trash location is near his building.

At 10:45 a.m., Earl Monari moved and Randy Kuhl seconded a motion, which was passed unanimously, to adjourn the meeting.

Respectfully submitted,



Chris Gourdie
Secretary

TREASURER'S REPORT
For the Year to Date September 30, 2017

ANNUAL MEETING
November 4, 2017

The certified public accounting firm of Doane CPA Firm audited the books of the Association for the year ending December 31, 2016. Their final report, which indicates the financial position of the Association as of the end of 2016, will be mailed to the membership this month with the annual meeting minutes.

This report will reflect the data from the last financial statement available, which is as of September 30, 2017.

The Association ended September with a surplus of income to expenses of \$94,702 year to date. There was \$1,261,704 in operating funds, which is higher than normal, due to Westgate paying its fourth quarter fees in September. Accounts receivable totaled \$197,913, \$181,024 of which is fourth quarter maintenance fees invoiced in September but not due until October. Accounts receivable over 30 days totaled \$20,399, \$6,184 of which was paid in October, and most of the remaining balance of which is in attorney collection. Accounts payable were \$35,942.

The most significant overbudget items in 2017 were:

- Vehicle maintenance in grounds, overbudget by \$8,150 due to some expensive repairs on older vehicles
- Insurance deductible expense, overbudget by \$11,757 due to sewer backups and leaks and a \$5,000 deductible on a liability claim
- Fire extinguisher service, overbudget by \$7,693 due to two years of service being done during 2017
- Mailbox expense, overbudget by \$3,583 due to the purchase of a new cluster box
- Termite, bee and wasps service, overbudget by \$10,965. The \$78,000 termite treatment performed in 2015 is being expensed over five years, but is not included in the budget since the amounts are already paid.
- Temporary help in grounds is overbudget by \$89,054, but the amount is offset by underbudget amounts in grounds payroll, health insurance and taxes totaling \$90,302.
- Other overbudget areas include mulch, administrative payroll, engineering fees, and legal expense

The primary underbudget areas include:

- Electrical and plumbing contractors, underbudget by \$14,575 due to there being no need for sewer line replacements this year

- Water and sewer and laundry electric and water, underbudget by a total of \$10,437 due to water conservation efforts
- Painting contractor and building paint, underbudget by \$29,334 and \$9,763 respectively, due to the slow pace of work at the lake lofts
- Workers compensation insurance, underbudget by \$13,449
- Casualty and liability insurance, underbudget by \$5,445
- Tree care, underbudget by \$4,225
- Other underbudget areas include irrigation supplies, lighting, and building vehicle maintenance.

Income from laundry equipment is \$82,138. Total interest income thus far is \$889: \$710 from operating funds and \$179 from reserve funds. The Association realized a gain on sale of equipment of \$10,985 through auctioning its old lift.

In February of 2017, the Association foreclosed on unit 3563 for unpaid maintenance fees. The unit had a private mortgage and was encumbered with an IRS lien. The Association sold the unit to a company that purchases association-owned units encumbered with mortgages or liens.

The Association ended September with \$682,981 in reserves, the largest of which is the multi-unit roof reserve, at \$245,107. The multi-unit building reserve carries a balance of \$195,346, and the lakeloft reserve has a balance of \$25,087. The landscaping reserve has a balance of \$26,149, and the equipment reserve balance is \$46,299. The parking lot resurfacing fund has a balance of \$34,710, and the laundry reserve has a balance of \$110,283. The cash reserves are primarily invested in CDs, money markets and savings accounts at CenterState Bank, Mid-Florida Federal Credit Union, Quantum National Bank, Capital One, and Citizens Bank. The interest rates on these accounts vary, with an average rate of return of approximately .16 percent.

Respectfully submitted,

John R. "Randy" Kuhl, Treasurer