

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
November 13, 2014

Board Members Present: Edy Salenger, President; Bill O'Connell, Treasurer, Mike Luckado, Secretary; and Directors Joe Schultz and Tom Logan

Board Members Absent: Judy Beneventi, Vice President; and Gordon Johnston, Director

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

I. DECLARATION OF QUORUM

A quorum was declared with five 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 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, and it was posted on property in compliance with Hawaii State Law.

IV. CONSENT CALENDAR

There was a question about the final motion on page 6 about the PV system, and changes were made and noted.

MOTION: To approve the Consent Calendar, as follows: Minutes of the July 24, 2014, Board of Directors' Meeting, as amended.

O'Connell/Schultz Unanimous Approval

V. TREASURER'S REPORT

Treasurer O'Connell updated the Board on the financial status of the Association through September 30, 2014. Net income totals \$77,440, with a revenue overrun of \$8,543 due to late fees paid and interest on delinquent accounts. Variances, both over and under target, were noted and explained. The cash balance totals \$346,000, an increase of \$63,000 above the beginning of the year. The Association has financial obligations for the photovoltaic system, and funds will also be used to upgrade a foreclosed unit to rental quality. Cash levels are expected to be at a normal level at the beginning of 2015.

VI. SITE MANAGER' REPORT

Mr. Schreiner submitted a written report dated November 13, 2014, updating the Board on projects completed, ongoing or planned.

Mr. Schreiner has been working on the trash enclosure, trying to come up with a good alternative to help maintain the existing area. He has been in contact with two vendors. The goal is to change the location of the gateposts in the front of the enclosure to allow for a small, walk-in, swinging pedestrian gate on one side with level ground. Once the project scope is determined, Mr. Schreiner can obtain bids. Director Schultz recommended hiring an architect and engineer to design the project. The project will be discussed further in Old Business.

Tree trimming is going well, Mr. Schreiner said. He will notify Island Plant to check the irrigation system and note any missing or damaged heads, so they can be repaired or replaced. The lawn is scheduled to be aerated.

Mr. Schreiner has ordered a part for the footbridge, and he will meet tomorrow with a contractor to discuss the project. He described the repair project. Board members raised the possibility of eliminating the bridge, creating a brick pathway under the swale and posting a warning to not cross rising floodwaters. He will report to the Board after the contractor inspects the bridge.

VII. MANAGING AGENT'S REPORT

Mr. Gat said the Association is progressing with a foreclosure. The auction is scheduled to place on November 19, 2014.

VIII. OLD BUSINESS

A. Kitchen Remodel and Barbecues

The President feels that the scope of the project has been increasing, but details are vague. She suggests forming a Board committee to obtain bids for the project and establish timelines. Directors Logan and Luckado volunteered. The Recreation Center upgrade project will include rec room baseboards and upgrades to the kitchen and replacing the exercise equipment, as well as the upgrade to the barbeque area. The committee will provide a proposal for the project at the January 15, 2015, Board of Directors' Meeting. The President will attend the first committee Meeting and provide input on the barbecues.

B. Dumpster Enclosures

The committee will create four sketches of possible redesigns of the area, which can be taken to contractors to obtain proposals. Board members want the project to be inexpensive, simple and user-friendly. The project is needed for safety. An update will be provided at the January Meeting.

C. Footbridge Renovation

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The Treasurer questioned if Motions are needed to pay for aspects of the project out of the Reserves. If the project exceeds \$1,000, it will be funded through the Reserves. Mr. Schreiner said timber can be purchased on Maui, and the project will be conducted in-house. If the funding comes in below \$1,000, it can be funded as a regular maintenance expenditure. Mr. Schreiner will provide information at the next Meeting.

D. Oceanic Cable Contract

There is \$6,000 in the Fiscal Year 2015 Budget for enhancement from the existing analog cable service to the digital high-definition entertainment package. The Board does not yet have the exact cost of the upgrade. Some owners already have the upgraded service.

MOTION: That the Board authorize the Cable Committee to negotiate a new contract with Oceanic Time Warner Cable for the provision of upgrading from basic cable to digital and HD cable service for a cost not to exceed \$7,000 in 2015.

O'Connell/Schultz Unanimous Approval

IX. NEW BUSINESS

A. 2015 Budget

The President thanked Directors O'Connell and Logan and Mr. Gat for all the work they put into drafting the budget. The Treasurer noted that monthly maintenance fees will drop by about \$4 for two-bedroom units and \$6 for three-bedrooms in the budget. The spending plan also increases the statutory Reserve funding portion by more than the Association's normal three percent hike.

Major projects in the budget include the solar installation; the Treasurer hopes savings in electricity from the project can be contributed to the Reserves. The Association will be able to recoup its investment in the system in eight years. The Treasurer wants to study steps the Association can take to drive electricity usage at the pool and Recreation Center during daylight hours. Additional projects to be funded in the Reserves include replacing the exercise equipment and upgrading the barbecues and kitchen. Operating surplus may be used to install LED lights in the parking lot. Funding to redo the trash enclosure will come out of Buildings and Repair in the budget. Resealing the parking lot was moved from 2016 to 2017.

MOTION: To accept the 2015 budget and move the asphalt re-sealing out one more year.

O'Connell/Schultz Unanimous Approval

B. Role of Site Manager During Emergencies

During a recent storm warning, Mr. Schreiner and Josh inspected lanais, took down

umbrellas and moved furniture to safe places. This led to a discussion of the expectation of the performance of the Site Manager in emergency situations. The President said the Site Manager is responsible for the common property, and owners and on-island representatives are responsible for items on lanais. The Treasurer proposed that if items on an owner's lanai present a threat to other units and the owner does not have a representative to store them, the staff should remove the items and charge the owner. House Rules regarding lanais were read aloud. Board members suggested that DMI remind owners about lanai responsibilities (moving items inside and securing furniture during a storm watch) via email and in the newsletter. The Board will also seek email addresses for owners and their representatives to be able to send notices during a storm watch and also during more serious storm warnings. Director Luckado recommended all owners join the Civil Defense email warning system for hurricane advisories.

C. Defibrillator

Mr. Gat obtained a quote for purchasing a defibrillator, which includes a cabinet and installation and testing of the device. Staff have already been trained and certified in CPR, AED and First Aid. The company would inspect the lifesaving device and its battery annually. The President said Associations may be expected to have the devices on-property to improve safety. Board members said it should be located in a visible spot and accessible. The machine provides vocal instructions to users. The Board will check with its insurance agent about liability.

MOTION: To authorize two Directors to purchase the defibrillator as presented for a maximum of \$1,820, pending response of the Association's insurance agent on impact on insurance coverage premiums, etc.

O'Connell/Luckado Unanimous Approval

D. Cyber Insurance

Mr. Gat said cyber attacks against major companies have been reported in the news. There is a risk factor with banks in that they will only cover for issues wherein it can be proven the problem resulted from their negligence or inability to protect the account. Mr. Gat detailed steps DMI has taken to reduce exposure and protect Association accounts. He said cyber attack insurance costs about \$6,000 per year. The Treasurer said he would like to meet with Mr. Gat and the Association auditor to review security, financial transaction authorization requirements, and actions they could take to enhance security. Other Board members are welcome to attend the Meeting. Board members would like to table the issue pending further review of the adequacy of current safeguards at DMI.

E. Free Conference Calling

A website, Free Conference Call HD.com, offers free conference call service with better options / amenities than the paid service. Free numbers to call are offered internationally for call-ins.

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MOTION: To use Free Conference Call HD.com for all future Board Meetings that require calling in.

Luckado/Schultz Unanimous Approval

X. NEXT MEETING DATE

The next Board of Directors' Meeting will be held on January 15, 2015, 9 a.m.

XI. EXECUTIVE SESSION

The Board moved to Executive Session at 11 a.m. Regular business resumed at 11:35 a.m.

XII. UNIT RENOVATION

MOTION: That the Board authorizes two Board members to oversee the renovation of Unit H-101 if the Association obtains ownership on November 19, 2014, and such renovations are not to exceed \$15,000 in total without additional authorization from the Board.

O'Connell/Logan Unanimous Approval

XIII. ADJOURNMENT

The meeting adjourned at 11:38 a.m.

Respectfully submitted,

Transcriptionist

Approved for distribution by Edy Salenger, President