

Association of Apartment Owners
Wailea Fairway Villas
Annual Owners Meeting Minutes
March 14, 2015

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

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

I. DECLARATION OF QUORUM

A quorum was declared with 50.5% of the owners represented either in person or by proxy

II. 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.

III. PROOF OF NOTICE

It was certified Notice of Annual Owners Meeting was mailed to all owners of record on January 14, 2015, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

IV. INTRODUCTIONS

Introductions were made at this time.

V. 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.

VI. APPROVAL OF MINUTES

The Minutes of the 2014 Annual Owners Meeting were included with the information distributed to owners at registration.

MOTION: To waive the reading of the Minutes of the March 15, 2014, Annual Owners Meeting and to ratify Board approval.

C. Frampton (V103) / D. Adams (B102) Unanimous Approval

VIII. TREASURER'S REPORT

The Draft Audit for the year-ending December 31, 2014, was distributed to owners at registration. It was conducted by Shaun Thayer. A clean opinion was rendered. A copy of

the report was posted on the website. Monthly Financial Reports are also posted on the Website. Treasurer Bill O'Connell invited the owners to visit the website.

Treasurer O'Connell updated the owners on the financial status of the Association for the year then-ended. The Association is in sound financial health, with approximately \$380,000 in cash and cash equivalents at the end of the year. The Reserve Fund balance is adequate and growing.

Accounts receivable was reviewed. There is only one significant delinquency. The Association recently completed a non-judicial foreclosure on one unit at the end of the year. That unit is now available for rent. Another unit was previously seized through a non-judicial foreclosure process. The Association has rented that unit for a number of years, and the income has been allocated to the payment of current Maintenance Fees and past due fees.

There was an update on the Photovoltaic Project. A contract has been signed with Haleakala Solar. MECO approved the application in February, and grid space is available. The receipt of the permit from the county is anticipated in mid-April. The pool and rec area would be closed for two to three days during the solar panel installation process. Owners will be kept up-to-date on the installation time frame.

Over a 20-year period, the Association expects to save approximately \$150,000 to over \$200,000. The pay back for the PV system is expected to be between five and seven years. It will supply the pool area and the Rec facility with energy, including the pool heater, Site Manager's office, gym and spa.

It was noted that owners would be given the opportunity to take advantage of available Federal Energy Tax Credits if they are available. There was a detailed explanation of the value of the tax credits, calculated per unit type. An opinion from a tax attorney and a letter of explanation will be sent to all owners. When seeking credit, it was suggested that owners consult with their tax professional as well.

The Board engaged the services of an independent consultant to conduct a Reserve Study. Currently the Reserves are funded at the 57% level; and, by the end of the year, the Association long-range capital improvement budget will be funded at around the 68% level. The goal is 70%.

IX. INTRODUCTIONS OF NEW OWNERS IN ATTENDANCE

The President announced that there were 11 new owners in 2014. New owners in attendance introduced themselves.

X. SITE MANAGER'S REPORT

Mr. Schreiner submitted a Site Manager's Report, updating the owners on 2014 projects and activities, including landscaping, building/facility maintenance, work in progress and planned projects. He reported it was a busy year.

Mr. Schreiner got married this year. He thanked owners for their support.

Items accomplished were noted: 1) Automatic Defibrillator purchased; 2) Two speed bumps installed at M-U driveway; 3) Floor scrubber purchased to assist in stone maintenance at Rec Center; 4) Dismantled railings and deck to replace four timbers of foot-bridge, in-house saving the Association about \$4,000; and 5) Services of Pural engaged to assist in the regulation of water pressure.

Island Plant Company aerated all lawns. Mr. Schreiner commended Island Plant for a job well done. He reported they helped resolve several safety issues, including trimming the hedge to improve sight lines at all driveways and adding soil at X Building to eliminate safety hazard.

Backflow preventer test failed and replacement may be necessary at a cost of \$5,000 to \$6,000. There is funding in the budget for the replacement.

XI. MANAGING AGENT'S REPORT

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. Gat is pleased to be working with Wailea Fairway Villas. The Association has an outstanding Board and Site Manager.

Mr. Gat explained proxy procedures. In order to reach a quorum and conduct Annual Owners Meeting business, it is important for owners to send in their proxy at least 48 hours in advance of the Annual Owners Meeting. If an owner decides to attend, then the proxy will be returned at the time of the Annual Owners Meeting.

A copy of the Association insurance coverage was included with the information distributed to owners at registration. It was prepared by Atlas Insurance Company. Mr. Gat explained that the Association's policy does not extend to the interior of the units, with the exception of the carpeting, drapes and appliances that originally came with the unit. The Association requires owners to have an insurance policy, an HO6 policy or equivalent for property damage and liability inside the unit. The owner should also have coverage to meet deductible requirements and improvements and betterments. Each year, when the policy is renewed, owners or their insurance provider must send a copy of the renewal certificate to Mr. Schreiner.

XII. PRESIDENT'S REPORT

The President recognized fellow Directors. It was a busy year; and, with a hands-on approach, a lot was accomplished: 1) PV project; 2) Auditor selection; 3) New insurance provider; 4) Defibrillator purchase; 5) Retrofit of lighting in parking lot to LED; 6) Dumpster Project; 7) Re-evaluation of recycling program, with a goal of establishing more locations; 8) Completion of bridgework; 9) Selection of new exercise equipment; and 10) Kitchen renovation and upgrade moving forward, including barbecues.

XIII. ELECTION OF DIRECTORS

The Association is governed by a seven-member Board of Directors. With the terms of Gordon Johnston and Edy Salenger expiring, there are two vacancies on the Board for three-year terms. Mr. Johnston is retiring from service. The following owners have expressed an interest in serving on the Board, and their names were placed on the ballots: Edy Salenger and Mike McDole. 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 provided resumes, included in the information distributed to owners at registration.

MOTION: To elect by acclamation the slate of candidates to serve on the Board for three-year terms, as follows: Edy Salenger and Mike McDole.

D. Sugiyama (G201) / C. Atwood (F102) Unanimous Approval

The President recognized Gordon Johnston for his seven years of service on the Board, and the owners present agreed with a warm and hearty round of applause.

MOTION: To destroy all proxies after 30 days.

B. O'Connell (E202) / G. Salenger (F101) Unanimous Approval

XIV. OLD BUSINESS

Old Business items were briefly discussed. The monkey pod trees have been trimmed around the property, especially at the parking lot. Other trees have been trimmed away from the buildings. More recycling stations are under consideration. Letters have been written to county officials, and for measures to slow down the speed of traffic traveling down Kalai Waa. Speed bumps have been installed in the parking lot.

XV. ANNUAL RESOLUTION

MOTION: That any excess of membership income over membership expenses for the year-ending December 31, 2015, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604 (Resolution 2011-04).

G. Salenger (F101) / D. Adams (B102) Unanimous Approval

The Association does not have earthquake or flood insurance coverage. The cost of earthquake insurance is cost prohibitive. The Association is not in a designated flood hazard zone, and the cost of flood insurance is excessive as well.

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

D. Sugiyama (G201) / G. Salenger (F101) Unanimous Approval

XVI. REC CENTER RENOVATION PROJECT

Director Luckado updated the owners of the Rec Center Renovation Project. The goal is to maintain Wailea Fairway Villas at a high standard; and, at the same time, keep the property competitive in the marketplace.

The goal of the Gym Center upgrades is to maximize quality at the best prices. Director Luckado outlined the proposal to upgrade the gym onsite with new state-of-the-art, commercial quality equipment planned for purchase through a local distributor, providing good warranties and service. The order has been placed and should take eight weeks for delivery. Director Luckado answered questions the owners had about the new equipment.

Director Luckado updated the owners on the kitchen upgrade with quality products, including cabinets, countertops, sink, appliances, garbage disposal and microwave. Bids for the purchase and installation are currently being solicited.

Director Luckado additionally detailed the barbecue upgrade project to quality, commercial grills with a stone veneer and tile around the grills. Further, a timer valve will be installed to avoid waste of propane.

Director Luckado and Mr. Schreiner will oversee and manage the Rec Center Renovation. The total cost is estimated at \$52,000. Financing strategy was reviewed.

Reserve funding strategy was discussed. There was an explanation of how the Reserves are calculated. It is a priority of the Board to build the Reserves.

XVII. OWNERS' FORUM

There was an Owners' Forum, and the following topics were discussed: 1) PV System; 2) Long-term rental stats, approaching 50%; 3) Transient Rental caution, to avoid change in property tax designation; 4) Full time, resident owners receive property tax assessment benefits; 5) Challenge to upgrading to digital Wi-Fi and cable service; and 6) Recognition of Josh and Sam for their professionalism and good work.

There is a Potluck tonight honoring Sam and his new bride.

XVIII. ADJOURNMENT

The meeting adjourned at 10:46 a.m.

Respectfully submitted,
Louise Rockett
Transcriptionist

Approved for distribution by the 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, 2015, 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 14,
2015, Annual Owners Meeting.**

By: _____
PRESIDENT

Attested: _____
SECRETARY

Association of Apartment Owners
Wailea Fairway Villas
Organizational Board of Directors' Meeting Minutes
March 14, 2015

Board Members Present: Edy Salenger, Mike McDole, Bill O'Connell, Mike Luckado,
Tom Logan, Joe Schultz, and Judy Benevetti

Other Attendees: Alexander Gat and Nancy Price, Destination Maui, Inc.; and
Louise Rockett, Recording Secretary

I. DECLARATION OF QUORUM

A quorum was declared with seven Directors present.

II. CALL TO ORDER

The Wailea Fairway Villas Association of Apartment Owners Organizational Board of Directors' Meeting was called to order at 10:50 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 elected to serve as officers by acclamation: Judy Benevetti, President; Mike Luckado, Vice President; Bill O'Connell, Treasurer; and Edy Salenger, Secretary.

V. NEXT MEETING DATES

The next Annual Owners Meeting will be held on March 12, 2016. Board Meetings are held quarterly. Board Meetings were scheduled as follows: May 5, 2015; August 20, 2015; and November 11, 2015, Board Budget Meeting. A working session of the Board was scheduled for October 28, 2015, to draft a Budget. Directors Logan, Salenger, Benevetti, Salenger and O'Connell will attend. The meeting location will be at the offices of Destination Maui, Inc. An email will be sent to the Board by Destination Maui, Inc. detailing the meeting schedule. Additionally, meeting dates will be posted on the Internet.

VI. ADJOURNMENT

The meeting adjourned at 11:11 a.m.

Respectfully submitted,

Louise Rockett
Transcriptionist

Approved for distribution by the Board of Directors