GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
March 10, 2014

John Rasmussen called the meeting to order at 10:05 a.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

John Rasmussen, President	Earl Monari, Director
Glenn Norton, Vice-President	Richard Moore, Director (via phone)
Robert Krueger, Treasurer	Joyce Morris, Director (via phone)
Bryon Smith, Secretary	Chris Gourdie, General Manager
Carl Bauer, Director (via phone)	Carol Post, Assistant General Manager
John "Randy" Kuhl, Director (via phone)	Andrew Smith, Association Attorney (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.

Robert Krueger asked if the minutes of the last meeting were completed, and Carol Post indicated that they were not. He then asked about the legality of the board declaring an emergency for the purpose of assessments to pay for a project on property that the Association does not own or control. John Rasmussen stated that in section 4.2 of the bylaws, it says that the board can do a special assessment. Mr. Rasmussen stated there are two sections in the bylaws which address assessments: sections 6.3, 6.4 and 6.5, which address emergency assessments, and section 4.2, which states, "To make and collect assessments against members to defray the costs and expenses of the condominium properties, the Board may allocate or apportion to particular apartment buildings such costs and expenses as may be appropriate; and to make special assessments consistent with such allocation or apportionment." Mr. Krueger pointed out the language "expenses of the condominium properties."

Andrew Smith, the Association attorney joined the meeting at that time. Mr. Rasmussen asked him if he had looked at section 4.2 of the bylaws. Mr. Smith indicated that he had and explained that it needed to be read in conjunction with the emergency assessment. He said 4.2 gives the board the authority, and the emergency assessment section in 6 gives the procedure. He stated that the requirements in section 6 of the bylaws governing emergency assessments actually go further than what is required under state law for special assessments. What constitutes an emergency is a determination by the board, subject to the business judgment rule. He stated that every type of assessment is going to deal with some kind of immediacy, something that is not included in the annual budget.

Glenn Norton then questioned the phrasing in section 4.2 which states that assessments can be made for the condominium properties and asked if that may limit the Association's ability to spend money on the roads. He felt that since the Association has an easement, that an easement is a property interest. He also stated that if resurfacing the roads could increase the value of the condos by thousands of dollars almost immediately that it would be worth it to everybody. Earl Monari stated that he could see that line of thinking if he saw curb appeal from CFI at the resort center and other parts of its property. He stated that he felt the road issue is not something that should be faced by the Association, but that he's a realist, too, and understands if the Association doesn't do anything, there won't be a road project.

Robert Krueger then asked if someone could lay out how the project is to work. Chris Gourdie explained that nothing has been finalized, but Westgate asked one of its vendors to set up some specs for bids. He explained that the Association would be paying for everything, with Westgate paying their 56%, but that the bill would go to Westgate and be paid by Westgate, and they would handle the project. Since the financing is coming from the Association, the Association will be part of the decision-making process on the vendors and work to be done. Mr. Krueger explained that he is not against having the roads done, but for the past three years, a bipartisan committee of the board has scrubbed and rubbed the budget down to infinitesimal dollars and cents in order to keep from spending money, and now out of the blue comes a huge expenditure. He asked where that money is going, and Mr. Gourdie stated that it would end up being paid to Westgate. Mr. Rasmussen added that his understanding was that Westgate would pay the contractors and handle all the money aspects.

Mr. Krueger then pointed out that if the Association foots the bill to repair the roads, it will likely improve the property by a couple million dollars, and when Westgate sells, none of that money will come back to the Association, and in the meantime, the Association would borrow money and pay Westgate interest on a project the Association is financing. Mr. Gourdie explained that Westgate doesn't have the money in the bank; they would be borrowing it as an unsecured loan at a rate of 5%. Robert Krueger stated that he felt the Association should stay out of the financing of the project and should make a donation based on number of doors rather than units. Otherwise someone with an A unit would be paying the same as someone with an AC unit. He felt that the Association would reduce the possibility of legal action by supporting the road project with an assessment of $100 or $150 per door rather than $600 per unit.

Earl Monari questioned whether the board was opening a door for a lawsuit or criminal action since the Association doesn't own the roads. Attorney Smith then read from Florida Statute 718.115, as follows: "Common expenses include the expenses of the operation, maintenance, repair, replacement or protection of the common elements of association property. Common expenses also include reasonable transportation service, insurance for directors and officers, road maintenance and operation expenses, in house communications and security services which are reasonably related to the general benefit of unit owners, even if such expenses do not attach to the common elements or property of the condominium."

Mr. Krueger then asked what would be the legal ramifications if there were a lot of owners who refused to pay, and Attorney Smith responded that the Association would go into collection mode with them, ultimately suing to foreclose a lien for failure to pay the assessment. He explained that, if people were against it, that scenario would be more likely than people actively suing the Association, although they could injunctively try to bar the assessment to begin with. He stated that they may claim that the Association doesn't have the right to collect for the roads, then the Association would lay out the arguments discussed previously and that it was reasonable for the board to do this, applying the business judgment rule. Mr. Krueger stated that if 50 of the owners refused to pay the assessment, the cost of that litigation itself would necessitate another assessment. Mr. Rasmussen stated that the project wouldn't start until the assessments were received. If 10 owners refused to pay, it wouldn't be a problem. If 100 did, the project would be scrapped and the funds returned to the owners who paid.

Earl Monari then expressed concern about the Association possibly setting a precedent and CFI coming back with another problem and another problem, or a new owner insisting that the Association reinvest. Carl Bauer responded that everybody uses and has an interest in the roads, that nothing else at Grenelefe fits that bill. Mr. Norton stated that the greatest risk he sees is that in 10 or 15 years owners may have to fix the roads again, but that the owners he has spoken with have no issue with paying $500 every 15 years to have good roads. Mr. Krueger stated that he is concerned about sincerity of CFI, because not only have roads deteriorated, but other parts of the property have as well. He gave an example of how vines were ignored and left to smother and kill a lot of the foliage along the fairways and other parts of the property. He asked if the Association would be responsible for providing more foliage, and Mr. Norton said the Association should not take care of the golf courses. He stated that the owners drive the roads and if the curb appeal of the property is enhanced, chances are better that Westgate will be able to sell the property. Mr. Gourdie pointed out that the condition of the roads makes it harder to sell individual units also.

Glenn Norton then asked what the next step is if the board votes to have an emergency assessment, and Attorney Smith stated the next step is to put out a mail ballot to garner the written support of more than 50 percent of the unit owners. The board would then take a final vote of whether or not to implement the special assessment. Carl Bauer asked if the board needed to specify in the motion what the amount of the assessment will be, and Attorney Smith responded that the board will need to have some idea of the cost before the information goes to the membership for approval, even if it's a "not to exceed" number. Then the board will need the final figures and a vendor chosen at the time of its final vote.

Randy Kuhl then asked if Mr. Gourdie had obtained an engineer's report on the project, and Mr. Rasmussen explained that the Association had received a quote from an engineer to come in and oversee the project, and it was over $40,000. The engineer also wanted to involve Swiftmud and the County. Mr. Kuhl stated that he would be happy to make a motion to get a vote from the membership about an assessment but felt that it would be more equitable to base it on unit type rather than the same amount per unit. Otherwise an owner with an AB unit, which is classified as two units, would pay twice as much as an owner of an AC unit. Mr. Rasmussen asked if the board should set a number now, and Mr. Kuhl felt that it should. Randy Kuhl moved and Glenn Norton seconded a motion to move ahead with the project and send it to the membership for a vote, with an assessment not to exceed $800 to be collected over a period of two years. Mr. Norton asked how difficult it would be to have a different ballot for each unit type with the maximum cost specified, and Attorney Smith stated that each owner should be sent a summary sheet with background information showing the maximum cost for each unit type, but that the ballot should be uniform. Mr. Rasmussen stated that a presentation package needs to be put together with color layouts, a map and an assessment table showing a cost not to exceed "x" amount. Earl Monari asked about Westgate putting in an entrance off of Lake Marion, which was discussed previously, and Mr. Rasmussen stated that that is part of the deal, that the Association attorney will draw up a contract stating that. A vote was then taken, and the motion passed, with Carl Bauer, Randy Kuhl, Richard Moore, Joyce Morris, Glenn Norton, John Rasmussen and Bryon Smith in favor and Robert Krueger and Earl Monari opposed. The Association attorney then left the meeting.

Glenn Norton then asked if the board needed to vote on a vendor, and John Rasmussen felt that at that point the board needed to decide what it wants to do with financing. He asked about a $200,000 assessment and borrowing $250,000 from Westgate, for a total of $450,000. Mr. Gourdie asked about increasing the total to $500,000 to cover unexpected costs and change orders, and Mr. Rasmussen stated that that would increase the initial assessment to $250,000. He reported that the engineer's bid included $35,000 for testing and core samples and asked about the possibility of just hiring them to oversee the project at $10,000. However, Swiftmud and the County would still be involved, which he didn't think was necessary since it was a repair project rather than new construction. Chris Gourdie indicated that, although the engineer said the roads were laid out wrong to begin with, they did last for 20 years. He stated that Westgate is now doing some regrading to improve drainage. Mr. Monari was pleased and stated that he would like to see cooperation from Westgate in helping the project along.

John Rasmussen then stated that a motion was needed regarding the specifics of financing, such as an up front assessment of $250,000 and $250,000 borrowed from CFI, rather than tying up the Association's line of credit. Mr. Bauer asked if the board would consider using the $140,000 in the property insurance fund, but Mr. Rasmussen and Mr. Gourdie felt those funds might be needed for large insurance deductibles. Mr. Bauer asked if it should be spelled out that Westgate would carry the loan. Mr. Norton stated that although the board wants to make full disclosure, it doesn't want to tie its hands and have no choice but to borrow the money from Westgate. Randy Kuhl pointed out that the Association isn't borrowing the money, Westgate is, and that the proposal should be to get $500,000 to pay for the roads, $250,000 through an assessment and $250,000 to be borrowed and paid back over two years at whatever rate.

Glenn Norton then moved and Randy Kuhl seconded a motion, which was passed unanimously, to present to the membership the board's intent to fund the project by an initial assessment totaling $250,000, with the remaining $250,000 to be funded through a special assessment paid quarterly over a two-year period.

Glenn Norton then asked about getting a letter from someone with authority at CFI stating that it is the Association's understanding that it is considering contributing to the repair of the roads, but that they state or affirm that Westgate will never make any claim that the Assn. has acquired any ownership of the roads by putting money into the roads.

A discussion ensued regarding setting a date for when the votes must be back, and it was decided that the information packets and ballots would go out to the board by Wednesday, March 19, the board would return its responses by Monday, March 24, the voting packets would be sent to the membership that week, and the owner votes would be due back in three weeks. Mr. Rasmussen questioned whether the board needed to clarify that this was going to be done as an emergency assessment, and Mr. Gourdie stated that he understood to be the attorney's advice. Mr.

Rasmussen agreed, saying that it should be stated that the board is making the decision under the business judgment rule that this is an emergency that should be covered by an assessment. Mr. Gourdie stated that since the board first started to look at the road project in 2009, the cost has increased by approximately $70,000 and will continue to escalate the longer the board waits.

Glenn Norton then moved and Randy Kuhl seconded a motion that the minutes reflect that the motion that was made by Randy Kuhl earlier to send the issue of repairing the roads to the membership was made because the board believes that it is an emergency situation due to the condition of the roads. The motion passed, with Carl Bauer, Randy Kuhl, Joyce Morris, Glenn Norton, John Rasmussen and Bryon Smith voting in favor and Robert Krueger and Earl Monari opposed. Richard Moore was no longer in attendance.

It was decided that a meeting would be scheduled for April 14, 2014, at 9:00 a.m. At 11:38 a.m., Carl Bauer moved and Joyce Morris seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,

Bryon Smith, Secretary