GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.
Minutes of the Meeting of the Board of Directors
February 4, 2016

John Rasmussen called the meeting to order at 10:00 a.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
Bryon Smith, Secretary
Carl Bauer, Director (via phone)
Thomas Leiser, Director
Joyce Morris, Director (via phone)
Earl Monari, Director (via phone)
Chris Gourdie, General Manager
Brenda Richardson, Accounting

Richard Moore and Glenn Norton 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.

Under provisions for owner comments, no owner was present to address the board.

The minutes of the November 5, 2015 board meeting and November 7, 2015 organizational meeting were then presented to the board. Carl Bauer stated that the November 5 board meeting minutes need to be corrected to state that he and Joyce Morris voted no, rather than abstaining from the vote to assess the lake loft owners for window replacement. Randy Kuhl stated that the November 7 organizational meeting minutes show him as being absent, but he was present. The president stated that the minutes of the November 5, 2015 board meeting and November 7, 2015 organizational meeting stand approved as submitted, with the aforementioned corrections.

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. He stated that the Association ended the year 2015 with a surplus of income to expenses of $82,301. Operating cash was $670,150. Accounts receivable total $556,272, $482,215 of which is first quarter fees invoiced in December but not due until January, leaving an actual accounts receivable of $74,057. Reserves total is $842,589, which includes a Property Insurance Fund balance of $140,959. Reserve funds are up $61,264 since the beginning of the year.

Chris Groudie then presented some highlights of the general manager's report. Mr. Gourdie reported that the Association has an electrical situation with the multi-unit buildings that needs to be addressed now. The medal conduit running under the slab, which houses the electrical wiring between the compressor and the air handler, is rusting and the wiring is breaking off. This has caused sparking and the breaker shutting off on several of the units. The PVC under the slab is still intact, so the medal conduit can be removed and replaced with plastic PVC.

The Association called its electrical vendor to make the repairs during one of these instances, as the unit was occupied and needed power restored to the HVAC system. The cost was over $4,000, so the Association is getting estimates for doing the work in-house, possibly making use of temporary help to assist the HVAC staff. Carl Bauer questioned whether this work should be done in house or contracted out, due to the liability. The HVAC supervisor is currently checking to identify which units need immediate repair. These will be scheduled for repair, and the Association will work on a plan for determining how to go about replacing the other conduit.

Under landscaping, Mr. Gourdie stated that the Association did not install many new plants since the last board meeting but accomplished major tree work. He stated that acquiring a fourth dumpster on the east side has helped considerably with the excess trash situation, but the west side is experiencing serious problems due to illegal dumping. The board discussed options for moving these dumpsters to a more secure location, but did not reach a decision.

The next item on the agenda was the destruction of records dated in 2008 and all renter background checks. Randy Kuhl moved and Earl Monari seconded a motion, which was approved unanimously, to move ahead with the destruction of records as indicated.

The next item on the agenda was insurance renewals. At the time the Association's property insurance was renewed on January 29, the liability and umbrella proposal was not ready. The liability and umbrella proposal was provided to the board for this meeting. The liability insurance premium increased by 6.29%, primarily due to the Anita Smith lawsuit, and the umbrella increased by 23%. Earl Monari moved and Tom Leiser seconded a motion, which was approved unanimously, to accept the following coverages for the policy period March 1, 2016 to April 30, 2017: $2,000,000 in general liability insurance with Scottsdale with a premium amount of $49,377.56, and $10,000,000 in umbrella insurance with Torus with a premium amount of $16,534.00,

The next item on the agenda was discussion about instituting a retirement plan for Association employees. The initial minimum setup cost would be $390, with fees of $85 per month. The employees could contribute weekly and be charged a service fee of $3.00 plus .046% per month. Randy Kuhl moved and Earl Monari seconded a motion, which was approved unanimously, to institute a retirement plan for Association employees, with details of the plan to be provided to the board within 30 days.

The next item on agenda was the road repair-agreement. Randy Kuhl moved and Tom Leiser seconded a motion to adopt the agreement. A discussion ensued wherein Mr. Monari expressed several concerns. He stated that he did not like the idea of putting money into another man's property and questioned whether the Association would incur liability by fixing the roads. He was also concerned about feedback from the owners with using Association funds in this way. He stated that the Association needed to protect itself.

Mr. Rasmussen responded that the agreement just gives the Association, as well as the other Grenelefe associations, the option to repair the roads. The Association would not begin work without board approval. Mr. Bauer stated that Westgate would want to ensure that the

Association is using a bonded company for the work and that the Association would be responsible for all payments. A vote was then taken and the motion passed, with Carl Bauer, Randy Kuhl, Tom Leiser, Joyce Morris, Bryon Smith and John Rasmussen voting in favor and Earl Monari abstaining.

The last item on the agenda was the sale of Association owned property. Mr. Gourdie stated that Dana from Ryestone LLC approached the Association about purchasing unit 2035. Pursuant to the proposed agreement, the Association would receive $576, which is 1% of the original mortgage amount, upon closing and Ryestone would be responsible for the maintenance fees from that point forward. He stated that the Association attorney had already reviewed the agreement. Randy Kuhl moved and Tom Leiser seconded a motion, which was approved unanimously, to sell 2035 Corner Lake to Ryestone LLC as per the terms of the proposed agreement.

At 11:30 a.m., Joyce Morris moved and Randy Kuhl seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,

Bryon Smith
Secretary