GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
October 9, 2013

John Rasmussen called the meeting to order at 2:01 p.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

John Rasmussen, President
Glenn Norton, Vice-President (via phone)
Carl Bauer, Director (via phone)
John "Randy" Kuhl, Director (via phone)
Earl Monari, Director (via phone)
Joyce Morris, Director (via phone)
Chris Gourdie, General Manager
Carol Post, Assistant General Manager

Robert Krueger, Richard Moore and Bryon Smith were 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.

John Rasmussen asked the members of the board if they had each received the proposed changes to Sections 8 and 9 of the Declarations of Condominium regarding the appointment of an insurance trustee. Each indicated that they had.

Carl Bauer moved and Earl Monari seconded a motion to adapt the amendments to the Declarations as presented. Discussion then ensued, wherein Mr. Bauer asked if there is a rule that renters have to have insurance to cover Westgate and the Association, in addition to their contents insurance, if they cause a fire or flood. Mr. Gourdie indicated that a couple of years ago there was a law that owners had to carry insurance on their condominiums and list the Association as an additional insured, but that it was repealed a year later. Mr. Bauer indicated that some apartments require, as part of the lease, that renters name the owner of the property on their insurance. Mr. Gourdie indicated that a law has been passed that if an owner causes damage to Association property by negligence, that the Association can force the owner to pay its deductible. A vote was then taken and the motion passed unanimously.

Mr. Rasmussen then stated that the rule prohibiting signs was previously passed by the board but not the membership and asked about putting the item on the agenda for the annual meeting. A discussion ensued regarding the exception to the rule prohibiting signs: "unless the placement, character, form, size or related matters are first approved by the Association." Some examples given were temporary signs to warn of hazards or advertise an event, such as Westgate's auction. It was decided by consensus of the board to include the item on the agenda for the November membership meeting.

At 2:12 p.m., Earl Monari moved and Glenn Norton seconded a motion to adjourn.

Respectfully submitted,

Carol Post

Carol Post
Secretary pro tem

8. Insurance: The insurance, other than title insurance, that shall be carried upon the condominium property and the property of the apartment owners shall be governed by the following provisions:

8.1 Authority to purchase; named insured: All insurance policies upon the condominium property shall be purchased by the Association. The named insured shall be the Association individually and as agent for the apartment owners, without naming them, and as agent for their mortgagees. Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of apartment owners. ~~Such policies shall provide that payments by the insurer for losses shall be made to the Insurance Trustee designated below, and all policies and their endorsements shall be deposited with the Insurance Trustee.~~ Apartment owners may obtain coverage at their own expense for their personal property and other risks.

8.2 Coverage:

(a) Casualty: All buildings and improvements upon the land shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, all personal property included in the common elements shall be insured for its value, all as determined annually by the Board of Directors for the Association. Such coverage shall afford protection against the following:
   - (i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
   - (ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including but not limited to vandalism and malicious mischief.

(b) Public Liability: In such amounts and with such coverage as shall be required by the Board of Directors of the Association and with cross liability endorsement to cover liabilities of the apartment owners jointly and severally and the Association.

(c) Workmen's Compensation policy to meet the requirements of Florida law.

(d) Such other insurance as the Board of Directors of the Association shall determine from time to time to be desired.

8.3 Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

8.4 Insurance ~~Trustee~~ Policies; shares of proceeds: All insurance policies purchased by the Association shall be for the benefit of the Association and the apartment owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses, other than personal property of an apartment owner, shall be paid ~~to the Flagship Bank of Haines City, as Trustee, or~~ into a separately maintained bank account used solely for insurance proceeds, or if the Board of Directors should decide to use an Insurance Trustee, to such ~~other~~ bank in Florida with trust powers as may be designated as insurance trustee by the Board of Directors of the Association, which trustee is referred to in this instrument as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal or sufficiency of policies nor for the failure to collect any insurance proceeds. In the event the Board of Directors has appointed an Insurance Trustee, ~~T~~the duty of ~~the~~such Insurance Trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this instrument and for the benefit of the apartment owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the Insurance Trustee:

(a) Common elements: Proceeds on account of damage to common elements – an undivided share for each apartment owner, such share being the same as the undivided share in the common elements appurtenant to his apartment.

(b) Limited Common Elements: Proceeds on account of damage to limited common elements – an undivided share for each apartment owner, such share being the same as the undivided share in the limited common elements appurtenant to his apartment.

(c) Apartments: Proceeds on account of damage to apartments shall be held in the following undivided shares:

(i) When the building is to be restored – For the owners of damaged apartments in proportion to the cost of repairing the damage suffered by each apartment owner, which cost shall be determined by the Association.

(ii) When the building is not to be restored – An undivided share for each apartment owner in such building, such share being proportionate to his undivided share in the common elements appurtenant to his apartment as such share relates to the said building and as determined in accordance with such proportions by the Association.

(d) Mortgagees: In the event a mortgagee endorsement has been issued as to an apartment, the share of the apartment owner shall be held in trust for the mortgagee and the apartment owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions of such proceeds made to the apartment owner and mortgagee pursuant to the provisions of this Declaration; provided that the provisions of this sub-paragraph 8.4(d) shall not be applicable to Marine Midland Realty Credit Corporation, Mortgagee under the terms of a certain mortgage fully described in the Consent of Mortgagee to this Declaration of Condominium.

8.5 Distribution of Proceeds: Proceeds of insurance policies received by the ~~Insurance Trustee~~Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expense of ~~the~~any trust: All expenses of ~~the~~any Insurance Trustee appointed by the Board of Directors shall be paid first or provision made for such payment.

(b) Reconstruction or repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost of such as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to apartment owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an apartment and may be enforced by such mortgagee.

(c) Failure to reconstruct or repair: If it is determined in the manner elsewhere provided that the damage for which proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to apartment owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an apartment and may be enforced by such mortgagee.

(d) Certificates: In making distribution to apartment owners and their mortgagees, ~~the Insurance Trustee~~any holder of insurance proceeds may rely upon a certificate of the Association made by its president and secretary as to the names of the apartment owners and their respective shares of the distribution.

8.6 Association as Agent: The Association is irrevocably appointed agent for each apartment owner and for each owner of a mortgage or other lien upon an apartment and for each owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims; provided that this paragraph 8.6 shall not be applicable to Marine Midland Realty Credit Corporation, Mortgagee under that certain mortgage described in Consent of Mortgagee attached to this Declaration of Condominium.

9. Reconstruction or Repair after Casualty:

9.1 Determination to Reconstruct or Repair: If any part of the condominium property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) Common element and limited common element: If the damaged improvement is a common element or a limited common element, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

(b) Apartment Building:

(i) Lesser damage: If the damaged improvement is one of the apartment buildings, and if fifty percent of said building is found by the board of directors of the Association to be tenantable, the damaged property shall be reconstructed or repaired unless within 60 days after the casualty it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated.

(ii) Major damage: If the damaged improvement is one of the apartment buildings and if 50% of said building is found by the board of directors to be not tenantable, then the damaged property will not be reconstructed or repaired and the condominium ownership of such owners will be terminated without agreement upon payment of insurance proceeds as elsewhere provided, unless within 60 days after the casualty the owners of 75% of the apartment units in the said building so affected agree in writing to such reconstruction or repair. In the event of such termination, the owners so affected shall, at the election of the Association, convey their remaining interest in the condominium either to the Association or to the remaining owners in the condominium.

(c) Certificate: ~~The~~ An Insurance Trustee may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.

9.2 Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached as exhibits; or if not, then according to plans and specifications approved by the board of directors of the Association, and if the damaged property is an apartment building, by the owners of not less than 75% of the owners of all damaged apartments, which approval shall not be unreasonably withheld.

9.3 Responsibility: If the damage is only to those parts of one apartment for which the responsibility of maintenance and repair is that of the apartment owner, then the apartment owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

9.4 Estimates of Costs: Immediately after a determination is made to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

9.5 Assessments: If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair said proceeds are insufficient, assessments shall be made against the apartment owners in the case of damage to limited common elements and common element, in sufficient amount to provide funds for the payment of such costs. Such assessment against apartment owners for damage to apartments shall be in proportion to the cost of reconstruction and repair of their respective apartments. Such assessments on account of damage to limited common elements and common elements shall be in proportion to the owner's share in the common elements.

9.6 Construction Funds: The funds for payment of costs of reconstruction and repair after casualty, which shall consist of all proceeds of insurance ~~held by the Insurance Trustee~~ and funds collected by the Association from assessments against apartment owners, shall be disbursed in payment of such costs in the following manner:

(a) Association: ~~If the total of assessments made by the Association in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the Association is more than $10,000.00, then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee. In all other cases the~~ The Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

(b) ~~Insurance Trustee~~ Construction Fund: The proceeds of insurance collected on account of a casualty, and ~~the~~ any sums deposited with ~~the~~ an Insurance Trustee by the Association from collections of assessments against apartment owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of construction and repair in the following manner and order:

(i) Association – lesser damage: If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than $50,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request to the ~~Insurance Trustee~~ Association by a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(ii) Association – major damage: If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is more than $50,000.00, then the construction fund shall be disbursed in payment of such costs in the manner required by the board of directors of the Association and upon approval of an architect qualified to practice in Florida and employed by the Association to supervise the work.

(iii) Apartment owner: The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with an apartment owner, or if there is a mortgagee endorsement as to the apartment, then to the apartment owner and the mortgagee, jointly, who may use such proceeds as they may be advised.

(iv) Surplus: It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; provided, however, that the part of a distribution to a beneficial owner that represents assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

(v) Certificate: Notwithstanding the provisions of this instrument, ~~the~~ an Insurance Trustee shall not be required to determine whether or not sums paid by the apartment owners upon assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid. Instead, ~~the~~ an Insurance Trustee may rely upon a certificate of the Association made by its president and secretary as to any and all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is required in this instrument to be named as payee, the Insurance Trustee shall also name the mortgagee as a payee of any distribution of insurance proceeds to a unit owner; and further provided that when the Association, or a mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund, so requires, the approval of an architect named by the Association shall be first obtained by the Association prior to disbursements in payment of costs of reconstruction and repair.