GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
September 5, 2013

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
Robert Krueger, Treasurer
Bryon Smith, Secretary
Carl Bauer, Director
John "Randy" Kuhl, Director
Earl Monari, Director (via phone)
Joyce Morris, Director
Chris Gourdie, General Manager
Carol Post, Assistant General Manager

Glenn Norton and Richard Moore were absent.

The president called the meeting to order and 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 February 7, 2013, February 27, 2013, and June 5, 2013 board meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the February 7, 2013, February 27, 2013, and June 5, 2013 meetings 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. He stated that the Association ended July with a surplus of income to expenses of $168 for the month and $22,226 for the year to date. Operating cash was $837,492 and cash in reserves totaled $722,317.

Chris Gourdie reviewed some highlights of the General Manager's Report. He presented pictures which show the extensive repairs that are being required on the buildings currently undergoing preventative maintenance, as well as some major sewer line replacements. He indicated that the Association has seen an 18% increase in the number of work orders over the same period last year, likely due to an increase in occupancy.

Under grounds, Mr. Gourdie reported that the irrigation staff is working on converting the hydraulic valves over to electric ones due to inefficiency and difficulty finding parts for the hydraulic system. He also stated that, due to an excessive amount of rain, the trees on property have been sprouting a lot of little branches and suckers and are in need of trimming. He indicated that the tree trimming contractor that the Association uses charges $1,600 per day, and a lot of the property needs extensive trimming. Carl Bauer asked how many workers are working for that rate, and Mr. Gourdie indicated three. Mr. Bauer questioned whether it would be feasible to have the Association staff hold off doing the preventative maintenance on a building and do trees instead. Mr. Gourdie indicated that the Association's lift is not high enough for tree trimming. He indicated that in the future, when the current preventative maintenance cycle is completed, the Association may want to look at putting hours toward tree trimming.

Carol Post gave a report on delinquent accounts and indicated that two units the Association was foreclosing on had gone to sale. One was purchased by a third party and the other was acquired by the Association. Two other units had been paid in full. She also reported brisk sales, but that there were currently no sales pending.

Mr. Gourdie then gave a report on the trash situation, stating that the Association had changed its pickup schedule from Monday, Wednesday and Friday to Monday, Thursday and Saturday due to the problem with the containers overflowing on the weekends. He also reported that cameras and new signage had been installed at the east side dumpsters and that the containers had gotten full only once in the past month due to boxes not being broken down. He stated that there has been only one instance of illegal dumping since the cameras have been installed. Carl Bauer posed the question of whether it would make sense, between the Association and the resort, to purchase a truck and do their own dumping. Robert Krueger said a truck would probably cost $100,000 to $200,000 and someone would have to maintain everything. Joyce Morris asked if the Association had any experience with compactors, and Mr. Gourdie indicated that he had checked into it and the cost was a lot more than the Association was currently paying, that the main advantage of a compactor is conserving space.

Mr. Gourdie then presented information on moving the west side trash area. He indicated that the cost would be approximately $18,000, the majority of which involves paving costs. Earl Monari asked if the area would be enclosed, and Mr. Gourdie stated that it would be fenced. Mr. Gourdie also indicated that the members of Burnway North would have to vote to designate the location as a trash area and that it would probably be good to secure the vote while Westgate still owned Grenelefe. Carl Bauer stated that according to the map, it looked like the area would be very visible. Mr. Gourdie indicated there is a large clump of trees on the one side and the area would also be fenced. Mr. Bauer stated that he didn't know whether moving the trash area would be a problem, but that it wouldn't be his decision. Mr. Bauer and Mr. Smith indicated that they would check to see whether or not Westgate would support the move.

The next item on the agenda was disposition of the Honick unit, which was foreclosed on by the Association. Ms. Post indicated that the Association does not have a working key to the unit, and until it receives the Certificate of Sale, the attorney has advised against having the lock changed and accessing the unit.

The next item on the agenda was amending the documents regarding the insurance trust account. Mr. Gourdie indicated that the Association's documents require insurance claim proceeds to be deposited to a trust account and that the Association has been paying a $1,500-per-year administrative fee for an account which usually sits idle. He suggested amending the documents to allow the funds to be run through a regular account rather than a trust account, as long as the amount does not exceed the FDIC insured limit. Mr. Rasmussen asked what the Association attorney thought, and Mr. Gourdie indicated that he agreed. Mr. Krueger suggested running it by the auditor. Mr. Rasmussen said that if the board wanted to amend the Declarations so that a trust account is not required, that Section 8.4 of the Declarations of Condominium could be completely stricken from the documents. Carl Bauer moved and Randy Kuhl seconded a motion to strike Section 8.4 of the Declarations of Condominium from the documents. Mr. Rasmussen then pointed out that there are subsections under 8.4 that continued onto the next page, which wasn't provided for the meeting. Randy Kuhl withdrew his second, Carl Bauer withdrew his motion, and it was decided that the matter would be researched and a special board meeting called to decide the issue before the proxies go out to the membership.

The next item on the agenda was proposed changes to "clean up" the rules and regulations. Mr. Gourdie presented the following suggested changes: 5. Delete "phonograph" and add "audio player," 6. Delete "in each apartment building," 12. Delete "employees" and "Entry upon the roof is permitted for the purpose of repairing or servicing the air conditioning and heating units," and adding 18, "Grease, feminine hygiene products and disposable wipes are not to be put down the drains or flushed into the sewer lines." Mr. Rasmussen asked how number 18 would be enforced, and Mr. Gourdie stated that the Association needed to get the word out. Mr. Bauer asked how the renters get the rules, and Mr. Gourdie stated that Heike gives them out. Mr. Gourdie felt, with the costly problems the Association has with sewer lines, that residents needed to be reminded, and Mr. Bauer agreed. Earl Monari moved and Randy Kuhl seconded a motion, which was approved unanimously, to accept the proposed changes to the bylaws.

The next item on the agenda was golf cart pads. Ms. Post gave a report on the surveys which were sent out to the membership with the first notice of annual meeting. She stated that 16 had been returned, and the majority of those responding expressed support of the Association offering golf cart parking for a fee and that they would be interested in having a golf cart at Grenelefe if parking were provided. Also included in the survey was a question regarding designating an area for boat and trailer parking, and Ms. Post stated that the majority of those responding expressed support of that also. She indicated that surveys were still being returned, and that she would provide updated information at the November meeting.

The next item on the agenda was report on insurance renewals. Ms. Post indicated that the next policy to renew would be the Association's fidelity bond, which wouldn't happen until December.

The next item on the agenda was recap of property insurance presentations. Mr. Rasmussen reported that the Association had met with representatives from Mulling Insurance and Hylant. He stated that, instead of charging a commission like other agencies, Hylant would charge a flat fee of $15,000 and work on a consultant basis, shop the Association's insurance and charge an additional 30% of any savings over the prior year's premiums. Mr. Kuhl added that if they are not able to save the Association money, they don't get paid. Mr. Rasmussen indicated that the Association is going to get proposals from Mulling, McGriff and Hylant before the next meeting, including what coverages they recommend that the Association carry, an idea of where premiums are going, what their fees/commissions will be, and what the agency can do for the Association. He also indicated that the Association is looking at getting all its policies with one broker. Mr. Gourdie added that the Association is researching wind mitigation credits, finding out what kind of discounts may be available and if there are any improvements that may be worth considering.

The next item on the agenda was the proposed operating budget for 2014 and recommended level of reserve funding. Mr. Krueger stated that the budget committee, comprised of himself, Earl Monari and Carl Bauer, with Chris Gourdie and Carol Post in attendance for advice only, had a comprehensive meeting and took the budget item by item, asked questions and discussed changes, but did not see any changes that needed to be made. He indicated that the budget as presented is the proposal of the staff and committee. Carl Bauer indicated that there is no increase in the budget, and Earl Monari stated that he is comfortable with the budget as presented. Mr. Krueger stated that the budget committee recommends that the board pass the budget as presented. Mr. Krueger moved and Carl Bauer seconded a motion to pass the operating budget as presented and recommend to the membership the level of reserve funding shown in the proposed budget. John Rasmussen asked why the building payroll amount was increasing when the 2013 actual was anticipated to be less than budgeted, and Mr. Gourdie explained that one of the carpenters was out on disability, which will make the actual less than the amount budgeted. Mr. Kuhl asked why the laundry income is increasing to $90,000, and Ms. Post explained that while the Association was paying off the loan to purchase the machines, that amount had to be subtracted off the total income, but now that the machines are paid off, the full amount is budgeted. Mr. Rasmussen asked if a lawnmower is the only purchase the Association planned to make, and Mr. Gourdie indicated that at this point, yes. A vote was then taken and the motion passed unanimously.

The last item on the agenda was roads. Mr. Bauer indicated that they will continue to patch them.

At 3:10 p.m., Randy Kuhl moved and Joyce Morris seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,

Bryon Smith
Secretary