

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
September 10, 2010

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

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

Board Members Absent: Mary Henig

Owner Present: Ms. G. deBeer, A202

Other Attendees: Nancy Price and Julie Vogt, Destination Maui, Inc.; Sam Schreiner, Site Manager; Richard Ekimoto, Attorney; Louise Rockett and Deidre Rockett, Recording Secretaries

I. DECLARATION OF QUORUM

There was a roll call, and a quorum was declared with five Directors present either in person or by telephone at start of meeting. Director Coflin joined the meeting after call to order as indicated in the body of this document.

II. CALL TO ORDER

President Sanford Skaggs called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order at 9:05 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 on property in compliance with Hawaii law.

IV. AGENDA MODIFICATIONS

The President noted modifications to the Meeting Agenda.

V. OWNERS' FORUM

There was an Owners' Forum. The owner of A202, Ms. deBeer, voiced concerns about the amount of the water bills. The President responded to the owner. He explained that the Board has had the same concern, and the services of an irrigation specialist were engaged to provide an analysis. It was determined that the irrigation system installed by the developer was defective. It is a continuing source of concern, and a considerable amount of money was spent to find and fix irrigation system leaks. Management and the Board continually monitor the situation.

In addition, it was noted that the water bill is calculated on an every-other-month basis.

Ms. deBeer suggested seeking an audit of the system by the County of Maui Water Department as it directly pertains to appropriate usage of water at Wailea Fairway Villas.

Management and the Board are doing everything that possibly can be done on property to address Ms. deBeer's concerns. Communications with owners are open. The goal of the Board is to keep maintenance fees stable.

VI. CONSENT CALENDAR

MOTION: To approve Consent Calendar items, as follows:

- 4.a. Approve Minutes of June 23, 2010, Board of Directors' Meeting
- 4.b. Adopt of resolution ratifying execution of Quitclaim Deed and Conveyance Tax Certificate by Secretary and Treasurer for unit K202
- 4.c. Authorize Expenditure to Create Website
- 4.d. Ratify Filing of Action to Quiet Title to Unit K202

Johnston/Ayan Unanimous Approval

V. TREASURER'S REPORT

Treasurer Small previously emailed copies of a Treasurer's Report to the Board. Treasurer Small noted that Federal and State Income Tax Returns were filed. The Federal Income tax was \$40, and the State Income Tax was \$4.

VI. SITE MANAGER'S REPORT

Mr. Schreiner submitted a written report dated September 10, 2010, providing an update on Landscaping, Building Maintenance, Office activities as well as a status report on work in progress and upcoming projects.

Mr. Schreiner reported that the Association has received approval for, but has not started on, the dumpster enclosure area upgrade.

Mr. Schreiner reported on the status of the painting project, with final inspection planned for Monday. He noted that the paint manufacturer has been professional and supportive.

Mr. Schreiner was commended for a job well done.

VII. MANAGING AGENT'S REPORT

Ms. Price has requested a signed Mechanics Lien Release once the final inspection of the painting project is completed before final payment is made.

The Managing Agent sent out Tenant Information Forms on July 20, 2010, to all rental agents and owners. The purpose of the correspondence was informational, noting that the Tenant

Information Forms are due to onsite management before establishing residence. If this information is not received, fines will be imposed.

VIII. PRESIDENT'S REPORT

The President reported that the Ad Hoc Budget Committee will be meeting with Destination Maui on the 22nd of October in preparation of the presentation of the Draft Budget to the Board on October 28, 2010. The President suggested that Directors with suggestions for the financial, including additions, deletions, reductions, increases, capital items, etc., should email the Board with the proposal.

IX. UNFINISHED BUSINESS

A. Status Report on Proposed Amendments to Governing Documents

Ms. Price updated the Board on the status of amendments to the governing documents.

Regarding the amendment to the Declaration to eliminate one of the provisions requiring owner approval for certain modifications by the Association, Ms. Price reported 55.7% have voted in favor of the amendment, and 5.6% have voted against the change. The second ballot was to amend several sections related to insurance and rebuilding. The current vote is 56.6% in favor and 4.9% against. The third amendment is an addition to the Bylaws prohibiting smoking on lanais. Owners voting in favor of this amendment were 46.7%, and 15.5% of the owners voted no.

The first mailing was February 9, 2010. The second mailing was on June 8, 2010. A third mailing is scheduled for September 15, 2010, with a revised cover letter encouraging all owners to vote. Sixty-seven percent approval is required for these measures to pass.

B. Merger of Email Lists

A valid email newsletter list has been compiled by Destination Maui. There are 108 addresses on the list, out of 118 owners. She considered the list a good communication tool.

Director Ayan will coordinate with Destination Maui on the electronic formatting of announcements, mailings, newsletters, etc., so that there is one master list.

(Director Janet Coflin joined the meeting in person at 9:34 a.m.)

Director Salenger noted that residents are confused about the recycling of cardboard. She suggested signage be posted on the outside of the recycling bin. She also suggested painting the gate. She also suggested information about the availability of recycling be announced via a newsletter.

C. Enforcement Priorities and Actions

The President noted the goal has been to phase in rule enforcement priorities. The Site Manager is now inspecting two buildings each month to insure continued compliance. The next step for the Site Manager is the registration of permanent vehicles, with decals issued. When

the painting project is completed, Mr. Schreiner will conduct an inspection of the lanais and entryways for compliance of associated rules and regulations.

Once Mr. Schreiner has completed enforcement of the lanais and entryways, the Board will address the policies currently not being actively enforced, including the usage of the recreation areas, guest registration, guest vehicle registration and pet policy.

The multiple advantages of establishing a guest vehicle registration program were noted. Additional security to patrol the parking lot was discussed. Wailea Fairway Golf Security has declined participation because of a cutback on staffing. Options to patrol the parking lot are available. The goal is control of the parking lot and registration of onsite guests and residents.

D. Status of S102 Landscape Agreement

The owner of S102 indicated she will sign the Landscape Agreement "as is". This agenda item will be dropped.

E. Report of Delinquencies and Collection Actions

There was a summary update on accounts receivable. The Association foreclosed on unit K202; however, the prior owner, the bank, is contesting the action. The conclusion of the contested action is uncertain. The President said it is very probable that the Association will recover at least the amount of dues, fines, attorneys' fees, etc, that are owed to the Association. Other than unit K202, there are four serious delinquencies. One of those is on a payment plan, meaning there is no current adverse affect on cash flow. Two delinquencies have been reported as pending short sales. With the other delinquency, there has been no activity.

The policy of the Board has been not to foreclose on units that appear to be "under water" as this type of action incurs expenses with little or no return. The Board is, however, noticing delinquent owners of the potential to terminate utility service and use of the common area. Where there is a tenant, Rent Intercept actions are being filed.

There have not been, in recent months, any additional serious delinquencies reported.

F. Consideration of Acquisition of Electronic Key Lock for Recreational Area

Several meetings ago, the Board deferred consideration of the acquisition of an electronic key lock for the recreational area to this meeting. Director Small and Ms. Price suggested deferral for an additional month, pending more information on the financial status of the Association. It was agreed to defer for an additional month. In the interim, Ms. Price will provide additional information about the product to the Board, including installation and costs.

G. Consideration of Adoption of Policy on Repairs and Improvements to Common Area and Interiors of Units

This agenda item was deferred to the October 29, 2010, Board of Directors' Meeting.

X. NEW BUSINESS

A. Delegation of Authority regarding Relocation of Easement

Discussion on this agenda item was deferred to Executive Session with the Association Attorney, Richard Ekimoto. The subsequent action from the Board would be to delegate authority to manage the relocation of the easement, so that forward progress can be made. The President explained that the "sewer line was not within the easement previously granted". The mapping of the easement and the easement description language needs to be refined.

B. Request by Owner to Inspect and Copy Documents

This item has been dropped.

XI. EXECUTIVE SESSION

Richard Ekimoto joined the meeting at 10:01 a.m., and the Board moved to Executive Session to discuss legal and contracts.

(Director Small was excused from the meeting at 12:10 p.m.)

Regular business resumed at 12:15 p.m.

XII. ACTIONS SUBSEQUENT TO EXECUTIVE SESSION

MOTION: To delegate authority regarding litigation with unit K202, subject to the approval of three out of four officers.

Salenger/Coffin Unanimous Approval

MOTION: To authorize the Board to cast the votes on behalf of Unit K202 on the three amendments to the Association governing documents.

Coffin/Johnston Unanimous Approval

MOTION: To authorize the Association attorney to file litigation to collect outstanding amounts due to the Association from Units Y103, X202 and C201 and to commence foreclosure of C201, subject to the approval of three out of four officers.

Salenger/Coffin Unanimous Approval

Following some discussion, Nancy Price summarized that three out of four officers are in agreement to move forward with non-judicial foreclosure on unit C201. Ms. Price will advise the attorney to proceed with the foreclosure.

XII. NEXT MEETING DATE

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 Friday, October 22, 2010.

XIII. ADJOURNMENT

With no objections voiced, the meeting adjourned at 12:40.

Respectfully submitted,

Louise Rockett

Transcriptionist

Approved for distribution by Sanford Skaggs, President

WHEREAS, Wailea Fairway Villas AOA (the "Association") conducted a non-judicial foreclosure of Unit K-202,

WHEREAS, in order to complete the transfer of title to the Association it was necessary for the Association to execute a Conveyance Tax Certificate and the Association's Quitclaim Deed,

WHEREAS, the documents were executed on behalf of the Association by the Association's Treasurer and Secretary and the Board of Directors now wishes to ratify and confirm their authority to do so,

It is hereby RESOLVED as follows:

The execution on behalf of the Association of the Conveyance of Tax Certificate related to the foreclosure of, and transfer of title to Unit K-202, and of the Association Quitclaim Deed, dated August 2, 2010 and filed as Land Court Document number 3986608 by Edy Salenger, Secretary of the Association, and Roland Small, Treasurer of the Association is hereby ratified and approved and the authority of said Treasurer and Secretary to execute said documents on behalf of the Association is hereby ratified and confirmed.

This resolution is adopted and made a part of the minutes of the meeting of the September 10, 2010, Board of Directors Meeting.

Dated: Wailea, Hawaii, September 10, 2010

By: Edy Salenger
Secretary