GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
September 15, 2011

John Rasmussen called the meeting to order at 1:05 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)
Joyce Brown, Second Vice-President
Robert Krueger, Treasurer
Bryon Smith, Secretary
Carl Bauer, Director
Earl Monari, Director (via phone)
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 were present to address the board.

The minutes of the June 2, 2011 board meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the June 2, 2011 meeting stand approved as submitted. The minutes of the August 19, 2011 meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the August 19, 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 July with a surplus of $126,755 and operating cash of $486,845. He stated that the last of the insurance trust fund amounts were paid out to repair the fire damaged building. He reported that cash in reserves totaled $549,949, $140,846 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 several photos of buildings on the schedule for 2013 which already showed signs of severe rot. He also reported on the lakeloft lighting issue, indicating that Progress Energy's Sentinel light program discussed at the June board meeting would cost $5,000 to install and $11,346 per year, and was therefore not a cost-effective option. Mr. Gourdie presented three bids to cable all the lights together and hook them up to a single meter to be paid by the Association.

Robert Krueger moved and Shirley Gold seconded a motion to proceed with the lakeloft lighting project to be funded from the lakeloft reserve. Discussion ensued regarding how the work would be done, whether the Association could save money by having fewer lights, and liability issues if the area were to continue to remain poorly lit. Bryon Smith advised not to go with fewer lights unless instructed by a site engineer. Earl Monari asked if there were any pressing situations at the lakelofts that would require funding, and Mr. Gourdie indicated that the lakelofts had all been recently renovated. Shirley Gold moved to call the question, which Earl Monari seconded. The motion to proceed with the project passed, with Shirley Gold, Joyce Brown, Robert Krueger, Bryon Smith, Earl Monari, Richard Moore, Joyce Morris and John Rasmussen voting in favor and Carl Bauer against.

Mr. Gourdie then reported on problems with residents putting non-recyclable trash in the recycle dumpster and suggested moving it to a location near building 318, away from the other containers. Mr. Bauer indicated he would have to ask, as the proposed location is Westgate property. Mr. Gourdie also reported on the challenges faced with the antiquated irrigation system and the extensive repairs needed to keep the system operational.

Under administration, Ms. Post reported that $296,959 in delinquent fees was currently in attorney collection. $128,220 of this amount is owed by Tree House, LLC, which entered into a repayment agreement with the Association at an August 15 mediation that was approved by the board on August 19. Two units had completed bank foreclosure, which involved writing off $15,502 in fees. A third unit was sold at a tax deed sale, and the $1,079 amount owing had to be written off. Mr. Gourdie then reviewed some recent changes to condominium law and updated the board on the recent fire code inspection.

Mr. Gourdie also gave a report on the pros and cons of the Guaranteed Assessment Program which was presented at the June meeting, indicating that he had spoken with the head of a management company which manages 19 condominium associations, and this manager was very pleased with the program. Mr. Rasmussen indicated that he would like to see more companies using it. Earl Monari asked for figures on how much time and legal costs the Association could save, and Mr. Rasmussen said to put the item on the agenda for the November meeting.

The next item on the agenda was review of Association insurance policy renewals. Ms. Post indicated that the next policy up for renewal was the Association's fidelity policy for employee crime, which would renew in December. She indicated the bond was $1,000,000, with a premium of $993 per year, but that she hadn't received the renewal information yet.

The next item on the agenda was the proposed budget policy. A discussion was held regarding a time frame for completion of the budget. It was decided in future years to work from May financial reports and have the budget completed by August 1. Joyce Morris moved and Joyce Brown seconded a motion, which was passed unanimously, to adopt the budget policy as presented.

The next item on the agenda was the condition of the roads. Mr. Bauer and Mr. Moore indicated that nothing had happened regarding the roads since the last meeting. A discussion ensued regarding the possibility of the seven associations on the west side each taking over its section of road, since those roads are in the worst condition.

The next item on the agenda was the proposed budget for 2012. Mr. Krueger, the chairman of the budget committee, began by stating that the common thread among the committee members was the need to rebuild the reserves at a faster rate than the documents allow. He indicated that reserve funding could be increased by more than the cap stated in the Association's bylaws with the vote of 75 percent of the membership. He suggested that any savings that could be realized in the operating budget be funneled into the reserves.

Earl Monari then made the following recommendations: to change the number of buildings to be renovated annually from 17 to 12 or 14, to reduce hours or personnel in grounds and carpentry, to institute a wage freeze, to not allow overtime except in cases of emergency, and to have the Association office be more proactive in not providing any services which are not the duty of the Association.

Carl Bauer made the following recommendations: Institute a wage freeze for all employees making less than $35,000 per year, have a 5-percent pay reduction for those making over $35,000 per year, require employees to pay up to 50 percent of their insurance premiums, and cut back at least two people in the building department. Mr. Krueger indicated that he didn't want to see a decrease in the preventative maintenance program, that once the Association gets through the 7-year cycle, costs will decrease dramatically.

Joyce Brown suggested that the Association increase the current 9-percent contribution that the employees pay for their health insurance to 15 to 25 percent. Shirley Gold expressed the opinion that, as an owner, what has been valuable is the esprit de corps of the staff, and that if the Association creates a situation where the staff doesn't feel appreciated, it will lose that benefit. She suggested not taking any extreme action. Earl Monari suggested cutting hours rather than jobs and to make changes gradually over one to three years and reassess the situation along the way. Mr. Rasmussen said that reducing the hours to 35 per week would eliminate $70,000 from the budget. Carl Bauer suggested cutting $70,000 from payroll and $20,000 from medical insurance.

Earl Monari moved and Richard Moore seconded a motion to change the preventative maintenance schedule from 17 buildings to 12 buildings per year, to freeze wages, to not allow overtime except in cases of emergency, and to reduce hours to 35 hours per week in carpentry, grounds, and HVAC, with all savings to be earmarked for reserves. A discussion ensued wherein Shirley Gold expressed concern that the cut in hours amounts to a pay decrease of 12½ percent. Chris Gourdie indicated that the Association would probably lose its HVAC manager, who is also responsible for laundry equipment repairs, smoke alarm maintenance, and inspection of the aluminum feeder wire connections in the units. Earl Monari withdrew his motion, Richard Moore withdrew his second, and Mr. Monari amended his motion, which Richard Moore seconded, to remove HVAC from the previous motion. Mr. Krueger indicated that he would rather see one to two employees laid off rather than decreasing the earnings of everyone, and the question was raised whether the wage freeze was effective immediately or in conjunction with the 2012 budget, and it was decided to begin the wage freeze on January 1, 2012. A vote was then taken and the motion passed, with Earl Monari, Richard Moore, Joyce Brown, Bryon Smith, Joyce Morris, and John Rasmussen voting in favor and Shirley Gold, Robert Krueger, and Carl Bauer voting against.

Carl Bauer then moved and Bryon Smith seconded a motion that with the start of the insurance cycle in 2012, employees be required to pay 20 percent of the cost of the insurance premiums. Joyce Brown, Shirley Gold and Earl Monari expressed the opinion that that was doing too much, and Joyce Brown suggested 15 percent instead of 20. Carl Bauer then withdrew his motion, and Bryon Smith withdrew his second. Carl Bauer then moved and Bryon Smith seconded a motion that with the start of the insurance cycle in 2012, employees be required to pay 15 percent of the cost of the insurance premiums. The motion passed, with Robert Krueger, Joyce Brown, Bryon Smith, Carl Bauer, Joyce Morris, and John Rasmussen voting in favor and Earl Monari voting against. Richard Moore and Shirley Gold were absent.

Carl Bauer then moved and Bryon Smith seconded a motion that any employee making over $35,000 per year receive a 5-percent reduction in pay beginning January 1. The question was raised about whether this would apply to those already receiving a cut in hours. Carl Bauer then withdrew his motion, and Bryon Smith withdrew his second. Carl Bauer then moved and Bryon Smith seconded a motion that any employee making over $35,000 per year who is not part of the reduction in hours receive a 5-percent reduction in pay beginning January 1. The motion failed with Bryon Smith, Carl Bauer and Joyce Morris voting in favor and Earl Monari, Robert Krueger, Joyce Brown, and John Rasmussen voting against. Richard Moore and Shirley Gold were absent.

Mr. Rasmussen indicated that before voting on the budget, the figures needed to be revised with the changes previously voted on. Mr. Krueger moved and Joyce Brown seconded a motion to solicit the membership for the right to increase reserve funding over the caps stated in the Association bylaws. Carl Bauer suggested using the first 5 percent to reduce fees and the rest to go toward reserves, and Earl Monari disagreed, stating that it all needed to go into the reserves. A vote was then taken and the motion passed, with Earl Monari, Robert Krueger, Joyce Brown, Bryon Smith, Joyce Morris and John Rasmussen voting in favor and Carl Bauer voting against.

At 5:35 p.m., Robert Krueger moved and Joyce Morris seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,

Bryon Smith
Secretary