

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
November 11, 2015

Board Members Present: Judy Beneventi, President; Mike Luckado, Vice President; Edy Salenger, Secretary; Bill O'Connell, Treasurer; and Directors (In Person) Joe Schultz, Mike McDole and Tom Logan

Other Attendees: Susan Gregory, Destination Maui, Inc.; Sam Schreiner, Site Manager; and Deidre Ruiz-Rockett, Recording Secretary

I. DECLARATION OF QUORUM

A quorum was declared with six Directors present either in person or by telephone.

II. CALL TO ORDER

President Judy Beneventi called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order at 9:00 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 October 12, 2015, and it was posted on property in compliance with Hawaii State Law.

IV. APPROVAL OF MINUTES

The Board reviewed the Minutes of the August 20, 2015, Board of Directors' Meeting. A change was noted in the Owners' Forum, as follows: "Directors Schultz and Beneventi volunteered to serve on a committee and will meet on another occasion."

MOTION: To approve the Minutes of the August 20, 2015, Board of Directors' Meeting as corrected.

Schultz/O'Connell Unanimous Approval

VI. TREASURER'S REPORT

Treasurer O'Connell submitted a written report, updating the Board on the Association's financial results. The Association is in sound financial condition. Losses total less than the Board had budgeted, and operating cash and the Reserves are in good shape. The Treasurer answered questions fellow Directors had about cash flow and the budget.

VII. SITE MANAGER' REPORT

Mr. Schreiner submitted a written report, updating the Board on Association activities and projects, including landscaping projects and the Kitchen Renovation. Additional projects not listed in the report include aerating the dry and steep portions of the lawn and renovating the

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kitchen and barbecue grills. Questions were answered, and there was discussion about pressure washing, wasp infestations, ongoing parking lot lights project, irrigation work, gas timer valve installation and tank operation instructions and status of the Dumpster Enclosures Project.

VIII. MANAGING AGENT'S REPORT

Ms. Gregory introduced herself. She listed administrative responsibilities accomplished and reported on the status of other Association activities. She has responded to owners' correspondence on insurance; handled administrative functions for the Association, including working on the proposed 2016 Budget; conducted property inspections; and negotiated a two-month contract extension with the landscaper, providing a proposal for the Board's consideration. She answered questions Board members had.

IX. PRESIDENT'S REPORT

The President thanked Director Luckado for the video of the fitness room upgrade and solar system installation that have been posted on the website; for his efforts on the recreation center, kitchen and grills; and for joining her in a meeting with the landscaper. She also thanked the Treasurer for his work on the budget, and everyone who has helped in upgrading the recreation center. She said the kitchen and grills look fabulous.

X. OLD BUSINESS

A. Privacy Partitions

The President said the Association has sent letters to two owners with privacy partitions that now violate the approved design guidelines. Ms. Gregory said one owner has fully cooperated and complied with a request from the Board. The second owner has talked with Mr. Schreiner but has not yet responded. The Board will send the owner another letter with a two-week timeline to fix the partition or face fines.

B. Safety Hedge Feedback

A safety hedge was planted by Buildings X and Y. The President asked if owners provided any feedback. At this time, Mr. Schreiner said, there have been no negative comments from owners.

C. Update on Association Rentals

There was an update on the status of Association-owned unit(s). With a sale of one unit to the bank anticipated, Ms. Gregory is tracking costs due the Association from the bank in consultation with the accounting department at DMI. The Treasurer cited the transaction / auction process, which is expected to conclude in January or February.

D. Registration Fee Proposal

The Board has discussed a proposal to initiate a registration fee for rentals. The President

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deferred discussion of this item to Executive Session.

E. Pool Steps

Mr. Schreiner is researching alternatives for non-slip material for the surface of the pool steps.

F. Kitchen Remodeling Update

The Kitchen Remodel is almost completed. The next steps include hiring a plumber to install a gas line to the grills and painting the outside of the grills to match the building color scheme. The Association is \$8,100 under the \$50,000 budget for the project. Board members agreed on the positive aesthetic appearance of the area. The new tile by the grills is durable and dark to prevent staining. Pictures of the new kitchen and grills will be posted on the website and detailed in the next newsletter. Owners will be asked to be respectful of the remodeled area to help keep it neat and clean.

G. Island Plant Contract

Ms. Gregory has been negotiating with \ Island Plant, and she presented a proposed three-year landscaping contract with Island Plant to the Board. The proposal calls for a 3.7% increase in fees the first year, no increase in the second year and a 1.7% hike in the third year. If approved, the new contract would begin in January 1, 2016. After some discussion, it was determined that Board members want to continue negotiating certain terms of the contract.

MOTION: That the President and DMI have the authority to approve the contract after it has met their standards.

Salenger/Logan Unanimous Approval

X. NEW BUSINESS

A. 2016 Budget

The Treasurer provided a summary of the proposed 2016 Budget. The budget calls for a maintenance fee increase of 1.56%, which is below the rate of inflation in Hawaii. The budget reduces the amount of operations' funding and increases fees to build the Reserves. The goal is to have the total liability funded level percentage in the Reserves at 74% at the end of 2016.

The Treasurer noted that the Budget includes \$4,000 to \$4,500 to purchase pool furniture, \$8,000 to \$10,000 to redo the trash enclosures and about \$7,000 for the gravel retention barriers. The Treasurer noted it is a tight budget, with only about \$20,000 appropriated for projects. The spending plan reflects continued low rates for electricity; if oil prices rise, the Association could end up spending well above the budgeted total. Water bills could also increase if it is a hot, dry year as predicted.

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The Association's rental unit is contributing about \$10,000 per year to subsidize owners' maintenance fees. The Treasurer thinks the revenue will continue at least through 2016. He answered questions Board members had.

MOTION: To approve the 2016 Budget.

O'Connell/Salenger Unanimous Approval

B. Emergency Preparedness

The President recommended posting emergency preparedness information on the Association's website. The two elements of the plan include: 1) Emergency Preparedness as an individual prior to an event; and 2) Actions to take after the event. Wailea Community Association created an emergency plan in 1995 and updated it in 2013. Hotel Wailea is the designated emergency shelter.

If an emergency occurs, Director Schultz said the Managing Agent and Site Manager will likely receive a constant stream of calls from owners. He asked if Board members are willing to serve as volunteers to assess human and structural safety after a disaster and assist the Managing Agent and Site Manager in providing information to owners.

Emergency preparedness information will be posted on the Association's website, and Director Schultz will begin assembling a team and drawing up a draft of Wailea Fairway Villas' Emergency Disaster Plan.

C. Sewer Inspections

The Treasurer said there is funding in the Reserves for sewer inspections. Wailea Community Association has already inspected the main sewer lines but not the lines on the Association's property. Ms. Gregory will seek guidance on how often the lines on the Association's property should be inspected, as well as a recommendation on a maintenance plan. She will also obtain a map of sewer lines and detail responsibility for maintenance.

The Treasurer also asked for an estimate on how much it will cost to replace the backflow valves in six to seven years, so the Reserves can be adjusted.

Ms. Gregory will obtain pricing information for painting, sewer inspections and backflow valves before the next budget cycle.

D. Tree Removal

Mr. Schreiner reported that 14 trees have been identified for removal, with four or five trees that are most critical. Tree removal is not included in Island Plant's contract; the fee is \$450 per tree. The Treasurer said the trees could be removed with funds from the Operating Budget. The Treasurer said there is \$80,000 in the Reserves, three years out, for landscaping renewal. As part of the Association's Landscaping Plan, he would like guidance from the arborist on the lifespan of various trees and shrubs and which trees will impact paved areas and buildings, so the Board can plan for removal and replacement in the

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Reserves.

MOTION: To approve an expense of \$2,250 to remove five trees.

Salenger/Beneventi Unanimous Approval

XI. NEXT BOARD MEETING DATE

The next Board of Director's Meeting will be held Friday, January 29, 2016, at 9 a.m. The Annual Owners Meeting is scheduled for Saturday, March 12.

XII. EXECUTIVE SESSION

The Board adjourned to Executive Session at 10:59 a.m.

Respectfully submitted,

Louise Rockett,
Transcriptionist

Approved by Judy Beneventi, BOD President on January 29, 2016