

Association of Apartment Owners
Wailea Fairway Villas
Annual Owners Meeting Minutes
March 16, 2013

Board Members Present: Edy Salenger, President; Ed Small, Treasurer; Gordon Johnston, Assistant Secretary; and Director Bill O'Connell

Board Members Excused: Sanford Skaggs, Vice President; Janet Coffin, Secretary; and Director Mary Henig

Other Attendees: Chris Bandy and Nancy Price, Destination Maui, Inc.; Sam Schreiner, Site Manager; Louise Rockett, Recording Secretary; and Bud Pikrone, Wailea Community Association

I. WAILEA COMMUNITY ASSOCIATION

Prior to the commencement of call to order by the President, Mr. Pikrone, the Executive Director of Wailea Community Association, was introduced. He updated the owners on community activities and projects and answered questions the owners had.

II. DECLARATION OF QUORUM

A quorum was declared with 50.295% of the owners represented either in person or by proxy

III. CALL TO ORDER

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

IV. PROOF OF NOTICE

It was certified Notice of Annual Owners Meeting was mailed to all owners of record in accordance with the Association governing documents on January 15, 2013, and it was posted on property in compliance with Hawaii State Law.

V. INTRODUCTIONS

Introductions were made at this time.

VI. MEETING RULES OF CONDUCT

The President announced meeting rules of conduct would be in accordance with Roberts Rules of Order, Newly Revised. Customary rules of conduct were included with the information distributed to owners at registration, and these were briefly reviewed.

VII. APPROVAL OF MINUTES

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MOTION: To waive the reading of the Minutes of the March 17, 2012, Annual Owners Meeting and to ratify Board approval.

G. Salenger/Wilson Unanimous Approval

VIII. ELECTION OF DIRECTORS

The Association is governed by a seven-member Board of Directors. With the terms of Directors Bill O'Connell and Mary Henig expiring, there are two vacancies on the Board for three-year terms. The following owners have expressed interest in serving on the Board: Mike Luckado and Bill O'Connell. With no objections voiced, these owners were duly nominated. The President called for nominations from the floor. Hearing no objections or further nominations, the President declared nominations closed. The candidates introduced themselves.

MOTION: To elect by acclamation the slate of candidates to serve on the Board for three-year terms, as follows: Mike Luckado and Bill O'Connell.

J. Small/G. Salenger Unanimous Approval

IX. TREASURER'S REPORT

The Draft Audit for the year-ending December 31, 2012, was distributed to owners at registration. It was conducted by Michael Bates, CPA, and a clean opinion was rendered.

Treasurer Small updated the owners on the financial status of the Association for the year then-ended. Assets were reviewed, along with liabilities and fund balances. Total cash was \$270,000. Total Assets were \$817,877. Accounts payable were similar to the previous year, and deferred owner charges were down \$14,000.

Revenues and operating expenses were reviewed. Total revenues were \$857,630, down \$93,000 from the prior year. One reason was the Association received a settlement of more than \$50,000 after a bank made an error on a foreclosure last year.

Repairs and maintenance expenses were in line with last year. Salaries and taxes were reviewed. Utilities totaled \$273,000; up \$20,000, with \$18,000 attributed to water.

Director O'Connell said water fees have increased steadily the last three years, and the Association is using more water due to drought conditions. The staff is reducing water use by shortening the duration of irrigation. The Board's aggressive goal is to return to 2010 irrigation usage levels and to upgrade the system to make it more efficient. Island Plant Company is helping in the effort. An owner said the landscaping looks great, and he hopes reducing the watering cycle won't damage the plants and impact the appearance of the property.

As of December 31, 2012, only three owners were seriously delinquent in fees due the Association; in recent years, the previous total was nine.

The Treasurer answered questions owners had.

X. SITE MANAGER'S REPORT

Mr. Schreiner submitted a Site Manager's Report, updating the owners on 2012 projects and activities, including landscaping, building maintenance and administrative. Additionally, the report listed work in progress and planned projects.

Mr. Schreiner said the major project last year was resealing the parking lots. A great deal of planning went into the project, and it proceeded smoothly. He thanked owners for their cooperation and for observing notices. Additionally, he recognized Sonny Vick's for their professionalism.

The other big project was installing the Bougie-Band. In the two recreation area bathrooms, tile was replaced with Quartzite stone.

All of the attic soffits were bird-proofed. Temporary workers were hired for that project, and more than 4,000 small patches were installed.

Proposed projects include washing all buildings, including lanais, at least once a year. One building may be washed as a test. Bids have come in at \$400 to \$500 per building.

XI. MANAGING AGENT'S REPORT / FINANCIAL UPDATE

Mr. Bandy introduced himself to owners.

Owners received copies of the Managing Agent's report at registration, along with correspondence detailing Insurance Coverage Requirements and a summary of insurance coverage. Mr. Bandy recognized Sam Schreiner and his staff, and the Board, for their hard work.

Destination Maui, Inc. sponsors ongoing educational opportunities for the staff and management of the properties it manages on Maui, including landscape training seminars, First Aid and CPR recertification, insurance, pest control, swimming pool maintenance and other topics.

Owners were issued a Summary of Insurance at registration, detailing Association insurance coverage. Association coverage does not extend to the interior of a unit with the exception of certain items such as carpeting and appliances that originally came with the unit. Coverage does not extend to contents, improvements, liability (\$300,000) or the insurance deductible (\$10,000). The Association previously approved that the Board has the authority to adopt a policy requiring owners to obtain insurance coverage, i.e. HO6 coverage or equivalent. If the owner of an apartment does not comply with this mandate, then the Board, in good faith, can purchase insurance for the owner and charge the premium amount to the owner.

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XII. PRESIDENT'S REPORT

President Salenger thanked Destination Maui for its professionalism, good counsel and vigilance in collections of owner accounts and oversight of owner insurance compliance matters.

The President posted reminders to owners in the quarterly newsletter on the website. Further, she reminded owners not to bring glass items to the pool area. She suggested owners volunteer for the CERT (Community Emergency Response Team) program. She and Mr. Luckado are both members. She said it would be great if Wailea Fairway Villas had a team of five people to locate resident and guests and offer First Aid in the event of a disaster.

Administrative accomplishments include creating an air conditioning policy for owners that want to install new units; revising and updating the House Rules; and passing an Assessment Payment Resolution for owners that miss monthly payments. All of these items are available on the website.

The President thanked departing Director Henig for her long and fine service on the Board, Joan Grotz for volunteering to chair the Social Committee, Director O'Connell for his hard work on the water issue and all Board members for their service.

The President noted that there are 12 new owners since last year. She invited new owners present to stand and introduce themselves.

XIII. ANNUAL RESOLUTIONS

MOTION: That any excess of membership income over membership expenses for the year-ending December 31, 2013, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604 (Resolution 2011-04).

J. Small/Wilson Unanimous Approval

MOTION: To ratify the Board decision to refrain from acquiring earthquake insurance due to the prohibitive expense.

G. Salenger/J. Small Unanimous Approval

XIV. OWNERS' FORUM

There was an Owners' Forum and the following topics were discussed: 1) Posting of events on website and bulletin board, i.e. card games, book club meetings etc.; 2) Owner directory posted on website; 3) Procedures to reserve the clubhouse; and 4) Vehicle speeding problems.

With the building getting older, Director Johnston encouraged owners to check their hot water tanks, dishwashers, washing machines and toilets for leaks. Owners should also shut off their water when leaving the island. Three years ago, there were three floods that impacted seven units. Absentee owners' on-island rental representatives should conduct monthly inspections.

XV. ADJOURNMENT

MOTION: To adjourn the meeting at 10:37 a.m.

Frampton/Yaeger Unanimous Approval

Respectfully submitted,

Louise Rockett

Louise Rockett
Transcriptionist

Approved for distribution by Board of Directors

**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;**

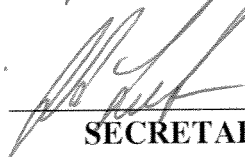
**WHEREAS, the members desire that the Corporation shall act in full accordance
with the rulings and regulations of the Internal Revenue Service;**

**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, 2013, 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 16,
2013, Annual Owners Meeting.**

By:  _____
PRESIDENT

Attested:  _____
SECRETARY

Association of Apartment Owners
Wailea Fairway Villas
Organizational Board of Directors' Meeting Minutes
March 16, 2013

Board Members Present: Edy Salenger, Gordon Johnston, Ed Small, Bill O'Connell and Mike Luckado

Board Members Absent: Janet Coflin and Sanford Skaggs

Other Attendees: Chris Bandy and Nancy Price, Destination Maui, Inc.; and Louise 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 10:46 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. ELECTION OF OFFICERS

The following Directors were duly elected to serve as Officers of the Board by acclamation: Edy Salenger, President; Gordon Johnston, Vice President; Bill O'Connell, Treasurer; Mike Luckado, Secretary; and Ed Small, Assistant Treasurer.

V. OTHER BUSINESS

The President explained that Director O'Connell has been working on improving the efficiency of the Association's water system to lower costs. The President and Director O'Connell would like Director Luckado, who has a civil engineering background, to take over the project with Director O'Connell's assistance.

Additionally, Director O'Connell will take over Director Skaggs' role as liaison to the Board's attorney and Destination Maui, Inc. concerning delinquencies, foreclosures and related matters.

The Reserve Study will be updated in 2014.

VI. APPROVAL OF MINUTES

The Board reviewed the Minutes of the January 17, 2013, Board of Directors' Meeting. Changes were noted by the Recording Secretary.

MOTION: To approve the Minutes of the January 17, 2013, Board of Directors' Meeting, as amended.

O'Connell/Johnston Unanimous Approval

VII. OLD BUSINESS

A. Irrigation System

Director O'Connell reviewed steps taken to reduce the Association's water costs. Proposed next steps include installing ET clocks and modules to obtain climate information from the weather station at Wailea Point to better manage irrigation of the property.

Water fees are projected to rise sharply. Last year's water bill was about \$112,000. The cost of the system is about \$6,300.

Director O'Connell requested permission to purchase six. The units would be installed one at a time and programmed correctly (Mr. Schreiner and Josh would be trained). He also requested authorization to have Island Plant fine tune the irrigation zones controlled by the clocks; workers would inspect each element of the system and replace items as needed. Valves and heads are not expensive to replace. The President suggested having Island Plant use special project hours each month for that work.

Bids will also be solicited to fix the irrigation system's pressure (the system is over-pressurized and damages valves prematurely) and to loop the system. Efforts to diagnose problems in the system thus far were detailed.

If the module project is implemented, Mr. Schreiner can gain experience with the clocks and update the Board on their performance. Work on the clocks will not begin until the system's pressure issue is resolved.

MOTION: To authorize an expenditure of \$4,200 to purchase six modules for the irrigation system.

Johnston/Small Unanimous Approval

Bids to fix the pressure in the irrigation system and complete the loop will be solicited prior to the next Meeting. Directors O'Connell and Luckado will meet with Mr. Schreiner to discuss the irrigation issue.

B. Pool Deck

Board members were told that the pool deck looks dark with dirt and needs to be cleaned. Bids were solicited and ranged from \$15,000 to \$2,960. Board members had questions about the bids, and asked for a detailed scope of work, cleaning methods, materials to be used and how the surface can be maintained going forward. Directors Luckado and Skaggs

will solicit thorough explanations for the three bids, as well as investigate buying or renting equipment to clean the deck in-house.

C. Website Updates

Destination Maui will contact the webmaster to have the new Board members' names added to the website.

D. Destroying Proxies

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

O'Connell/Small Unanimous Approval

VIII. EXECUTIVE SESSION

The Board adjourned to Executive Session at 11:40 a.m.

Respectfully submitted,

Louise Rockett

Louise Rockett
Transcriptionist

Approved for distribution by Board of Directors