

Association of Apartment Owners
Wailea Fairway Villas
Annual Meeting Minutes
March 20, 2010

Board Members Present: Sanford Skaggs, President; Gordon Johnston, Vice President; Ed Small, Treasurer; Edy Salenger, Secretary; and Director Jordan Ayan

Board Member Absent: Janet Coflin and Mary Henig

Other Attendees: Nancy Price and Bob Wood, Destination Maui, Inc.; Sam Schreiner, General Manager; Deidre Rockett, Recording Secretary; Bud Pikrone, Wailea Community Association

I. WAILEA COMMUNITY ASSOCIATION

President Sanford Skaggs introduced Bud Pikrone.

Mr. Pikrone, Executive Director of Wailea Community Association (WCA), reported the Annual Meeting of the WCA was held recently. Information about that meeting has been posted on the website at wcamaui.com.

Mr. Pikrone updated the owners on the WCA strategic plan. In these challenging economic times, the goal is to protect the value of Wailea properties through promoting Wailea and remaining competitive in the destination resort marketplace. The other objective is to promote an image on the island that "Wailea does care" about the community.

WCA insures that the Wailea community is maintained according to established standards. Mr. Pikrone noted Association fees were not increased this year with no impact on WCA services.

Mr. Pikrone updated the owners on construction activity, including the "one across the street and the one next to the Gateway Center". An approval has been given to a property next to Kaimalu for a 75-unit complex. Approval has also been given for the MF10 Project, a mixed use project across from Ekolu. This project will connect to the town center in that area, where the grocery store will be located. This project will move forward when permits are issued; however, plans for construction are projected to commence either at the end of 2010 or in 2011.

The Renaissance has revised their plans. The developer is not planning on tearing down the building. It will remove, however, one small building in the setback area. The plans are to renovate the building to a green building, i.e. Led Certification.

The Grand Wailea is expanding, adding 300 rooms and a new cultural center. In addition, the restaurants are being renovated. One requirement by the County is the addition of 75 parking stalls for beach access.

Recently, the Shops at Wailea have submitted an expansion proposal, including the addition of second story parking and some retail establishments.

The County has added conditions to a number of the projects, including the widening of Pi'ilani Highway to four lanes and to improve the intersection at Alanui and Ikea. This matter comes before the Planning Commission on April 13, 2010. Mr. Pikrone encouraged WCA members to join a letter writing campaign objecting to the intersection modifications.

Mr. Pikrone answered questions the owners had.

II. CALL TO ORDER

President Skaggs called the Association of Apartment Owners of Wailea Fairway Villas Annual Meeting to order at 9:20 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. DECLARATION OF QUORUM

A quorum was declared with 50.955% of the owners represented either in person or by proxy.

IV. PROOF OF NOTICE

It was certified that the Notice of Annual Meeting was mailed to all owners of record in accordance with the Association governing documents, and was posted on property in compliance with Hawaii State Law.

V. INTRODUCTIONS

Introductions were made at this time.

VI. APPROVAL OF MINUTES

Copies of the Minutes of the 2009 Annual Meeting were distributed to owners at registration. The President asked if any owner would like to have the Minutes of the March 21, 2009, Annual Meeting read.

MOTION: To waive reading of the Minutes of the March 21, 2009, Annual Meeting.

V103/F101 Unanimous Approval

MOTION: To approve the Minutes of the March 21, 2009, Annual Meeting as presented.

F101/V103 Unanimous Approval

VII. PRESIDENT'S REPORT

The President reported that the major focus of the Board has been to maintain and improve the property the past year, with a goal of meeting Wailea quality in mind. Projects undertaken to achieve this objective included: 1) Complete pool project; 2) Commencement of repainting the buildings and repair of stucco; and, 3) Decision to gutter all four sides of all of the buildings.

With concerns about the landscaping, the Board, with the assistance of DMI, drafted a landscaping scope of work and specifications, including the combination of landscaping and tree trimming under one contract. Bids were solicited and received. A contract was negotiated to include a number of hours per month to be devoted to special projects to enhance the property. The contract with Island Plant is for a two-year term. The President noted that the quality of the equipment used and the service provided has improved with the new contractor.

The focus has been to work on the "bare spots" around the property. A two-year schedule has been implemented to address the bare spots.

A full time employee has been added to the staff.

The rules were revised, and increased enforcement followed on a phased basis. It is the responsibility of the Board to enforce the rules as written in the Association governing documents for the benefit of the community.

Flood damages that occurred last year absorbed an incredible amount of management time and were an extreme inconvenience for the owners suffering the damages. In two buildings, there were water leaks in upper floors. In each case, the units were unoccupied when the leak occurred. The President explained the associated challenges to administer the allocation of insurance claim funds. Owners are required when absent from the island for more ten days to turnoff the water service into their unit. The Site Manager is available to help owners turnoff the water valves. Owners are required to periodically inspect their plumbing and water heater for signs of leakage or deterioration. The President asked the owners to consider replacement of the aging water heaters.

The Board proposed three amendments to the governing documents that require approval by the owners. Written consent ballots were sent to all owners. In addition, there are ballots available at the meeting to cast on the three proposals: 1) Clarify the process on distribution of insurance proceeds; 2) Clarify the rule about changes to the common elements that are currently inconsistent; and, 3) adoption of a rule that would prohibit smoking on lanais and some common areas. The President encouraged owners to cast and return the ballots.

The President introduced Nancy Price and expounded on her good qualifications and professionalism. He recognized Sam Schreiner for his dedication and good work.

VIII. TREASURER'S REPORT

Copies of the draft Audit Report for the year-ending December 31, 2009, were distributed to owners at registration. Michael Bates, CPA, who also will prepare the final Report, conducted the independent audit.

Treasurer Small noted that year-end cash balances were down, attributed to the allocation of funding on the pool renovation and painting projects. The balance in the Operating Account was \$171,000. The balance in the Reserve Fund was \$107,000. With the Reserves "lower than it should be", money from the Operating Account this year will be transferred to the Reserve Fund to meet future capital improvement and replacement needs.

The results of last year were excellent. The cash balances were in sound shape all year long. Expenses tracked lower than projections. For the first two months of 2010, expenses tracked under projections by about \$10,000 per month.

Accounts receivable are increasing. The balance of the amount past due at the end of the year was an estimated \$66,000. Owners are encouraged to pay their maintenance fees on time.

The Treasurer and other Directors responded to various questions the owners had, including those relating to accounts receivable. Actions to collect past due amounts were described, including placement of liens, foreclosure actions, rent intercept and termination of water and access to the parking lot and pool area. The Board is monitoring the situation closely.

IX. MANAGING AGENT'S REPORT

Ms. Price introduced herself. Ms. Price thanked the Board of Directors for their volunteer work and tireless efforts on behalf of all owners. She further recognized the team of employees supporting the Association at Destination Maui, Inc. In particular, she recognized Mr. Schreiner for his valuable support and assistance.

Ms. Price submitted a written report, dated March 19, 2010, which was distributed to owners at registration.

Destination Maui sponsors continuing educational classes for its employees and association site, resident and general managers, including a CPR/First Aid training and re-certification course.

Included in the packet of information distributed to owners at registration was an Insurance summary of common element insurance. The coverage does not include the contents of the units or any upgrades to the interior of the unit. The insurance does cover repairs to return the unit to its "as built" condition. Owners are encouraged to purchase contents, improvements and liability insurance coverage. In addition, owners are required to purchase individual, homeowner's insurance that will indemnify them for the deductible on the Association's policy and for any liability they may have for incidents that damage other units and to provide, and continually maintain current evidence of this Insurance to the Site Manager.

The President outlined communication protocol. Owners with concerns, comments, suggestions or questions should channel them to management, which provides the greatest likelihood of a timely response. The Board's primary function is to conduct oversight of management; however, it will hear and act on any matter when an owner is not satisfied with management's response.

X. GENERAL MANAGER'S REPORT

Sam Schreiner thanked Ms. Price, the Board and the owners for their support. He reported a fulltime employee has been hired, and this person is doing an excellent job. The new employee is a fast-learner.

Mr. Schreiner updated the owners on ongoing and planned projects: 1) Building painting; 2) Installation of gutter diversions in-house; and, 3) Planned replacement of rotted wood edging along the gravel at the bases of the building. A new printer was purchased for the office, and a new router was installed. Other computer upgrades were accomplished.

Mr. Schreiner reported that all owners have received notification of the ongoing requirement to provide the Association with proof of insurance that is currently effective. Failure to do so results in an automatic fine.

A suggestion box will be installed. Owners are encouraged to make suggestions of any nature and to report irrigation system leaks, light bulb outages, etc.

Mr. Schreiner answered questions the owners had. He can be reached by email at wfv@hawaii.rr.com

XI. ELECTION OF DIRECTORS

The Association is governed by a seven-member Board of Directors. With the terms of Directors Ayan and Henig expiring, there are two vacancies on the Board for three-year terms. The following owners have submitted interest in serving on the Board, and their names have been added to the ballots, as follows: Mary Henig and Jordan Ayan. The President called for nominations from the floor.

MOTION: To close nominations.

F101/V103 Unanimous Approval

MOTION: To elect by acclamation Jordan Ayan and Mary Henig to serve on the Board of Directors for three-year terms.

F103/E202 Unanimous Approval

XII. ANNUAL RESOLUTIONS

MOTION: That any excess of membership income over membership expenses for the year-ending December 31, 2010, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

Small/A202 Unanimous Approval

The Association is not located in a designated Flood Zone hazard area, and the Association does not currently carry flood insurance because it is very expensive and includes a very significant deductible or self-insured retention.

MOTION: To recommend to the Board that the Association refrain from purchasing flood insurance coverage "on a permanent basis" for the reasons as noted immediately above.

E202/B103 Unanimous Approval

The Association does not currently carry earthquake insurance coverage for similar reasons.

MOTION: To recommend to the Board that the Association refrain from purchasing earthquake insurance coverage this year.

V103/A202 Unanimous Approval

XIII. OWNERS' FORUM

During the Owners' Forum many topics were discussed. No action was taken. The Board will take the suggestions under advisement during the forthcoming year and may place some of them on the agenda for further discussion at subsequent meetings of the Board. The Directors thanked the many residents in attendance for their participation.

Owners were reminded to call Management if changes are desired or planned for the exterior to their units, the lanais or any other part of the common area, as approval from the Board is required. In addition, owners anticipating the replacement of the water heater should also call management to obtain information about installation challenges.

XIV. ADJOURNMENT

The meeting adjourned at 10:56 a.m.

Respectfully submitted,

Louise Rockett

Louise Rockett
Transcriptionist

Approved for distribution by Sandy Skaggs, President

**RESOLUTION OF THE ASSOCIATION OF APARTMENT OWNERS OF
WAILEA FAIRWAY VILLAS**

**RE: EXCESS INCOME APPLIED TO THE FOLLOWING YEAR'S ASSESSMENT
REVENUE RULING 70-604**

**WHEREAS, the Association of Apartment Owners of Wailea Fairway Villas is a
Not For Profit Corporation duly organized and existing under the laws of the State
of Hawaii;**

**WHEREAS, the members desire that the Corporation shall act in full accordance
with the rulings and regulations of the Internal Revenue Service;**

**NOW, THEREFORE, the members hereby adopt the following resolution by and on
behalf of the Association of Apartment Owners of Wailea Fairway Villas.**

**RESOLVED, that any excess of membership income over membership expenses for the
year-ended December 31, 2010, shall be applied against the subsequent tax year member
assessments as provided by IRS Revenue Ruling 70-604.**

**This resolution is adopted and made a part of the minutes of the meeting of March 20,
2010, Annual Owners Meeting.**

By: _____

PRESIDENT

Attested: _____

SECRETARY

Association of Apartment Owners
Wailea Fairway Villas
Organizational Board of Directors' Meeting Minutes
March 20, 2010

Board Members Present: Sanford Skaggs, Gordon Johnston, Ed Small, Edy Salenger and Jordan Ayan

Board Member Absent: Janet Coflin and Mary Henig

Other Attendees: Nancy Price, Destination Maui, Inc.; Deidre Rockett, Recording Secretary

I. DECLARATION OF QUORUM

A quorum was declared with five Directors present.

II. CALL TO ORDER

The Wailea Fairway Villas Association of Apartment Owners Organizational Board of Directors' Meeting was called to order at 11:05 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

Ms. Price certified Notice of Meeting was sent in accordance with the Association governing documents, and it was posted in compliance with Hawaii State Law.

IV. ELECTION OF OFFICERS

MOTION: To elect the same officers that served as last year as follows: Sandy Skaggs, President; Gordon Johnston, Vice President; Ed Small, Treasurer; Edy Salenger, Secretary; and, Janet Coflin, Assistant Secretary and Assistant Treasurer. Further, to elect Jordan Ayan as an additional Assistant Secretary and Assistant Treasurer.

Ayan/Small Unanimous Approval

There was a suggestion to create a finance committee. This item will be added to the agenda of the March 24, 2010, Board of Directors' Meeting. The President asked the Board to consider a successor for his position in the future. He noted that, all other things being equal, it would be an advantage for the next President be a full time Maui resident.

V. OTHER BUSINESS

The Board discussed the agenda for the March 4, 2010, Board Meeting, including financial questions, i.e. cash flow; enforcement; finance committee formation; Board meeting schedule; and, committee appointments.

The Board considered a request that a tenant be allowed to have three services dogs, one more than normally allowed by the Rules. Based on the information available to it, the Board agreed by consensus to deny the request. Ms. Price will inform the owner of the Board decision.

VI. BALLOTS & PROXIES

MOTION: To authorize the Managing Agent to destroy all ballots and proxies after 30 days.

Ayan/Johnston Unanimous Approval

VII. NEXT ANNUAL MEETING

The next Annual Meeting was scheduled on Saturday, March 19, 2011.

VIII. ADJOURNMENT

The meeting adjourned at 11:23 a.m.

Respectfully submitted,

Louise Rockett

Louise Rockett
Transcriptionist

Approved for distribution by Sandy Skaggs, President