GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
September 3, 2015

John Rasmussen called the meeting to order at 1:03 p.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

John Rasmussen, President
John "Randy" Kuhl, Treasurer (via phone)
Bryon Smith, Secretary
Carl Bauer, Director (via phone)
Thomas Leiser, Director (via phone)
Richard Moore, Director (via phone)
Joyce Morris, Director (via phone)
Earl Monari, Director
Chris Gourdie, General Manager
Carol Post, former Assistant General Manager

Glenn Norton was absent.

The President announced a quorum was present and that the notice for this meeting was posted in accordance with the bylaws and statutory requirements.

The minutes of the June 4, 2015 meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the June 4, 2015 meeting stand approved as submitted.

Richard Moore then stated that he had another meeting to attend and asked if the board could move ahead to item number five on the agenda, amending the Association's rental policy. There being no objections, Chris Gourdie explained that the rental policy was created by the board and could therefore be changed by the board when needed. He indicated that although the policy requires background checks to be done on prospective tenants, no criteria for the checks are stated. He reported that after some criminal convictions did not show up on some of the background checks run by CFI's vendor, that the rental office is now using Paradigm, the Association's vendor.

Mr. Gourdie indicated that one of the proposed changes was to delete the requirement on page two of the policy that the Association approve or disapprove an application within four hours. Carl Bauer stated that he had a problem with deleting that language, because the other time frame listed in the policy is five days, which he felt is too long. Mr. Gourdie stated that when applications are faxed over, Association staff doesn't always see them in time to respond within four hours. Mr. Rasmussen asked why Association staff can't review applications immediately if they are hand delivered by the rental office and approve or disapprove on the spot. Mr. Gourdie stated that there are often times where the information, such as prior addresses, is not complete.

Mr. Bauer stated that he also had a problem with the language on page one of the policy stating that the policy applies to owners who "desire" to rent their units for a period of 32 or more days. He said the words "desire to" create a loophole, and Mr. Rasmussen recommended omitting them. Mr. Bauer also stated that the sentence requiring the 4-hour time period not be struck from the policy, but the time period be changed instead to 24 hours.

Randy Kuhl then moved to adopt the policy as amended. Joyce Morris pointed out a typo in the language added on page two, stating that "than" should be changed to "then." Carl Bauer indicated that the decision to drop the words "desire to" should be stated in the motion. Randy Kuhl moved and Carl Bauer seconded a motion, which was passed unanimously, to amend the rental policy as proposed, with the following changes: delete the words "desire to" in paragraph three, and under item number two, change "than" to "then" and add the sentence, "In that event, the Association will require a copy of the background check report with the application and will approve or disapprove the application for occupancy within a maximum of twenty-four (24) hours."

Randy Kuhl 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. The Association ended July with a surplus of income to expenses of $17,577 for month and $73,014 for the year. Operating cash was $982,580, and cash in reserves totaled $831,261, which includes a Property Insurance Fund balance of $140,952. Reserve funds are up $49,935 since beginning of the year.

Chris Gourdie then presented some highlights of the general manager's report. He stated that there are three buildings left to complete the preventative maintenance cycle, which will be done by the end of the year. Maintenance will then begin on the lakelofts. Mr. Gourdie indicated that work was completed on one lakeloft to get an estimate of the cost, and there are not enough funds in the lakeloft reserve to complete the carpentry repairs and also replace the windows with broken seals. The question was raised whether the Association can do the carpentry repairs and leave the windows for later, and Mr. Gourdie explained that they will fog up but are structurally sound.

Earl Monari asked if there could be a legal problem with not replacing the windows when the other work is done, and Mr. Bauer indicated that he didn't have a problem with it. Mr. Kuhl expressed concern over skipping the windows unless the Association had specific plans to go back at a later time and replace them. He asked how long it would take to accumulate enough funds, and Mr. Gourdie stated that reserve funding can be raised by 10% per year. Even then, it would take approximately six years to reach that level. Mr. Rasmussen raised the possibility of the board recommending a special assessment and letting the lakeloft owners vote on it. Tom Leiser suggested letting the owners know that a test project was done and what the estimated costs would be. Mr. Rasmussen instructed Chris Gourdie to put something together to present to the board at the November meeting.

Mr. Gourdie provided a crime report for the past year. However, the new reports no longer contain addresses, so the figures include everything within a one-mile radius of the office, rather than just Grenelefe. Mr. Gourdie also reported on legislative changes for 2015.

The next item on the agenda was a report on insurance renewals. Mr. Gourdie stated that no policies renewed since the last meeting.

The next item on the agenda was the proposal for termite treatment. Mr. Gourdie indicated that he had obtained three bids, and that the Association's prior vendor, Waters Pest Control, was considerably cheaper than the other two contractors. He stated that he had spoken with Mr. Waters, who answered all of his questions satisfactorily and indicated that he already had chemicals for 16 buildings in stock. He would need to purchase the remaining chemicals before October 1, when there would be an anticipated price increase. Randy Kuhl moved and Earl Monari seconded a motion to award the termite contract to Waters Pest Control. John Rasmussen stated that the total cost and the breakdown were off by $100, and Mr. Monari and Mr. Gourdie stated the Association should pay the $100 since the other bids were considerably higher. A vote was then taken and the motion passed unanimously. (Richard Moore was no longer in attendance at the meeting.)

The next item on the agenda was the proposed operating budget for 2016 and recommended level of reserve funding. Randy Kuhl then took the floor as the chairman of the budget committee. He stated that the numbers were a little higher, but since the anticipated income was also higher, the fees would be the same. He stated that when the budget committee met, two voted in favor and Mr. Bauer abstained. Mr. Bauer stated that his questions had been answered and he is fine with the budget now.

Randy Kuhl then asked why there is now a line item for office rent. Carol Post explained that since the Association and CFI's trade of units 418 and 419 for the office units 912 and 913 was completed as of September 1, that the maintenance fees on the office units now have to be expensed. She indicated that the former "office rent" account has been renamed "office maintenance fees."

Mr. Kuhl indicated that his only concern as treasurer was how long the Association could continue to operate effectively with no increase in fees when costs keep rising. He said he would rather see small yearly increases than a huge increase later when things become critical. He stated that the board needs to keep the issue in the back of its mind.

John Rasmussen then questioned the funding level of HVAC and grounds payroll in light of lower costs in 2015. Ms. Post explained that the HVAC technician's pay rate was raised to the minimum stated in the wage policy, and the landscape manager had been out on disability most of the year, resulting in much lower costs for 2015. Mr. Rasmussen also questioned the higher amount in the budget for irrigation, and Mr. Gourdie explained that the Association was looking at converting the current system over to Weathermatic controllers, which would manage water use by detecting the moisture in the soil, thus saving a considerable amount in irrigation costs. Mr. Rasmussen asked if the amount for electric and plumbing contractors was going up enough, and Mr. Gourdie indicated that although the Association had had a bad first part of the year, that there hadn't been any big repairs lately. Randy Kuhl moved and Joyce Morris seconded a motion, which was passed unanimously, to approve the budget as presented.

The next item on the agenda was discussion of the general manager's contract. Carl Bauer stated that he has no problem with Chris but questioned why he needs an employment contract when none of the other Association employees have one. Tom Leiser stated that the topic was being brought up because Rich Leiter asked the board at last year's annual meeting to consider awarding a contract for a longer period than year to year. Mr. Gourdie stated that he would want a contract because of the volatility of his employment situation, with changes in the make-up the board, and the fact that there are not many condo associations the size of Grenelefe in the area. Randy Kuhl asked Mr. Gourdie if a longer term would be of benefit to him, and Mr. Gourdie stated that two years would be good. Mr. Rasmussen asked if the current contract auto-renews every year, and Mr. Gourdie stated that it does. Mr. Gourdie then left the room, and the meeting went into executive session. It was decided by consensus of the board that the current year-to-year contract, with the auto-renew feature, would remain in place.

Randy Kuhl then raised a question about the scheduled start time for board meetings. He stated that the Men's Golf Association events conflict with board meeting times and asked if it would be a problem having board meetings in the morning instead of the afternoon. After a brief discussion, it was decided that future board meetings would be held at 10:00 a.m.

Mr. Gourdie was then brought back into the meeting room, and Mr. Rasmussen informed him that everyone is happy with what he is doing and that his contract would remain the same.

The last item on the agenda was discussion of the roads. Mr. Bauer stated that nothing is happening. Mr. Rasmussen asked whether a sale is pending, and Mr. Bauer said no.

At 2:50 p.m., Randy Kuhl moved and Earl Monari seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,

Bryon Smith
Secretary