

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
November 4, 2010

John Rasmussen called the meeting to order at 10:07 a.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

John Rasmussen, President
Shirley Gold, First Vice-President (via phone)
Joyce Brown, Second Vice-President
Robert Krueger, Treasurer
Bryon Smith, Secretary
Carl Bauer, Director

Earl Monari, Director
Richard Moore, Director (via phone)
Joyce Morris, Director
Chris Gourdie, General Manager
Carol Post, Asst. General Manager

The president announced that a quorum was present and that the notice for this meeting was posted in accordance with the bylaws and statutory requirements.

Under provisions for owner comments, no owners indicated a desire to address the board.

The minutes of the September 9, 2010 board meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the September 9 meeting stand approved as submitted.

Robert Krueger then gave the treasurer's report. He indicated that he had reconciled all of the Association's bank statements with the balances on the balance sheet, and that everything was accounted for. He indicated that the Association ended September with a surplus of \$49,802 and operating cash of \$509,042, which includes an insurance trust fund amount of \$317,645 for repair of tornado damaged buildings. He reported that cash in reserves totaled \$662,765, \$199,319 of which is the SunTrust Property Insurance Fund. Mr. Krueger reported that the new laundry equipment was paid for using a total of \$81,500 from the laundry room reserve, obtaining a \$100,000 loan from Citizens Bank, and taking the remaining \$1,700 from operating funds.

The next item on the agenda was the general manager's report. Chris Gourdie reported on the status of the multi-unit building preventative maintenance schedule and installation of new plant material at the multi-unit buildings and the lakelofts. He also reported on the many tasks performed by Association employees. He then reported on the status of the laundry project, indicating that all the machines had been installed and running for almost two months, with \$10,046 in revenues and \$3,103 in expenses, which includes \$1,605 to purchase laundry cards. He also gave an update on the progress of the tornado reconstruction, indicating that all the roofs are now on and the buildings are in different stages of reconstruction.

Under administration, Ms. Post reported that receivables in collection totaled \$259,920, \$117,366 of which is owed by Treehouse, LLC, owner of 19 units, with another \$84,971 owed

by two other owners. All units in collection have been placed with the attorney and are either lienied or have had foreclosure proceedings filed. Ms. Post reported that the Association has collected \$10,011 in rents for Treehouse thus far.

Chris Gourdie then presented a quote for applying a one-inch asphalt overlay to each of the Association's parking areas, along with cost projections for asphalt with Grip-Flex every five years, asphalt with Seal-Coat every three years until complete then Grip-Flex every five years, and a seven-year plan for asphalt overlay, with Seal-Coat only to be completed every three years. Carl Bauer moved and Bryon Smith seconded a motion to proceed with the resurfacing and Seal-Coating of Camelot Circle in 2011. Mr. Krueger asked whether the quote was a firm bid on the asphalt, and names of two other contractors were suggested for quotes. Carl Bauer withdrew his motion and Bryon Smith withdrew his second. Then Carl Bauer moved and Bryon Smith seconded a motion, which was approved unanimously, to proceed with the resurfacing and sealing of Camelot Circle in 2011 after receiving at least three bids at a price not to exceed \$120,000.

The next item on the agenda was review of the auditor's management letter. Carol Post read through each of the points and explained the Association's current procedures. The points which resulted in changes were: 1) documenting the treasurer's review of the bank statements, bank reconciliations, and financial statements in the minutes, 2) having the general manager sign off on all journal entries made by the assistant general manager and bookkeeper, 3) having the bookkeeper review the payroll reports prepared by the assistant general manager, 4) requiring that all replacement fund accounts require two signatures for withdrawal, and 5) having the board review insurance policies, including the Fidelity Bond and Directors and Officers Errors and Omissions Insurance at the last meeting prior to renewal of each. (Note: The board already reviews Property and Casualty, General Liability, and Umbrella.) The auditor recommended that the board adopt a conflict of interest policy and a policy determining whether interest on reserve funds remains in reserves or is transferred to the operating fund. The board plans to address both of these issues at the February meeting.

The management letter points for which no action was taken are as follows:

ACCOUNTING PROCEDURES

2) Amount Due to Operating Fund from Replacement Fund The Association can pay for capital expenditures out of the operating account on a temporary basis but should reimburse the operating account as soon as practical, preferably before the end of the fiscal year – The Association typically does this monthly.

3) Bank Signature Card Signature cards should be immediately updated whenever there is a change in the Board or Property Manager personnel – The Association already does this.

4) Assessments Receivable The Board should consider and approve writing off accounts that are deemed uncollectible. Collection efforts should be continued even after accounts are written off, however – The Association does not deem an account uncollectible until a unit becomes bank owned. At that time, the amount the bank is required to pay per Florida Statutes is calculated and the remainder written off.

REPLACEMENT FUND (RESERVES)

1) Establishment of Funding Plan The Association has established a formal plan for fundings its major repairs and replacements of common area components. We recommend that the board continue to review and approve the "in house" study to estimate the costs of repairing and replacing assets included in that study – The Association already does this.

INSURANCE

2) Review of insurance We suggest that the Board meet with the Association's insurance broker annually to review the adequacy of insurance coverage – Since the agent for the majority of the Association's coverage is based in Atlanta, the board chose to continue to handle this review process via phone and e-mail.

TAXES

1) Budgeted Taxes We believe income taxes should be accounted for in the replacement fund since interest is the main taxable item and most of the interest is generated from the replacement fund cash accounts. In practice, however, many associations budget and pay for taxes out of operating funds. Therefore, either decision the Board makes would be acceptable – The Association pays all taxes due out of operating funds, and the Board chose to continue in this manner.

2) Tax exempt function We recommend that the Board review and approve the Association's services provided that are not part of the Corporation's Tax Exempt function. Profits from these services are subject to Federal and State income taxes – The board reviews the financial statements which are provided with the treasurer's report, and all of this information is reported on page one of the operating statement.

The next item on the agenda was the condition of the roads. Carl Bauer indicated that it is the opinion of CFI's attorney that the Association could contribute funds toward the roads, even though they are not common element. A discussion ensued wherein the board discussed the need to get the other associations on board, and the fact that golfers also use the roads, which benefits Westgate. The board agreed that the issue needs to be discussed with the Association's attorney and firm numbers must be obtained before approaching the other associations.

The next item on the agenda was compensation of officers. Carl Bauer indicated that the president spends a lot of time on Association business and should, therefore, receive some sort of compensation. He felt that the treasurer also should receive compensation, but less than the president, and if either officer lives away from Grenelefe and must travel, that he or she would receive compensation or travel expenses, but not both. After discussion, Carl Bauer moved and Bryon Smith seconded a motion to compensate the president in the amount of \$300 per month for the time he spends on duties that benefit the membership of the Association. Shirley Gold, Carl Bauer, Bryon Smith, Joyce Brown, Robert Krueger, and Earl Monari voted in favor, and John Rasmussen abstained. Joyce Morris and Richard Moore were absent for this vote.

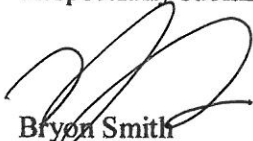
Then Carl Bauer moved and Bryon Smith seconded a motion, which was approved unanimously, to compensate the treasurer in the amount of \$150 per month for the time he spends on duties that benefit the membership of the Association. Joyce Morris and Richard Moore were absent for this vote.

The next item on the agenda was appointment of an election committee for the purpose of counting ballots at the annual meeting. Joyce Brown moved and Robert Krueger seconded a motion, which was passed unanimously, to approve Penny Dillon, Karen McDonough, Delores Groth, Willa Weidt, Faye Sadler, Mary Whitmarsh and Dan Leiter to validate and count ballots, and to authorize the Association office to select an eighth member plus an alternate.

Under new business, Carl Bauer informed the board that CFI will be doing a real estate launch for a mass sale of units. This is to begin on January 15, 2011.

At 4:00 p.m., Bryon Smith moved and Earl Monari seconded a motion to adjourn.

Respectfully submitted,



Bryon Smith
Secretary