

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
February 21, 2014

John Rasmussen called the meeting to order at 10:02 a.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

John Rasmussen, President (via phone)	Earl Monari, Director (via phone)
Glenn Norton, Vice-President (via phone)	Richard Moore, Director (via phone)
Robert Krueger, Treasurer	Joyce Morris, Director (via phone)
Bryon Smith, Secretary (via phone)	Chris Gourdie, General Manager
Carl Bauer, Director (via phone)	Read Davis, representing McGriff (via phone)
John "Randy" Kuhl, Director	Alice Butker, representing McGriff (via phone)
	Erik Wargo, representing McGriff (via phone)

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.

The first item on the agenda was the property and liability insurance renewal. Mr. Gourdie reviewed the premium summaries and stated that the commercial property came in under last year's premium, and the general liability and umbrella came in over. Erik Wargo stated that the proposal as presented had a limit of \$69 million with a named storm limit of \$10 million, but that he had received a quote yesterday from AmRisk with full limits on named storm coverage. He indicated that some terms were better than the initial proposal, some not as good, but the premium was within \$200.

He stated that some buildings may be in moderate to high hazard flood zones, and AmRisk was willing to provide flood coverage for all buildings for an additional \$5,000 premium. He stated that the current program excludes all moderate and high hazard zones. Glenn Norton asked whether the flood zone assessment must be made building by building before getting the coverage, and Mr. Wargo explained that if the Association wanted to pay the additional \$5,000 premium, all buildings would be covered with a \$100,000 deductible for flood. Earl Monari asked if AmRisk would require an elevation certificate for each building, and Mr. Wargo stated that since it doesn't matter what flood zone the buildings are in, a certificate wouldn't be necessary. Mr. Norton stated that \$5,000 doesn't sound like much money, and Randy Kuhl asked about the possibility of going to AmRisk and negotiating out the \$5,000. Mr. Wargo stated he would do that.

Mr. Wargo then raised the issue of sinkhole coverage. He indicated that sinkhole collapse is a big deal in Florida and there is a named limit for it. However, they will warranty that there is no sinkhole activity within 1,000 feet of Grenelefe. If there's no activity, the coverage is there, but if there is activity, there is no coverage. He stated that he also discussed the aluminum feeder wiring with AmRisk and they are okay with it.

Read Davis then presented information on the general liability insurance. He stated that the whole liability market around multi-family units and condos has increased by about 5-10%, even without the loss challenges. Since the Association has had a couple of losses, he knew there was going to be some challenge with the market. Mr. Gourdie asked what effect dropping the 2009 loss would have on the Association's premium next year, and Mr. Davis stated that the liability market is affected by investments, whereas the property market is a year-to-year type thing. In the liability market, when premiums go up, it is usually because they are having to pay for current claims because they're not making any money, although individual claim history does have an effect on premiums. He said it's hard to predict what effect dropping the 2009 claim will have.

John Rasmussen asked if there were any other questions, and there being none, Carl Bauer moved and Joyce Morris seconded a motion to accept the proposal as presented using AmRisk rather than the carrier in the original proposal, and obtaining flood coverage for an additional \$5,000 premium. Randy Kuhl stated that his understanding was that McGriff was going to try to negotiate that out. He suggested going with the premium as offered without the \$5,000 if they include the flood insurance. Carl Bauer agreed to amend the motion as stated. Randy Kuhl stated that he felt the board should have it on record that the business will be given to AmRisk if they include the flood insurance for the same basic premium, without the \$5,000. A vote was then taken, and the motion was approved unanimously.

Alice Butker then asked if she should go ahead and bind the general liability and umbrella, and Mr. Rasmussen answered in the affirmative. Mr. Bauer raised the concern that if AmRisk doesn't agree to waive the \$5,000, that a two-week notice would be necessary for another insurance meeting. Mr. Rasmussen said the board would recess the meeting, not adjourn it.

Glenn Norton then asked about having the attorney present at board meetings via phone, stating that legal questions often come up during the course of meetings. Mr. Bauer stated that he would like to know what the cost would be. Mr. Gourdie indicated that he would check with the attorney. The insurance portion of the meeting was then recessed until Tuesday, February 25, at 10:00 a.m.

The other item on the agenda was discussion of roads. Mr. Gourdie began by explaining that at the February 6 meeting, Carl Bauer was instructed to see if CFI would finance \$250,000 at an interest rate of 3% or less, as well as agree to build an entrance road off of Lake Marion into the golf area. He indicated that Mr. Bauer had spoken with Mark Waltrip, who stated that the rate offered to CFI for unsecured loans is 5%. Mr. Gourdie then presented a variety of financing options for the board to consider, including assessing the full amount up front and various scenarios where a portion is assessed up front with the remainder to be financed through one of the Association's lines of credit or Westgate.

Mr. Gourdie also reported that, on the instruction of the board, he had spoken with an engineering firm about securing their services to look at the fixes needed, and that someone had come out and looked at the property. The engineer felt that some of the problems could have been avoided if the roads had been done properly to begin with. One of the issues discussed was

how the berms along the roads have built up over the years and are acting as an aqueduct to channel the water, and that a lot of work could be done to grade the edges prior to road installs. There has been no charge as yet, because the firm hasn't come back with a proposal. Mr. Gourdie expects to have that information early next week.

Glenn Norton then asked where the board was in terms of decision making on the project and what still remained to be done before sending it for a vote of the membership. Robert Krueger stated that as treasurer of the Association, he has input he would like to put into the discussion, but he didn't feel that a teleconference was the place to do it. Mr. Krueger then moved and Earl Monari seconded a motion to postpone this agenda item until the next regular meeting. A discussion ensued wherein Randy Kuhl expressed concern about postponing the matter until the next meeting, which would put the work off for another construction season. Mr. Bauer stated that he didn't mind postponing the decision until the board had everything it needed, but he didn't want to put it off until June.

Mr. Krueger then stated that from a fiscal standpoint, the condo association has no business spending any Association funds on improvement to property that it doesn't own or control, that the Association would open itself to criticism and possibly even a class action suit. Mr. Bauer stated that he understood the attorney to say that the Association does have the ability to fix the roads, because every owner has an interest in them. Mr. Krueger expressed concern that if 200 independent condo owners decided not to pay the assessment because it is going to pay for improvements to property the Association does not own, there would be a shortfall in servicing the debt and the potential lawsuit could bankrupt the Association.

A vote was then taken, and the motion failed, with Robert Krueger and Earl Monari voting in favor and Carl Bauer, Randy Kuhl, Richard Moore, Joyce Morris, Glenn Norton, John Rasmussen and Bryon Smith opposed.

Robert Krueger then stated that everyone on the board of directors must wear a hat that reflects the Association itself and not independent corporate or private thinking, and Mr. Rasmussen agreed, stating that that is something to keep in mind as they go through the options and actually come to a vote. Randy Kuhl then suggested that, since the road issue is of such great importance, that the board has another meeting in the near future, with everyone in the same room as Mr. Krueger requested, possibly after Mr. Gourdie receives the proposal back from the engineer. He recommended that in the meantime, Westgate get a piece of equipment in to start to do some of the work on the grading to solve the problem of the big puddles after it rains.

Randy Kuhl then moved and Bryon Smith seconded a motion to recess the meeting about the roads until Monday, March 10, at 10:00 a.m. Robert Krueger then requested that each board member read the bylaws and the attorney's advice about assessments. He also stated he would want to reconvene the meeting contingent on the Association attorney attending. A vote was then taken and the motion passed, with Carl Bauer, Randy Kuhl, Earl Monari, Richard Moore, Joyce Morris, Glenn Norton, John Rasmussen and Bryon Smith voting in favor and Robert Krueger opposed.

Earl Monari moved and Randy Kuhl seconded a motion, which was approved unanimously, to recess until 10 a.m. on Tuesday, February 25, for the insurance item only.

The meeting reconvened at 10:09 a.m. on Tuesday, February 25, 2014, for the purpose of discussing the insurance renewal. Those present were:

John Rasmussen, President (via phone)	Joyce Morris, Director (via phone)
Bryon Smith, Secretary (via phone)	Erik Wargo, representing McGriff (via phone)
Carl Bauer, Director (via phone)	Chris Gourdie, General Manager
Richard Moore, Director (via phone)	Carol Post, General Manager

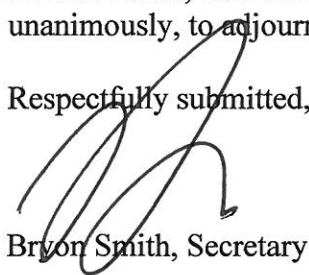
Robert Krueger, Randy Kuhl, Earl Monari and Glenn Norton were absent.

Erik Wargo advised the board that AmRisk will include the flood coverage at no additional premium, with a \$100,000 deductible. He also stated that AmRisk would remove the sinkhole warranty with a letter from the Association stating that no sinkhole activity has occurred within 1,000 feet of Grenelefe during the past three years. Mr. Wargo then explained the terrorism coverage, stating that the event would have to be a certified act of terrorism and exceed a certain threshold, and that Grenelefe is very low risk.

Carl Bauer then moved and Richard Moore seconded a motion, which was approved unanimously, to accept McGriff's proposal with the AmRisk premium and exclude terrorism.

At 10:17 a.m., Carl Bauer moved and John Rasmussen seconded a motion, which was approved unanimously, to adjourn.

Respectfully submitted,



Bryon Smith, Secretary