

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Budget Committee
(Via telephone)
August 9, 2018

The budget committee chairman, Randy Kuhl, called the meeting to order at 10:05 a.m. on the date above noted.

Those present were:

John "Randy" Kuhl, Chairman
Earl Monari
Carl Bauer

Chris Gourdie, General Manager
Carol Post, Bookkeeper

Tom Leiser was absent.

Randy Kuhl began by asking Carl Bauer for his input on the budget options provided. Mr. Bauer stated that budget option C is the lowest, so that would be the one he would support. He asked how the fees could increase when the total budget went down.

Chris Gourdie stated that the 2018 budget was offset by an \$80,000 carry forward from last year, but there is no carry forward to offset the 2019 budget, meaning a larger portion of the expenses have to be collected. He added that there are also some large increases in various insurance coverages. Carl Bauer asked if there is expected to be any carry forward this year, and Mr. Gourdie said no because of the large carry forward from last year.

Mr. Bauer pointed out that expenses in administration have increased and that he didn't feel the Association needed to budget \$8,000 for director travel expenses when directors can attend meetings via phone. Carol Post explained that \$3,000 is for director travel, and the remaining \$5,400 is compensation for the president and treasurer. Mr. Bauer suggested looking at the \$3,000. Mr. Monari pointed out that he only comes down for the November meetings and connects via phone the rest of the time.

Mr. Bauer then stated that he is opposed to the Association having so many employees, with costs that keep increasing. He said we've never tried to bid these jobs, and that when that was done with painting, it made sense to use an outside contractor. He felt that the Association should look at all these positions, landscaping and buildings, and see if it can get bids and cut some of these expenses. He stated that potential buyers of Grenelefe always feel that the dues are too high.

Mr. Kuhl stated that Mr. Bauer would probably want to address some of these issues at the board meeting, but that he himself has gone through each of the budget items and feels that after nine years, the Association needs to increase its maintenance fees. Mr. Kuhl stated that he felt the committee should advance proposal A, providing the other options also, and if the board wants to alter that at the board meeting, it could do so then. He stated that the Association was fortunate in

prior years to have reductions in costs for insurance, water, and other items, but he feels the Association can no longer maintain the premises without finally increasing maintenance fees.

Mr. Bauer stated that the Association can't maintain the property without an increase if it keeps doing what it's been doing, such as trying to do everything in house. He stated that he felt the Association would save a lot of money by farming things out. Mr. Kuhl stated that the board could ask Chris to get bids, but that the committee's responsibility is to recommend a budget for full consideration of the board. Mr. Kuhl stated that he understood there had been some discussions in prior years about moving some tasks from in-house to outside contractors and vice versa. He said without those facts, the committee couldn't make an alteration in one proposal or another and said he would like to move it forward to the full board for consideration.

Mr. Gourdie said that the Association has done those studies in the past, and he could pull those out, find new vendors and get new bids, but that the September meeting might be too soon to get that all figured out, since he would have to get vendors out to walk the property and show them what the Association expects. Mr. Kuhl stated that he felt Mr. Bauer raised a good point in that the Association should constantly be looking for the cheapest way to operate with the same or better service, but didn't feel that should hold up the advancing of the budget to the board. He stated that he is in favor of budget A, because he feels the increase included to maintain the staff is important for the property.

Mr. Bauer asked if the total cost of the employees is coming out of the building reserves, and Mr. Goudie stated that those expenses come out of operating. Mr. Bauer asked why, that if the Association used a contractor those costs would come out of reserves. Mr. Gourdie stated that wages aren't a reservable item by law, but if the Association used a contractor and took these costs from reserves, the reserve account would be cleaned out in a year and a half, that currently only materials come out of reserves.

Mr. Bauer then asked why the lakeloft owners have to pay for the building payroll when they're not getting any benefits from it, and Mr. Gourdie said Association personnel have spent a lot of time at the lakelofts building sidewalks, repairing steps and walkways and replacing doors. This month, they're remeasuring all the lakelofts to see how the structural problems are progressing.

Mr. Monari stated that the reason for the committee was to make a judgment call and present the budget to the board. He stated that he had reviewed the budget and felt that budget A is doable for the property. He expressed concern about tasks that had been put off due to lack of funds and staffing, such as building preventative maintenance and the lighting project, and stated he would like to see an ongoing procedure wherein it could be brought up to standard. He felt that the reserves needed to be maintained and not used up.

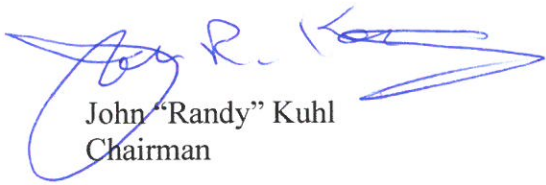
Earl Monari then made a motion, which was seconded by Randy Kuhl, that the committee forward budget A to the board, with the understanding that budget B and C provide other options. The vote was then taken, and the motion passed, with Earl Monari and Randy Kuhl voting in favor and Carl Bauer opposed.

Mr. Kuhl then asked Mr. Gourdie to dust off the old proposals from contractors and see what he can come up with by the September board meeting, and Mr. Gourdie stated that he would. He

stated that he would at least be able to show the board what was compiled in the past and also see where the market is now as far as cost of services. Mr. Bauer suggested getting a landscaping bid and also have a contractor bid two buildings that the Association is going to renovate, calculate the Association's costs and compare the two. Mr. Gourdie agreed, but reminded the board that the preventative maintenance is just a portion of what the building department does, that they also do sewers, lighting, etc. Mr. Bauer stated that he isn't suggesting getting rid of all employees, but that he has found, in his experience, using contractors is the cheapest way to go.

The meeting was then adjourned at 10:26 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "John R. Kuhl", with a large, stylized flourish extending to the right.

John "Randy" Kuhl
Chairman