

Association of Apartment Owners
Wailea Fairway Villas
Annual Meeting Minutes
March 19, 2011

Board Members Present: Sanford Skaggs, President; Gordon Johnston, Vice President; Ed Small, Treasurer; Edy Salenger, Secretary; and Directors Jordan Ayan, Janet Coflin and Mary Henig

Other Attendees: Nancy Price, Al Gat and Greg Hansen, Destination Maui, Inc.; Sam Schreiner, Site Manager; Deidre Rockett, Recording Secretary; and Bud Pikrone, Wailea Community Association

I. CALL TO ORDER

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

II. DECLARATION OF QUORUM

A quorum was declared with 58.88% of the owners represented either in person or by proxy.

III. PROOF OF NOTICE

It was certified Notice of Annual Meeting was mailed to all owners of record 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 briefly reviewed.

VI. APPROVAL OF MINUTES

Copies of the Minutes of the 2010 Annual Meeting were distributed to owners at registration. The President asked if any owner would like to have the Minutes of the March 20, 2010, Annual Meeting read. Hearing no requests or objections, the reading of the Minutes of the 2010 Annual Meeting was waived. The President asked for additions or corrections.

MOTION: To approve the Minutes of the March 20, 2010, Annual Meeting as presented.

Salenger F101 / Patisse (Y103) Unanimous Approval

VII. WAILEA COMMUNITY ASSOCIATION PRESENTATION

President Sanford Skaggs introduced Bud Pikrone, Executive Director of Wailea Community Association. The WCA recently had its Annual Meeting, and the script of the Annual Meeting is posted on the WCA website, wcamaui.com. Mr. Pikrone urged owners to sign up on this website.

Mr. Pikrone updated the owners on irrigation, landscaping, security and maintenance upgrades. There will be a review and update of the WCA 2008 Strategic Plan in 2011: 1) Environmental issues, including conservation of water, survey of reefs, maintenance of day use moorings and control of the axis deer problem; 2) Infrastructure upgrades, including dedication of roads to County, repaving of roads and improved access to beaches; 3) Ongoing development; 4) Community services, including transportation, grocery store, pharmacy and installation of electrical vehicle recharging stations; and 5) Marketing, including establishment of Wailea Resort Association.

The proposed development of a wind farm in South Maui was discussed. There are issues associated with the construction, including increased truck and vehicular traffic through Wailea. Options for different routes are being explored. A letter writing campaign is underway, and the Wailea Fairway Villas homeowners were asked to participate. Information is on the WCA website, including the Environmental Impact Statement.

Mr. Pikrone answered questions the owners had.

VIII. TREASURER'S REPORT

The Independent Audit Report for the year-ended December 31, 2010, was distributed to owners at registration. The Audit was conducted by Michael Bates, CPA, and a clean opinion was rendered. The Treasurer summarized the report and commented on key aspects of it.

The Association Reserve Funding level is in compliance with Hawaii State Law and is based on a professional Reserve Study. The total estimated replacement cost for major capital components is \$2,791,701. Reserve funding strategy was discussed.

The financial results for the period ending January 31, 2011, were reviewed. The budget is operating on target. There has been no increases in serious delinquencies.

The Treasurer and the President answered questions the owners had about water conservation measures, including upgrades to the Association irrigation system, audit of property by Maui Water Department, planting drought tolerant plants, installation of drip irrigation, installation of weather stations and establishment of a plan for the future to phase in these water conservation measures. The Board is open to ideas to help in the conservation of water usage at Wailea Fairway Villas.

IX. MANAGING AGENT'S REPORT

The Managing Agent submitted a written report dated March 19, 2011.

Ms. Price recognized the volunteer Board for its hard work and dedication. She also recognized Sam Schreiner for his professionalism.

Ms. Price recognized the owners for submitting their proxies in advance of the meeting. She asked that the owners continue with this practice in the future to ensure that Annual Meeting business can be conducted.

Destination Maui continues with its ongoing educational programs for management. Mr. Schreiner has attended seminars. During this year, an Emergency Preparedness Seminar is planned. There will also be CPR First Aid training.

Owners are required to purchase homeowner's insurance (HO6) for their units. Proof of Insurance must be submitted to Mr. Schreiner and be on file at all times. Owners not providing Proof of Insurance in a timely manner are fined. Cooperation from the owners was requested. A Summary of Insurance obtained by the Association was distributed to owners at registration. It was prepared by the Association Insurance Agent David Gerlach of Insurance Associates, Inc. As required by the governing documents, the property insurance covers the units (with the exception of upgrades and personal property and a \$10,000 deductible, which are the responsibility of the owners and their insurers). Ms. Price urged all owners to obtain the required homeowner's policy to cover the \$10,000 deductible and improvements and betterments.

Owners are also required to register tenants and long-term guests with onsite management. Each owner also is required to have a current Owner Information Form on file with site management.

X. PRESIDENT'S REPORT

The President reported that amendments to the governing documents were presented to the owners by written consent ballot form. Two of the amendments were "housekeeping", and these were approved easily by the ownership. The amendment concerning smoking on lanais resulted in a closer vote. The amendments required an affirmative 2/3 vote of the owners. Of those voting, a substantial majority was in favor, but it was difficult to obtain sufficient votes as some owners failed to vote. After a lot of time and effort, a sufficient number of owners returned their ballots, and the amendment to ban smoking on lanais passed. Once the amendment is recorded in the Bureau of Conveyances, notice of the new rule will be sent to the owners.

Once the amendment is effective, the smoking policy at Wailea Fairway Villas will be as follows: 1) No smoking on lanais; 2) No smoking in common areas within 25 feet of any buildings; and, 3) No smoking in public areas (i.e. the Recreation Area) per State law.

The President updated the owners on the status of delinquencies, and actions the Board has taken. With the unstable economy and downturn, there were six or seven owners who owed more than the value of their property. These owners ceased paying the Association resulting in a shift of costs to the remaining owners, and ultimately to the special assessment this year. In normal times, the lenders are quick to foreclose and the cash flow to the Association is restored. During recent times, lenders have been reluctant to foreclose resulting in cash flow problems for the Association.

Alternative actions to collect include interruption of water service, implementation of payment plans, rent intercept, non-judicial foreclosure, termination of use of common areas, short sale and rental of foreclosed unit have been used when appropriate and have been successful in cases where the owners have equity, but unsuccessful where the owner is "under water."

The Board is considering constructing a kayak rack. The next email to the owners will ask for interest to determine usage. It would be located behind the S Building dumpster. It would be screened from view.

Director Salenger was asked to update the owners on the status of the website. She reported the website has been launched. All owners have access. The contents of the website include minutes, financial statements, meeting notification, community event announcements, forms, recycling information and security information. Forms include tenant, owner and pet registration forms and unit modification applications. The address is waileafairwayvillas.org. There is an owner protected area within the pages. Board and management contact information is also available. The website is interactive, with great pictures of the property. Director Salenger was commended for her work on this project.

XI. ELECTION OF DIRECTORS

The Association is governed by a seven-member Board of Directors. With the terms of Directors Gordon Johnston, Ed Small and Janet Coflin expiring, there are three vacancies on the Board for three-year terms. The following owners have expressed interest in serving on the Board, and their names have been added to the ballots, as follows: Gordon Johnston, Bill O'Connell and Ed Small. The President called for nominations from the floor, and Janet Coflin was duly nominated. The candidates introduced themselves. Balloting procedures were explained. The President appointed two owners to serve as election monitors and to certify the election process.

There was a recess to vote at 10:50 a.m. Regular business resumed at 11:14 a.m.

XII. BOARD AND MANAGEMENT RECOGNITION

The owners recognized and acknowledged the contributions of President Skaggs and Directors Coflin, Johnston and Small for the past three years. Sam Schreiner and Nancy Price were also recognized.

XIII. ELECTION RESULTS

Gordon Johnston, Ed Small and Janet Coflin were elected to serve on the Board for three-year terms.

The President recognized Bill O'Connell for his interest in serving on the Board and expressed the hope that he will have an opportunity in the future to serve.

XIV. ANNUAL RESOLUTIONS

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

F201 / Small Unanimous Approval

The Association is not located in a designated Flood Zone hazard area, and the Association does not currently carry flood insurance. The cost for annual flood insurance coverage is estimated at \$52,000.

MOTION: That the owners acknowledge that the Association does not carry flood insurance coverage.

Y103 / F101 Unanimous Approval

The Association does not currently carry earthquake insurance coverage. The cost and terms of earthquake coverage were reviewed. The annual premium amount is estimated at \$60,000, with a deductible of over \$1.5 million. The cost per owner was estimated at \$500.

MOTION: To waive earthquake insurance coverage.

F101 / V103

The pros and cons of having earthquake insurance coverage were discussed. The President suggested sending an advisory ballot to the owners to get a comprehensive poll of the ownership. Ms. Price noted that no Association on Maui has earthquake insurance coverage.

The Motion was duly withdrawn.

There was a straw poll vote of the owners present. By a small margin they opposed the purchase of earthquake insurance coverage.

XV. MEETING MINUTES RESOLUTION

Under the Association's current practice, approval of the Annual Meeting Minutes takes one year. State Law provides an alternative procedure, which authorizes the Board to approve the Minutes thereby allowing them to be distributed in a more timely manner.

MOTION: To adopt the Meeting Minutes Resolution to authorize the Board of Directors to approve the Minutes of this Annual Meeting (Resolution 2011-05).

V103 / A202 Unanimous Approval

XVI. OWNERS' FORUM

There was an Owners' Forum, and the proposed wind farm in Makena was briefly discussed.

XVII. ADJOURNMENT

The meeting was duly adjourned at 11:55 a.m.

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, 2011, 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 19,
2011, Annual Owners Meeting.**

By: 
PRESIDENT

Attested: 
SECRETARY

**ANNUAL OWNERS MEETING
ASSOCIATION OF APARTMENT OWNERS OF WAILEA FAIRWAY VILLAS
MEETING MINUTES RESOLUTION**

Chapter 514B, *Condominium Property Act*, Section 122, *Association meetings; minutes*, provides that:

“(a) Minutes of meetings of the association shall be approved at the next succeeding regular meeting or by the board, within sixty days after the meeting, if authorized by the owners at an annual meeting. If approved by the board, owners shall be given a copy of the approved minutes or notified of the availability of the minutes within thirty days after approval.”

Having the Board of Directors approve the Minutes of the Annual Owners Meeting will expedite the process for distribution of the approved Minutes and eliminate the word “draft” on the Minutes.

The Motion will read:

Whereas, the Minutes of the Annual Owners Meeting must remain in draft form until approved by the owners at the next annual owners meeting; and,

Whereas, owners may request a copy of the Minutes before it is finally approved; and,

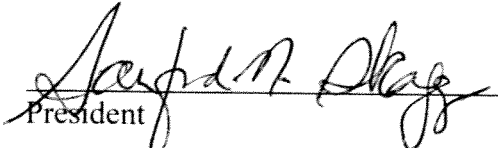
Whereas, Chapter 514B-122(a) provides that the Minutes of the Annual Owners Meeting may be approved by the Board, subject to additional corrections by the owners at the next Annual Owners Meeting; and,

Whereas, owners must approve that the Board be given authority to approve the Minutes of the Annual Owners Meeting;

Now Therefore, Be it resolved that the Minutes of the Annual Owners Meeting may be approved by the Board of Directors, subject to corrections proposed by owners at the next Annual Owners Meeting.

If there are no objections, the Board of Directors will approve the present and all future Minutes of the Annual Owners Meeting and owners shall be given a copy of the approved Minutes within 30 days of approval.

This resolution is adopted and made a part of the minutes of the meeting of March 19, 2011.

By: 
President

Association of Apartment Owners
Wailea Fairway Villas
Organizational Board of Directors' Meeting Minutes
March 19, 2011

Board Members Present: Sanford Skaggs, Gordon Johnston, Ed Small, Edy Salenger, Jordan Ayan, Janet Coflin and Mary Henig

Other Attendees: Nancy Price, Destination Maui, Inc.; Sam Schreiner, Site Manager; and Deidre 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 11:58 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

Ms. Price 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. AUTHORIZATION TO DESTROY BALLOTS

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

Ayan/Henig Unanimous Approval

V. ELECTION OF OFFICERS

The following Directors were duly elected to serve as Officers of the Board: Edy Salenger, President; Sandy Skaggs, Vice President; Janet Coflin, Secretary; Ed Small, Treasurer; and Co-assistants Secretary/Treasurer, Jordan Ayan, Mary Henig and Gordon Johnston.

VI. OTHER BUSINESS

The Board discussed the potential allocation of money received from the bank settlement.

VII. NEXT MEETING DATE

The next Board Meeting will be held on June 22, 2011, at 9 a.m. Hawaii Standard Time.

VIII. ADJOURNMENT

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The Meeting adjourned at 12:20 p.m.

Respectfully submitted,

Louise Rockett
Transcriptionist