

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
March 24, 2010

Board Members Present: Sanford Skaggs, Ed Small, Edy Salenger and
(In Person) Gordon Johnston

Board Member Present: Janet Coflin
(By Telephone)

Board Members Absent: Mary Henig and Jordan Ayan

Other Attendees: Nancy Price, Destination Maui, Inc.; Sam Schreiner, General
Manager; Deidre Rockett, Recording Secretary

I. DECLARATION OF QUORUM

There was a roll call, and a quorum was declared with four Directors present either in person or by telephone at start of meeting. Director Coflin joined the meeting after call to order as noted within the body of these Minutes

II. CALL TO ORDER

President Sanford Skaggs called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order at 9:37 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

It was certified that the Notice of Meeting was sent to all Directors in accordance with the Association governing documents, and it was posted in compliance with Hawaii law.

IV. CONSENT CALENDAR

(Director Coflin joined the meeting by telephone at this time.)

There are four items on the Consent Calendar, as follows:

1. Approval of Minutes of January 25, 2010
2. Grant appeal of fine for A201
3. Write-off or write-on owner balances \$5 or less
4. Approve write down of Accounts Receivable as shown in draft Audit circulated at Owners' Meeting

The President asked if any Directors objected to approving the Consent Calendar. Hearing no objections, The President declared the Consent Calendar approved as noted immediately above.

V. EXECUTIVE SESSION

The Board moved to Executive Session at 9:13 a.m. Regular business resumed at 9:55 a.m.

(Director Johnston was excused from the meeting at this time.)

VI. MOTIONS FROM EXECUTIVE SESSION

MOTION: To initiate non-foreclosure proceedings against unit K202.

Johnston/Small Unanimous Approval

MOTION: To delegate authority to act between Board meetings to (a) compromise outstanding amounts owed for assessments and (b) to initiate litigation with the approval of any two officers after email consultation and notice to the rest of the Board.

Small/Salenger Unanimous Approval

VII. REPORTS

A. Delegated Matters

There were previously several matters delegated to Director Ayan. Since the sale of his business is a priority, Director Ayan has not been able to follow through with these matters, and Director Ayan agreed with the President's suggestion to re-delegate

The first matter was the building and launching of an Association website. The President proposed reassigning this responsibility to Nancy Price. The second matter is negotiations with Sanford Carr. This issue has extended "over years without any resolution". The President suggested engaging the services of Mr. Ekimoto, attorney, to assist in bringing this matter to a conclusion. Director Coflin volunteered to call Stanford Carr. The President and Director Coflin will confer on this approach after the meeting. The electric gate lock installation was deferred, and the President proposed reassigning this task to Ms. Price. Directors Johnston and Ayan were drafting a policy together regarding work in the common areas. Director Johnston has agreed to assume responsibility for this task.

MOTION: To rescind the delegation of the above matters to Director Ayan and re-delegate as noted immediately above.

Small/Salenger Unanimous Approval

VIII. UNFINISHED BUSINESS

A. Consideration of Policies Regarding (1) High Risk Components and (2) Repairs and Improvement to Common Areas

The President noted the Board is not prepared to move forward with a policy regarding High Risk Components. The President explained there is a provision in Hawaii State Law that gives the Board the authority to declare certain components of the units to be high risk.

Once the components are declared high risk, then the Board is empowered to inspect and require repair and/or replacement.

Secondly, the drafting a policy regarding repairs and improvements to the common areas has been assigned to Director Johnston.

IX. NEW BUSINESS

A. Execution of Power of Attorney

Copies of a proposed Power of Attorney were distributed to the Directors. If approved, the Power of Attorney would name the Association's attorneys Ekimoto and Morris as the Association's attorney-in-fact and authorize them to execute on behalf of the Association Notices of Lien and Releases of Lien securing payment of unpaid assessments, attorney's fees, and etc. Ms. Price explained the practical reason for the authorization is to accelerate collection efforts.

MOTION: To authorize any two officers to execute a Power of Attorney in the form presented at the meeting naming Ekimoto and Morris as the Association's attorney-in-fact for purposes of executing and recording Notices of Lien to secure payment of unpaid assessments and related charges and to execute and record Releases of Lien. .

Small/Salenger Unanimous Approval

X. OWNERS' FORUM

One of the owners has experienced problems with a neighboring tenant. This owner states that she has lost two tenants because of the neighbor's behavior. The owner moved into her apartment to substantiate or not substantiate the observations of her renters. Since she has been residing in her apartment, the police have been called on two separate occasions. She had questions about eviction. The owner was asked to provide substantiating evidence.

XI. UNFINISHED BUSINESS (continued)

B. Enforcement of Rules

Over the years, enforcement has lagged, and there is a lack of knowledge or understanding of the rules and the regulations of the Association, resulting in a need to step up enforcement.

The rules have been revised. After adoption, it became obvious that enforcement needed to move forward in phases. The first step was to get all the various information and unit registration forms updated. In addition, owners gave the Board the authority to require that all homeowners provide insurance coverage of their units. Directors Johnston and the Skaggs individually tested all keys to the units. There were a number of units who had changed their locks and have not provided the Association with new keys. This is in

violation of the Association governing documents. Owners must provide keys to the Site Manager.

Ultimately, owners have complied with the above noted rules and regulations. In most cases, once the owners complied, fines were waived. The Site Manager monthly inspects two buildings to see that "everything" is up-to-date.

There was discussion on the parking situation. When issuing the decals and temporary parking passes, the goal is to identify the vehicles, identify guests and identify the number of people living in their units. The registration of vehicles is a time consuming project for the Site Manager. The President considered this task the next priority for the Site Manager.

Guests are required to register if onsite for a period of time. With registration, comes certain rights, like use of the pool area and the parking lot.

Registering pets is a minor task. Residents are required to register pets and to have the pet's vaccinations up-to-date. The owner must also indemnify the Association. The owner is required to disclose if the pet has had a questionable history of violence.

Another issue is the rules pertaining to items in the entryways and lanais. The Association rules in this regard are quite specific. The President noted that on inspection there are violations "all over the place".

Mr. Schreiner noted the challenges of enforcement. There was specific discussion regarding the enforcement of items in these areas that may be in violation because of safety reasons.

Regarding compliance with insurance requirements, Ms. Price noted there are potential of six homeowners that have not provided proof of insurance documentation. At this time, the Board could take action on behalf of three of the homeowners and purchase coverage and charge back the premium cost to the owner. The advantages of purchasing the coverage for owners in good standing were noted. Ms. Price noted that out of the six units, five are on the delinquency list. An alternative to purchasing the coverage for the owner is fining for non-compliance. It was agreed by consensus to impose fines and not purchase the coverage for the owners at this time.

XII. ADJOURNMENT

The meeting adjourned at 10:45 a.m.

Louise Rockett

Respectfully submitted,

Transcriptionist

Approved for distribution by Sandy Skaggs, President