

GRENELEFE ASSOCIATION OF CONDOMINIUM OWNERS NO. 1, INC.  
Minutes of the Meeting of the Board of Directors  
February 2, 2017

John Rasmussen called the meeting to order at 9:03 a.m. on the date above noted at the location and time specified in the notice of meeting.

Those present were:

|                                          |                                    |
|------------------------------------------|------------------------------------|
| John Rasmussen, President                | Tom Leiser, Director               |
| Glenn Norton, Vice-President (via phone) | Earl Monari, Director              |
| John "Randy" Kuhl, Treasurer             | Joyce Morris, Director (via phone) |
| Bryon Smith, Secretary (via phone)       | Chris Gourdie, General Manager     |
| Carl Bauer, Director (via phone)         | Carol Post, Bookkeeper             |

Richard Moore 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.

Under provisions for owner comments, there were no owners present to address the board.

The minutes of the November 3, 2016 board meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the November 3, 2016 meeting stand approved as submitted. The minutes of the November 5, 2016 organizational meeting were then presented to the board. There being no corrections to the minutes, the president stated that the minutes of the November 5, 2016 organizational meeting stand approved as submitted.

Randy Kuhl then gave the treasurer's report. The Association ended the year 2016 with loss of income to expenses of \$20,194. Operating cash was \$776,206 and cash in reserves totaled \$551,236. The Property Insurance Fund was dissolved and the funds applied toward the cost of resurfacing the roads. Mr. Kuhl stated that the \$20,000 loss is insignificant when looking at the budget as a whole.

Chris Gourdie then presented some highlights of the general manager's report. He stated that he would skip the portion about the needed Lake Loft repairs, since that topic was a separate agenda item. In grounds, he reported that the Association was experimenting with capping off sprinkler heads and putting down river rock in the well areas to give a cleaner look and cut down on building decay. He also stated that units in attorney collection have decreased.

The next item on the agenda was approval of destruction of old records. Randy Kuhl moved and Earl Monari seconded a motion to institute the destruction of the records listed. Tom Leiser indicated that the list shows records from 2009 and asked if the law states records can be disposed of after seven years. Mr. Rasmussen indicated that was correct. Mr. Leiser asked if the

Association prepares a document stating what has been destroyed, and Carol Post indicated that she prepares an Affidavit of Records Destruction listing those items. A vote was then taken, and the motion passed unanimously.

The next item on the agenda was allocation for purchasing a new or used lift. Mr. Gourdie explained that a Ritchie Brothers auction is scheduled for February 20. He planned to go armed with information to sell the old lift and purchase a used one. In doing further research, however, he learned that at five years old, equipment begins to require extensive repairs. The newest lifts offered at auction were 2012, already five years old. He recommended against purchasing older equipment due to the repair costs, and stated the Association has spent half of the cost of the current lift on repairs.

He also indicated that he had researched makes of lifts and recommends against purchasing another Biljax brand lift due to the difficulty in finding parts and technicians who work on them and the high cost of the parts. In speaking with rental companies, he learned that the JGL lifts are simpler, more durable and typically need less repairs. In looking at purchasing a JGL brand lift new, Mr. Gourdie asked about trading in the Biljax and was told the trade-in allowance would be almost nothing. If sold at auction, the Association's lift could go for \$17,000 to \$18,000 if working, which it isn't, but that inoperable lifts have gone for as much as \$9,000 to \$13,000. Earl Monari asked how much Ritchie Brothers charges to auction equipment, and Mr. Gourdie explained that they charge a 15% commission.

Randy Kuhl then moved and Glenn Norton seconded a motion to authorize Mr. Gourdie to buy the new lift at a cost not to exceed \$40,000 and to sell the old lift by entering into a contract with Ritchie Brothers by the end of February. Earl Monari asked if \$40,000 was enough. Mr. Gourdie stated that he checked the manufacturer list price on the T-500 JGL, and it was \$66,000. However, the dealer he contacted came back with a quote of \$39,570 on a new 2017 lift with a one-year manufacturer warranty and a five-year warranty on specified major structural components. Mr. Gourdie stated this was almost the same price as the Biljax lift, which was a year old with no warranty at the time the Association purchased it.

Earl Monari then questioned the feasibility of renting a lift rather than purchasing and asked how often the lift would be used. Mr. Gourdie indicated that the Association is currently renting a lift on weekends to have trees trimmed and when certain repairs are needed such as woodpecker holes and removal of bats. He stated that when staff resumes work on the multi-unit buildings, the lift will be in use every day.

Randy Kuhl asked how much was currently in the equipment reserve fund, and Mr. Rasmussen stated a little under \$51,000 as of December 31. Mr. Monari asked if the Association could purchase the lift now and wait until the end of the year to purchase the tractor (agenda item number 7). Mr. Gourdie indicated that there weren't any other anticipated large equipment purchases, that the mowers were all expected to last through 2017.

Mr. Rasmussen asked about the batteries for the lift and how long they last. Mr. Gourdie indicated that the current lift uses batteries. They last all day and are charged each night. Mr. Rasmussen asked about getting a self-propelled lift, and Mr. Gourdie said they are out of the

Association's price range, and that that was the first thing to break on the Biljax. A vote was then taken on the motion to purchase a new lift, as stated above, and the motion passed unanimously.

The next item on the agenda was allocation for purchasing a new or used tractor. Mr. Gourdie indicated that the tractor was manufactured in 2005, and the Association has since spent approximately \$8,000 on repairs. He stated that the tractor was recently repaired and is currently working. Mr. Monari suggested bringing the topic back up when the tractor breaks down again. Randy Kuhl suggested putting the item on the June meeting agenda, after the sale of the lift at the Ritchie Brothers auction.

The next item on the agenda was the property and liability insurance renewal. Mr. Gourdie stated that property premiums are expected to decrease by at least 5% and that AmRisc has indicated savings closer to 10% if the renewal is locked in early. Randy Kuhl stated that with these savings, he didn't feel there was any reason to research other options, and Mr. Rasmussen stated that the board may want to consider bids at the next renewal. Earl Monari asked if the coverages would remain the same, and Mr. Gourdie indicated that they would, including increases obtained in recent years, such as the named storm sublimit.

Randy Kuhl moved and Glenn Norton seconded a motion, which was approved unanimously, to authorize Chris Gourdie and John Rasmussen to secure continued property insurance coverage with the same insurance broker as the Association has used in the past, as long as there is a premium decrease of at least 5%.

The next item on the agenda was sale/disposition of Association-owned property. Mr. Gourdie explained that the Association foreclosed on unit 3563/4 in November and won summary judgment on it. He indicated that he had spoken with Ryestone, the company that had purchased unit 2035 from the Association, about purchasing this unit. They had planned to pay the Association's back fees then settle with the private mortgage holder and possibly rent the unit back to Mr. and Mrs. Calvin, who are still residing in the unit.

Mr. Gourdie had a conversation with Mr. Calvin who was apologetic, but stated he was out \$70,000 on the unit: \$19,000 for the mortgage, \$14,000 for Association fees, and \$37,000 for a lien by the IRS. Ryestone indicated that the IRS lien changes the whole deal and offered to pay the Association \$2,500 instead, begin payment of maintenance fees immediately, and deal with the IRS and the former owner. Randy Kuhl suggested having the Association attorney contact the IRS and make an offer. Mr. Rasmussen agreed, stating if the Association could try to clear the lien for maybe \$15,000, then the Association and Weaver, the private mortgage holder, would own the property.

Glenn Norton asked why the Association didn't know about the IRS lien prior to foreclosing, that it should have shown up in a records search. He asked if the Association attorney does a records search before foreclosing on units. Mr. Gourdie is going to follow up with the attorney.

The last item on the agenda was Lake Loft restoration project. Mr. Gourdie stated that he was looking for direction from the Board of Directors on how to proceed. He indicated that Association staff spent eight years renovating the multi-unit buildings, with clear direction from

the board. However, the work required on each Lake Loft is now taking longer than each multi-unit building, at a cost of \$2,300 per building for materials only. He indicated that 9 out of 34 have been completed thus far. After the last one was renovated and painted, a realtor went into the unit and reported that the floors inside are sloping so bad the kitchen cabinet doors had to be rubber banded closed. When Association staff checked, there was a 3-inch drop from the center to the edges. In checking some other units, the Association learned all of them were sagging to some degree due to age and design. Mr. Gourdie then contacted Topside Homes, the manufacturer, and learned that the floors are supposed to be level, and that at the time the units were purchased, Grenelefe wanted them manufactured to last 20 years, and there was no warranty offered.

Association staff did an experiment where they poured footers under the edges of each outrigger and supported them with 6x6 posts, then contacted an engineer to come out and give an opinion. The engineer stated that it looked pretty sound, but that a full engineering inspection and report would be required. He also stated that since the problem is a support issue, that repairs would need to be permitted, which would necessitate the use of a licensed contractor, eliminating the option of using Association personnel.

Mr. Gourdie contacted the Association attorney who stated that the Association has a legal obligation to stop further degradation of the buildings, but also mentioned dissolving the Lake Loft associations as another option. Mr. Gourdie indicated that renovation of each building, including leveling the floor, requires approximately eight weeks of labor for four men, at a total cost of approximately \$35,000 labor plus \$4,000 in materials, for a total of almost \$40,000. He said once they streamlined their process, possibly two weeks could be eliminated. Mr. Rasmussen stated that the \$35,000 labor cost was calculated using the Association's costs of \$28 per hour, but a contractor would be more. Carl Bauer felt that wouldn't necessarily be the case and that the board didn't have enough information to be able to effectively discuss the issue. He stated the board doesn't know a) if the engineer is correct, since he states that a formal engineering analysis will be required in order to confirm the repairs will perform adequately, b) whether the labor figures are correct, and c) how many Lake Lofts actually require the work to be done at this time. Mr. Bauer stated that if any of the CFI-owned units are safe, the slope is not that bad, and they can be rented "as is," the work on those units can be put off. He indicated that he asked CFI's contractor, Mike Dion of Colorado Construction, to take a look at them.

John Rasmussen pointed out where the engineer had stated that several aspects of the observed repairs appear to be non-compliant with current building code requirements, and indicated that Association staff need a directive from the board to stop renovations. Carl Bauer stated that he agreed, as long as the Association had a licensed contractor take a look, and then the board discussed the findings and how to proceed. Mr. Gourdie also agreed, stating that Association staff had done the one to see what would be involved in fixing the problem, then consulted the engineer.

It was decided by consensus of the board to have the Association staff take care of safety issues, such as loose handrail and steps, and to keep the units rentable, but not replace sills, or metal plates or have any other support work done until after consulting with a contractor and engineer. Bryon Smith suggested going back to Robert Plowfield, the engineer, to come up with plans to

submit to contractors to bid. Carl Bauer raised the question of also having the contractors come up with solutions and bids apart from the work being done by Plowfield, which wouldn't cost anything. Mr. Gourdie suggested getting bids from W.R. Martin Construction and Brandel Construction, who have done storm damage work for the Association, as well as the bid from Colorado Construction.

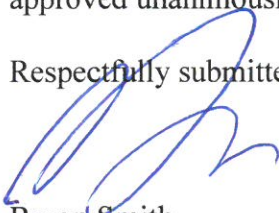
Earl Monari moved and Carl Bauer seconded a motion to seek design/build bids from contractors for the restoration of the Lake Lofts. Bryon Smith stated that he was going to vote no for the motion. He said there is more than one way to look at it, but he feels the plans should come from the engineer first and be provided to the contractors. Carl Bauer expressed concerns that the engineer would only look at the path the Association presented, as far as repairs, but Mr. Gourdie indicated that the Association could instruct him to not take those into consideration. Mr. Bauer then withdrew his second and Earl Monari withdrew his motion.

Carl Bauer moved and Bryon Smith seconded a motion to go back to the engineer to provide a formal engineering analysis and plans and also solicit design/build bids from the contractors without making them aware of the work being done by the engineer. Mr. Rasmussen expressed concern that there would possibly be double engineering fees, since the contractors would have those built into their bids, but Earl Monari stated that the contractor chosen to do the work could be instructed to omit that cost since the engineering would be provided. If the contractor had different ideas, he could consult with the engineer.

A vote was then taken. Both Randy Kuhl and Glenn Norton had to step out of the meeting and were not present for the vote. The motion passed unanimously, with the remaining six directors voting in favor.

At 10:35 a.m., Carl Bauer moved and Joyce Morris seconded a motion to adjourn, which was approved unanimously.

Respectfully submitted,



Bryon Smith  
Secretary