

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
June 23, 2010

Board Members Present: Ed Small and Edy Salenger
(In Person)

Board Member Present: Sanford Skaggs and Jordan Ayan and Gordon Johnston
(By Telephone)

Board Members Absent: Janet Coflin and Mary Henig

Other Attendees: Nancy Price and Julie Vogt, Destination Maui, Inc.; Danielle Haney, 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 Johnston 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 9:10 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

MOTION: To approve Consent Calendar as follows:

- 4a. Approve Minutes of March 24, 2010 and May 10, 2010 Meetings.
- 4.b. Deny appeal of fine by Owner of Unit X-202.
- 4.d. Ratify binding insurance coverage effective April 28, 2010 for total premium of \$75,917.
- 4e. Acknowledge receipt of documents verifying DMI's liability and bond insurance.

Small/Salenger Unanimous Approval

Item 4c was removed from the Consent Calendar for separate discussion and decision. The recommended action was to continue until next meeting consideration of policies regarding (1) high risk components, and (2) repairs and improvements to common area and interiors of units.

Director Ayan wanted clarification about item (1) high risk components. The President explained that the Association got a letter from the insurance company suggesting that the Association install water leak sensors. In response, the Association informed the insurance company that the Board adopted a policy to turn off the water when units are vacated. The Board asked the insurance company if this action was sufficient, and a response from the insurance company was not received; however, the insurance policy was renewed, with no increase in premiums, but with an increase in the deductible from \$5,000 to \$10,000. Under the Association's policies, the owner of the unit in which the event that causes damage occurs is responsible for payment of the deductible and all owners are required to carry homeowner's insurance to cover that liability, among others.

Director Ayan expressed concerns that the water heaters may be nearing the end of their expected useful life. According to Hawaii State Law, the Board has the authority to declare certain items to be high-risk elements and to require inspection and/or replacement.

The President explained that the problem is flooding; however, only one or two incidents of water intrusion were due to the failure of the hot water heater.

The next mailing is scheduled at the end of the year. The Board considered notifying all owners with a recommendation to inspect and replace hot water heaters.

MOTION: To provide owners with names of contractors/licensed plumbers to replace the hot water heaters and to recommend to owners replacement of hot water heaters if they have exceeded their useful life.

Ayan/Salenger Unanimous Approval

Director Salenger will work with Sam Schreiner coordinating efforts in this regard.

By consensus, Item 4.c. (2) consideration of policy regarding repairs and improvements to common area and interiors of units was continued until the next meeting.

V. TREASURER'S REPORT

Treasurer Small previously emailed copies of a Treasurer's Report to the Board.

VI. SITE MANAGER'S REPORT

In Mr. Schreiner's absence, Ms. Price updated the Board on the status of the painting project. The painting has been completed through the R Building and will re-commence on July 6 and continue until all buildings have been painted. The owners have been notified. The concrete work at the S Building was completed.

Ms. Price, in addition, updated the Board on landscaping activities. Island Plant is on schedule with their special plantings and plans to move forward with their summer lawn reconditioning. Mr. Schreiner will post notice of the lawn work.

VII. MANAGING AGENT'S REPORT

Ms. Price explained that a communication process has been established with owners and residents. Owners can submit suggestions, comments, questions or complaints either to Mr. Schreiner or Ms. Price by email.

Ms. Price introduced fellow DMI property manager Julie Voigt. Ms. Price will be going on vacation during the month of August, and Ms. Voigt will be "covering" for Ms. Price at DMI in her absence. She will be conducting painting and property inspections.

VIII. UNFINISHED BUSINESS

A. Interim Policy for Entries and Lanais

President Skaggs drafted a proposed interim policy regarding entries and lanais following discussion at the last Board Meeting. It was decided at that meeting that some of the rules were "a little tighter than needed"; however, the Board did not want to move forward with the process of amending the rules at that time. As a result, the President drafted an interim policy, and a copy of the interim policy was distributed to the Board.

The President cited the changes to the rules in this regard that were made, and he answered questions the Board had about the proposed interim plan.

MOTION: To adopt the Interim Policy for Entries and Lanais.

Small/Ayan Unanimous Approval

B. Draft Enforcement Priorities Policy

The President explained that ever since the rules were revised, the Board has been working towards implementation, and this process has been challenging.

(Gordon Johnston joined the meeting at this time.)

There was discussion about enforcement priorities, including the rule requiring guests to register. The rules prohibit guests from using the recreation facilities unless accompanied by an owner or tenant host. Guests would be required to register to use the facilities. We could identify unregistered guests by enforcing parking rules that require vehicle registration and the rule that requires unregistered guests to be accompanied by their host when using the recreational facilities. However, these enforcement activities will cost the Association money and staff time.

The priority of enforcement proposed would be discussed, including the lanais and entryways. Another priority enforcement would be the use of the pool by registered guests, tenants and owners. Use of the parking lot should be by registered guests, owners and tenants. The President suggested enforcement might be through Wailea Golf security, conducting random checks of the parking lot and tagging vehicles without a permit. To date, we have been unable to obtain a proposal from the security firm, so the cost is unknown.

Ms. Price had questions about assigning personnel the responsibility of enforcement with the amount of projects on property currently ongoing, including painting and drainage work.

The President summarized proposed enforcement priorities: 1) Parking; 2) Lanais and entryways; 3) Recreation area; 4) Guest registration; and 5) Pet registration.

It was agreed to remove the requirement for people to sign-in at the pool.

MOTION: To adopt the policy of enforcement priority as revised, with lanai and entryway enforcement proceeding after the painting project and removing the requirement for a pool usage sign-in form.

Small/Salenger Unanimous Approval

C. Status of Amendments to Bylaws and Declaration

Ms. Price reported written consent ballots to amend the Bylaws and Declaration were mailed to all owners on February 19 and June 8, 2010. She updated the Board on the status of these amendments. Regarding the amendment to the Declaration to eliminate one of the provisions requiring owner approval for certain modifications by the Association, 49.78% of the owners have voted in favor of the amendment and 4.9% of the owners have opposed. The second ballot was to amend several sections, and it is related to insurance and rebuilding. The current vote is 51.24% in favor of this ballot and 4.18% have opposed. The third amendment is an addition to the Bylaws prohibiting smoking on lanais. Owners voting in favor of this amendment were 43.83%, and 12.33% of the owners have voted against this amendment.

It was noted that on all of the proposed amendments, 67% approval is required. It was further noted that about 55% of the owners have voted. The deadline for voting is one year. Another mailing will be sent to the owners not voting, with a cover letter asking for the vote. The timing of the mailing was discussed, with agreement to mail in September. Another tactic would be to urge owners to vote by personal contact.

D. Merger of Email Lists

The President explained there are three email lists, including an official list. The two other lists are separate from the official list. The President suggested the establishment of an up-to-date "comprehensive list". Communication with the owners would improve, and there would be a savings on postage and copies. Director Salenger volunteered to enter the owner email data on a spreadsheet to assist in the compilation of the comprehensive list. Ms. Price will provide the emails on the DMI official list, and Directors Salenger will work on getting the email addresses of the other owners to add to the list. The goal is to have 118 email addresses on the list.

IX. NEW BUSINESS

A. K202 Flooring Request

The request is to install tile flooring in K202. The President noted Association fees are not being paid, and a foreclosure hearing has been set for next week. The Bank may have a potential purchaser for the apartment, who has requested permission to install tiling in the second floor unit with sound proofing material to muffle the transmission of noise to the unit below. Ms. Price has called the owner of the unit below, and the owner has not voiced any objection to the installation with the sound proofing material. The President suggested inspection by the Site Manager to insure that the installation of the tiling is performed according to specifications. The President will write the letter to the new owner outlining the conditions of approval.

MOTION: To approve the tiling request for K202 subject to installation according to specifications and inspection by onsite management.

Skaggs/Salenger Unanimous Approval

X. NEXT MEETING DATE

If needed, a Board meeting will be held on Friday, September 10, 2010, at 9 a.m. The Board Budget meeting will be held on October 29, 2010, 9 a.m. The pre-budget meeting of the ad hoc finance committee will be held at Destination Maui on Thursday, October 21, 2010, at 9 a.m.

XI. EXECUTIVE SESSION

The Board moved to Executive Session at 10:49 a.m. Regular business resumed at 11:18 a.m.

XII. ACTION FROM EXECUTIVE SESSION

MOTION: To approve the foreclosure of units, subject to approve of two officers after consultation with the Managing Agent and Association, including units B-102, C-201, H-101, X-202 and Y-103.

Salenger/Small Unanimous Approval

XIII. ADJOURNMENT

With no objections voiced, the meeting was declared adjourned at 11:28 a.m.

Respectfully submitted,

Louise Rockett

Transcriptionist

Approved for distribution by Sanford Skaggs, President

INTERIM ENFORCEMENT POLICY RE ENTRIES AND LANAIS

Adopted by Board of Directors, June 23, 2010

Pending potential changes to the House Rules, Management shall enforce the Rules pertaining to entryways and lanais as provided in this Interim Policy.

Entryways.

The applicable rules shall be enforced as written. Those rules are 7.1 and 7.8. The applicable portions of those rules are as follows:

7.1 The sidewalks, passages, lobbies, stairways, walkways and corridors shall not be obstructed or used for any purpose other than ingress and egress.

7.8 Entrances.

7.8.1 General. Nothing shall be affixed to the doors of the Apartments or the walls of the entryways, except seasonal holiday wreaths and tiles no larger than 36 square inches may be affixed to doors

7.8.2 Three-bedroom Apartments. An Owner of a three-bedroom Apartment may place one bench in the entranceway to the Apartment, but only if it does not impede access to the Apartment and conforms to the State Fire Code, measures no more than approximately 50" by 32", is made of metal or wood, and is a neutral color. Other items that are consistent with these standards may be allowed by the Site Manager so long as their placement is consisted with Fire Department regulations.

7.8.3 Two-bedroom Apartments. No benches, chairs or other obstructions of full and free access may be placed in the entryways to two-bedroom Apartments; however, a reasonable number of footwear may be left at the door of any Apartment.

Lanais.

The applicable portions of the Rules pertaining to the lanais are:

7.2 Lanais - Care and Maintenance. Each Owner shall care for and maintain in neat, clean and sanitary condition all lanais that are included in the Apartment. An Owner shall not paint or otherwise decorate the walls or ceilings of a lanai without prior, written approval of the Board.

Note: in the interim, the Site Manager may allow a reasonable number of tasteful wall hangings. If uncertain, he may require the owner to obtain Board approval, as provided in this rule. No owner may paint the outside of a building without Board approval, which is unlikely to be granted.

7.3 Lanais - Furniture, Plants, etc. Only appropriate "Lanai Style Furniture" and not more than four planters, each with a diameter not greater than 20 inches, may be placed on lanais. Lanai umbrellas must be solid green, brown or beige. Any unsightly or nonconforming item shall be removed upon written direction of the Site Manager. No statues or plaques or wall hangings are allowed. Lanais and adjacent common areas shall not be used for storage of any item. Reasonable holiday decorations may be displayed from lanais during the month of December and the first week of January. Decorations shall not extend beyond the lanai or onto the common area, including adjacent landscaping. No other banners or decorations are permitted.

Note: the limitations on planters will not be strictly enforced. Instead, the Site Manager will require only that the number and size of the planters be reasonable, and shall consider the unit's location and the need for a privacy shield as well as the requirements of the Fire Department. The Manager may allow a reasonable number of tasteful statues, plaques and wall hangings.

7.4 Plants. All plants shall be placed in containers so as to prevent the dripping of water or soil onto other Apartments, lanais or the common areas. Plants shall not extend beyond the lanai onto the common area or neighboring lanais.

7.5 Windows - Lanai Doors. No blankets, sheets, beach mats, or like objects shall be visible in the windows of the Apartments. Only window and lanai door treatments may be used in the Apartments (e.g., shades, blinds, curtains, drapes, etc.).

Note: the window coverings shall be a neutral color that blends with the exterior color of the building.

7.6 Laundry. Textile items, including towels, bathing apparel and clothing, brooms, mops, cartons, and other similar items shall not be placed on lanais or within passages or in windows so as to be in view from the outside any building or from any other Apartment

ENFORCEMENT

The Site Manager shall survey and enforce entryway and lanai rules as follows:

In a systematic way, review the entryways and lanais of each building. This should be done on a time available basis, but at least one building a week should be surveyed and notices given. Provide written warnings to all who are in violation of rules. Notice shall provide a time to cure and a statement that a fine will be imposed if violation not cured within the time specified. Separate notices shall be provided for entryway and lanais. Management shall calendar follow up no later than two days after expiration of time to cure and shall impose fines if violation is not cured.

POLICY RE ENFORCEMENT PRIORITIES

Adopted by Board of Directors on June 23, 2010

Enforcement of the Declaration, Bylaws and House Rules of WFV (collectively *Rules*) shall generally be in accord with the priorities described below. These priorities are guidelines only and may be disregarded by the Site Manager when, in his judgment or the judgment of the President (or in his absence or unavailability, the Vice-President) other matters dictate different priorities temporarily. Any permanent change in priorities should be approved by the Board.

First priority and immediate attention shall be given to incidents or complaints that involve (a) conduct that is disruptive to the quiet enjoyment of the units of one or more owners or of the recreation area, or (b) a response by private security or police or fire fighters. While on-duty, the Site Manager and his assistant should always be alert and respond promptly to incidents they observe or that are reported to them.

Due to the amount of work involved, enforcement efforts have been phased since the adoption of revised Rules in 2009. Once project-wide compliance with any particular rule is achieved, a system to review and ensure continued compliance should be established.

1. **Information Forms, Keys, and Insurance.** Our first efforts involved these matters. A review determined that many owners were not in compliance. By the end of 2009, most were in compliance, but only after considerable effort management and several directors.

Compliance. Each month, the Site Manager reviews the documentation for two buildings. In that way, the entire project will be reviewed annually. This does not ensure that each owner is in compliance each and every day, but it is a reasonable approach to maintaining compliance.

- To do:
- (a) Develop a form letter to inform owners of action required; e.g. submit up to date insurance form or new keys.
 - (b) Write owners (or rental agents) who are renting their units, reminding them that tenant information forms are due *before* tenant moves in and informing them of automatic fine that is imposed if it is not submitted timely. Intent is to reduce the amount of time spent chasing new tenants to provide the forms.

2. **Vehicles and Parking.** The first phase of registration is underway. The Site Manager is placing decals on vehicles that are permanently parked on-site. He is doing this as he does the monthly compliance review described in no. 1 above.

He only started this recently, so he is also catching up by placing decals on cars associated with buildings reviewed earlier this year. All permanent vehicles should have decals by the end of the year. Phase 2 will address temporary vehicles and will be more difficult. Hang tags have been, or soon will be ordered.

The Rules also limit the number of vehicles per unit that may be parked on-site. The owner and tenant registration forms include a list of vehicles. However, if an additional vehicle is parked on-site, it will be difficult to learn of it until the enforcement system is established. Until then, management will learn of violations of this rule only by alert observation by management or residents.

Compliance. Controlling temporary vehicles will require enforcement. Our rules require permits only for overnight parking. In order to enforce that we will need to install appropriate signs and arrange for periodic patrol between the hours of midnight and 8 a.m. The patrol will issue notices to vehicles without a decal or hang tag, which will direct the owner to register the vehicle and obtain a hang tag. Repeat violations will result in fines or towing.

To Do. Arrange for night patrol. To date efforts to discuss this with Wailea Golf Patrol have been unsuccessful due to the long illness and recent death of its superintendent.

- 3. Lanais and Entryways.** Once the Interim Policy is adopted, the Site Manager will begin enforcement of these Rules. In accordance with that Policy, but after completion of the major painting project in 2010, the initial step will be a systematic survey to identify violations and give written notice to violators. The Site Manager should propose a schedule for accomplishing this. The entire project should be completed within a short time period to avoid complaints about unequal enforcement.

Compliance. Once the current problems have been identified and corrected, the Site Manager and his assistant should look for new violations while on their daily inspections and while performing other work. New violations, including those reported by owners, should be addressed promptly. A thorough review of each building should be conducted once a year in conjunction with the review described in no. 1 above.

- 4. Recreation Area.** Rules regarding behavior and safety should be addressed as a First Priority. When the Site Manager or his assistant are on duty, they should be aware of and alert to the happenings at in the Area and any violations should be addressed immediately. Reports of violations occurring when they are off-duty also should be investigated promptly.

The revised Rules regarding reservations have not been implemented. As soon as the necessary forms are provided to him, the Site Manager should implement these rules.

The Rules prohibit guests from using the recreation facilities unless they are accompanied by their owner/tenant host or they have registered. We have not implemented this rule because we have not installed electronic gate and have not commenced registering guests.

- 5. Guests.** We have not yet implemented the rules requiring guest to register. The issue is enforcement. We have thought of only two "traps" to identify guests and impress on them and their hosts the need to register: a) enforcement of overnight parking rule; and b) enforcement of rule regarding use of recreation facilities without presence of host. We contemplated using security to check rec facilities on weekend evenings.

Compliance. When directed to do so, the Site Manager should begin to enforce the rule at the recreation area when staff is on-duty. That would require staff to approach everyone who is not known to them, to inquire as to whom they are visiting and to inform them that either their host has to be present or they need to register. While this will not address the use of the area on the weekend by unauthorized persons, it will begin the process of regaining control of the use of these facilities.

To Do:

- (a) Draft Guest Registration Form
- (b) Purchase and install electronic gate
- (c) Arrange for random security checks on weekend evenings

- 6. Pets.** The Owner Information Form and the Tenant Registration Form require the occupant to identify pets that reside in the unit. No concerted effort has been made to have them complete the Pet Registration Form, although some may have been submitted.

Compliance. This is the lowest priority item. If the opportunity presents itself, the form should be provided to the occupant with a request to complete and return it. However, no concerted effort to enforce this rule will occur until higher priority items have been addressed and staff has time to pursue this.