

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
July 24, 2014

Board Members Present: Edy Salenger, President; Judy Beneventi, Vice President;
Mike Luckado, Secretary; and Director Joe Schultz

Board Members Present: Bill O'Connell, Treasurer; and Directors Gordon Johnston and
(By Telephone or Tom Logan
Facetime)

Other Attendees: Alexander Gat, Destination Maui, Inc.; Sam Schreiner, Site
Manager; and Louise Rockett, Recording Secretary

I. DECLARATION OF QUORUM

A quorum was declared with seven Directors present.

II. CALL TO ORDER

President Edy Salenger called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order at 9:12 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

It was certified Notice of Meeting was sent in accordance with the Association governing documents on June 30, 2014, and it was posted on property in compliance with Hawaii State Law.

IV. CONSENT CALENDAR

Corrections to the April 17, 2014, Board of Directors Meeting were noted.

MOTION: To approve the Consent Calendar, as follows: Minutes of the April 17, 2014 Board of Directors Meeting as amended.

Beneventi/Schultz Unanimous Approval

V. TREASURER'S REPORT

Treasurer O'Connell updated the Board on the financial status of the Association through June 30, 2014. The Association is in sound financial health. The Treasurer's summary will be attached to the Minutes.

VI. SITE MANAGER' REPORT

Mr. Schreiner submitted a written report. He said the President commented that the new LED light installed for the parking lot is too harsh. He will explore adding dimmers to each

light fixture and obtaining lower wattage lights.

He said it rained three-quarters-of-an-inch this week, so the irrigation was turned off for four days. The last three smart modules and clocks for the irrigation system have been installed and are operational.

Mr. Schreiner is working on a diversion for backwash water while he maintains the pool during the summer. He has ordered materials to install an 80-foot line with holes drilled in it to disperse the pool overflow water within the pool fence area, so the water doesn't reach the golf course. The President credited Mr. Schreiner for coming up with this smart solution.

VII. PRESIDENT'S REPORT

President Salenger has been interacting with the various committees and will include her reports as the Meeting progresses.

VIII. MANAGING AGENT

Mr. Gat provided the Board with a summary of Destination Maui Inc.'s activities during the last few months. He updated the Board on Accounts Receivable. There is currently only one seriously delinquent owner; the other delinquent owner paid yesterday. DMI plans to hold a seminar for site managers to inform them of new OSHA chemical labeling requirements that take effect in 2016.

IX. OLD BUSINESS

A. Safety Committee Update

Directors Logan and Schultz inspected the parking lots and walkways to check lighting and safety; everything looked fine.

Mr. Schreiner added a cord release to the latch (on the inside) on the door to the trash area. Before, if the wind blew the door closed, people could be locked inside, now they can pull the cord and open the door. New designs for the area will be presented to the Board.

May was Safety Awareness Month in Wailea, and Director Logan said motorists drove more carefully. Speed bumps added on the property are a good traffic fix for both people entering and leaving the property.

B. Reserve Study Update

The agenda includes a web address to review the Reserve Study, and Mr. Gat included a summary in the Board packet. The Treasurer said that not much changed with the new study.

Reserve funding strategy was discussed. Based on the Association's projected beginning year Reserve balance and the new Reserve balance as of January 1, 2015, the Association can expect to be approximately 57.5% funded. Historically, the Association followed a 3

percent per year increase, and the new study keeps the same growth level.

The President suggested that the Board take action now on two lines of the Reserve Study. One is in the exercise equipment area; Mr. Schreiner and Josh have been researching replacing the treadmill and Universal Gym within the next year. The second is the kitchen renovation. The countertops, appliances and sink will be replaced. The President and Mr. Schreiner suggested including in this project work on the Recreation Room, i.e., the repair and sealing of the baseboard. Mr. Schreiner will research if a plastic baseboard product can be used, as well as seek a bid on kitchen cabinet replacement.

The Treasurer answered questions Board members had on Reserve Study items.

C. LED Replacement for Parking Lot Lamps

The Treasurer provided a financial analysis that shows LED lights are a good investment. With no increase in MECO electric rates, the lights will pay for themselves in five years with almost a 19% internal rate of return.

Before replacing 57 parking lot lights, an LED light was installed for a test. The President said the LED emits a very bright, stark white light, which is unacceptable. The lights are also offered in cool, neutral and warm tones. Warm is similar to the existing lights but twice as bright.

The Treasurer said the existing lights are 150-watt bulbs, and the LEDs are equivalent to 250 watts. The President said the Association will look for a 150-watt equivalent LED lighting. The Treasurer favors installing LED lights for their energy savings and long life.

D. Solar Project

The Treasurer said the Association has two Photovoltaic proposals from Haleakala Solar (62 300-watt panels) and Rising Sun Solar (94 260-watt panels). The proposals are for photovoltaic systems that include power purchase agreement offers. The Association doesn't have to invest any money for the system, and it will save \$5,000 per year.

The power purchase agreement proposals offer a similar 24 cents per kilowatt hour rate; Maui Electric is currently charging 38 cents. The contract proposals differ in duration (15-year for Rising Sun, and 20-year for Haleakala Solar), buyout options, system size and panel configurations, equipment used, wattage of panels and warranties.

It was suggested that the Board may have to go to ownership for approval. The attorney will review the full agreement and report back to the Board.

It takes a while to secure approvals from MECO and the county, so construction would not likely occur until Christmas or early next year.

The Treasurer and Director Johnston favor moving on the proposal as soon as possible. A major consideration for the Board is the roof layout of the panels in the two proposals. Haleakala Solar would put PV panels on the side of the recreation building roof facing the

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ocean. Rising Sun's proposal puts PV panels on the roof side facing the units uphill and the ocean side. The Board will discuss the proposals in Executive Session and advise the Treasurer on how to move forward.

E. New Insurance Company

The Association has a new insurance carrier, Atlas. The Treasurer said the Association has saved roughly \$10,000 from the money appropriated for insurance in the budget. The Association will get a new quote for workers' compensation in January.

The President said the insurance representative has offered to visit the Board to discuss coverage terms. The Board will have the representative attend its November Meeting. The Treasurer added that the Association's attorney is reviewing its insurance, and his comments will be available prior to the discussion in November.

F. New Auditor

The Association plans to engage the services of a new auditor. The proposal from the CPA firm will be discussed in Executive Session.

X. NEW BUSINESS

A. Dumpster Enclosures and Recycling

The Safety Committee asked for Board approval to obtain bids for the enclosures, to accommodate the trash and recycling bins. The committee is looking at the gates, bins and enclosures. Trash and recycling bids are included in the Board's packet.

Director Schultz noted the committee would like to find out the cost to renovate the enclosure areas, including the doors, and to accommodate bins and totes during peak season. In the off-season, the Association can consider cutting back refuse removal services to save money. A fence contractor will also visit the property and recommend options and designs.

As an immediate cost-cutting measure, The Board directed Mr. Schreiner to call the refuse removal contractor and change collection from twice a week to once a week. If there are any problems, the twice-weekly schedule will be reinstated.

B. Barbecues

Director Johnston presented an idea for the barbecues. He said the barbecues are well-used and old. He checked out the Bull brand barbecue grills used at a neighboring property and was impressed with their quality. If the Board finds that the grills are acceptable, Director Johnston proposed replacing two Association grills with the Bull stainless steel grills and building a countertop around them. Mr. Gat will obtain quotes for the project, and the Board can consider it in the context of next year's budget.

XI. OWNERS' FORUM

There were no owners present.

XII. NEXT MEETING DATE

The Budget Workshop Meeting will be held on November 6, 2014, and the Board of Directors' Budget Meeting will be held on November 13, 2014. The insurance agent will meet with the Board the week of November 17, 2014.

XIII. EXECUTIVE SESSION

The Board moved to Executive Session at 10:35 a.m. to discuss contracts, legal matters and delinquencies. Regular business resumed at 10:55 a.m.

XIV. OTHER BUSINESS

MOTION: That the Board subcommittee move forward on the photovoltaic project as quickly as possible, gaining input from the Association lawyer about whether the Board needs full approval by ownership. Solar panels will only be placed on the pool side of the structure, not on the side facing the units.

Beneventi

The Board reviewed prior Minutes and found that three Directors, by previous motion, are authorized to approve the Association's contract for provision of photovoltaic power at the Recreation Center; therefore, a Motion was not necessary.

XV. ADJOURNMENT

The meeting adjourned at 10:56 a.m.

Respectfully submitted,

Louise Rockett

Transcriptionist

Approved for distribution by Edy Salenger, President