

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
November 3, 2011

John Rasmussen called the meeting to order at 1:02 p.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)
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

Joyce Brown was absent.

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, Rich Leiter expressed concern that the Association was now paying the president when it had never been done in the past, and that it could appear that the president is in Westgate's pocket since Westgate has the majority of the votes. Carl Bauer indicated that he was the one who made the motion because the president spends many hours on Association business and that a thank you in the form of a stipend seemed reasonable. Rich Leiter stated that he felt it didn't look good, especially in view of the fact that the board was cutting employees' hours.

The minutes of the September 15, 2011 board meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the September 15, 2011 meeting stand approved as submitted. The minutes of the September 20, 2011 meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the September 20, 2011 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 all the numbers are accurate. Mr. Krueger stated that the Association ended September with a deficit of \$20,232 for the month but a surplus of \$125,316 for the year. Operating cash was \$277,779 and cash in reserves totaled \$551,113, \$140,855 of which is the Property Insurance Fund.

The next item on the agenda was the general manager's report. Mr. Gourdie gave a report on the progress of the preventative maintenance program and provided a new schedule for completing the remaining buildings on the first round at a rate of 12 per year instead of 17. He also reported on the progress of installing the new signage required with the 911 readdressing and some of the associated challenges such as relabeling electrical meters, providing labels for the mailboxes, fielding all the questions from residents, recreating property maps, and coordinating with the DMV and county voter registration groups.

Under grounds, Mr. Gourdie provided photos of sod and new plant installations done over the past several weeks and related the challenges Association personnel have faced with repairs to the aging irrigation system. He also provided photos of the west side trash area with trash overflowing and scattered around the dumpsters, and a van and trailer caught on camera illegally dumping. He presented the board with a picture of the signage which will be posted at the trash sites prohibiting illegal dumping and threatening prosecution.

Under administration, Carol Post reported that \$239,670 in delinquent fees was currently in attorney collection. \$112,644 of this amount is owed by Tree House, LLC. She indicated that Tree House, LLC had paid the agreed-upon amount in October, but that as of that date, the Association had not received the payment for November. Another two units had completed bank foreclosure, which involved writing off \$22,290 in fees, leaving three more units to complete the foreclosure process. Ms. Post also reported that a total of \$20,669 was received on three of the units that were in attorney collection.

Mr. Gourdie then presented a revised parking lot resurfacing schedule for board consideration, wherein the Association would do \$75,000 worth of resurfacing in 2012 rather than \$95,000 as previously discussed, since it is trying to rebuild the reserves. Shirley Gold, Robert Kruger and Earl Monari expressed support of the plan, and Mr. Gourdie indicated he would proceed.

The next item on the agenda was review of the auditor's management letter. Ms. Post indicated that the auditor, Doane CPA Firm, is recommending that the Association have a reserve study performed by a licensed analyst. The board asked Mr. Gourdie to obtain a cost. Ms. Doane also recommended that the Association create an accounting procedures manual, set up a separate account to track transfers of funds, determine a percent of receivables estimated to be uncollectible and record it in Allowance for Doubtful Accounts, and set up a separate reserve checking account for paying reserve-related expenditures. Ms. Doane also indicated that there were no material misstatements in the Association's financial statements, no disagreements with management and no consultations with other accountants needed.

The next item on the agenda was review of the Association's insurance policy renewals. Ms. Post indicated that the only policy coming up for renewal before the next meeting was the \$1,000,000 fidelity bond which renews in December. She stated that Old Republic, the current carrier, is no longer writing bonds with that limit, and the agent is working with The Hartford. The agent is expecting the annual premium to be equal to or less than Old Republic's \$993.

The next item on the agenda was purchase of a utility vehicle. Mr. Gourdie indicated that the 1997 Kawasaki mule has been breaking down continuously over the past two years and it is no longer cost effective to repair it. He presented a photo and specifications on a Subaru utility vehicle available at a cost of \$4,000 plus tax and asked for permission to purchase the vehicle using funds from the equipment reserve. Carl Bauer suggested having Richard Moore check to see if he could get a better deal. Shirley Gold moved and Robert Krueger seconded a motion, which was passed unanimously, to allow Mr. Gourdie to purchase a vehicle similar to the one identified in the general manager's report at a cost not to exceed \$4,000 plus tax.

The next item on the agenda was consideration of the Association's wage policy. Mr. Gourdie expressed concern that the policy doesn't give him the leeway to hire someone with extensive experience in at the mid-range. Shirley Gold agreed and suggested that the Association try to get experienced people, that the Association shouldn't be in the business of training people who often leave for better pay once

trained. Richard Moore felt that the maximum pay levels were set too high, that there are plenty of applicants willing to work for less. John Rasmussen suggested that the board wait until November 2012 to look at the wage policy for 2013, since wages were frozen for 2012 anyway.

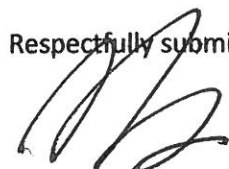
The next item on the agenda was the proposed reserve spending policy. Earl Monari expressed the opinion that the policy was too restrictive, and Robert Kruger stated that with a spending limit in place, he didn't know that there needed to be another layer of protection. Mr. Gourdie explained that if spending was going to exceed any of the figures stated in the reserve budget, that he would bring it to the board, and it was decided by consensus of the board that a reserve spending policy wasn't needed.

The next item on the agenda was condition of the roads. Carl Bauer indicated that he spoke with Westgate's attorneys regarding the idea discussed at the September 15 meeting of the west side associations taking over the roads, and they didn't seem interested in pursuing it. Chris Gourdie suggested that Westgate come to the owners with figures for what the work would cost and what Westgate would be willing to pay.

The last item on the agenda was GAP insurance. Earl Monari asked Mr. Rasmussen what was the board's resistance to the insurance, and Mr. Rasmussen indicated that the program was just too new. Mr. Bauer and Mr. Rasmussen both expressed concern about the Association turning owners who were trying to pay over to a debt collection agency. Shirley Gold suggested inquiring if the Association could turn something over on a trial basis at a minimal cost.

At 4:00 p.m., Carl Bauer moved and Joyce Morris seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,



Bryon Smith
Secretary