

Association of Apartment Owners
Wailea Fairway Villas
Annual Owners Meeting Minutes
March 17, 2012

Board Members Present: Edy Salenger, President; Sanford Skaggs, Vice President; Gordon Johnston, Assistant Secretary and Treasurer; Secretary; and Directors Bill O'Connell and Mary Henig

Board Member Excused: Ed Small, Treasurer

Board Member Absent: Janet Coflin, Secretary

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

I. CALL TO ORDER

President Edy Salenger called the Association of Apartment Owners of Wailea Fairway Villas Annual Owners 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 53.16% of the owners represented either in person or by proxy.

III. PROOF OF NOTICE

It was certified Notice of Annual Owners 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. WAILEA COMMUNITY ASSOCIATION

Mr. Pikrone, the Executive Director of Wailea Community Association, was introduced. He updated the owners on community activities and projects and answered questions the owners had.

VI. 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.

VII. APPROVAL OF MINUTES

MOTION: To waive the reading of the Minutes of the March 19, 2011, Annual Owners Meeting and approve.

Skaggs/O'Connell Unanimous Approval

VIII. SITE MANAGER'S REPORT

Mr. Schreiner submitted a Site Manager's Report, updating the owners on 2011 projects and activities, including landscaping, building maintenance and administrative. Additionally, the report listed work in progress and planned projects.

Owners were urged to turn off the main water shutoff valves when planning to be absent ten days or longer. Mr. Schreiner described the location of the water valve boxes. Association staff is available to assist. Absentee owners not turning off the water valves may be fined.

Mr. Schreiner recognized his capable crew of employees.

IX. MANAGING AGENT'S REPORT / FINANCIAL UPDATE

Owners received copies of the Managing Agent's report at registration along with a correspondence detailing Insurance Coverage Requirements.

Mr. Gat recognized the Board, Sam Schreiner and his staff.

Destination Maui, Inc. sponsors ongoing educational opportunities for the staff and management for its consortium of properties on Maui, including Emergency Preparedness Training, CPR, First Aid and AED training, swimming pool maintenance, etc.

The Independent Annual Audit Report is in process.

Mr. Gat updated the owners on the financial status of the Association as of February 29, 2012. Total cash is \$273,670. He reported that the Association is in sound financial shape. The goal of the Board and Management is to monitor, control and reduce costs whenever possible. It is challenging to project utility costs, specifically electricity, with increasing rates directly related to the price of crude in the global marketplace and the cost of MECO infrastructure improvements.

All parking lots will be resurfaced this summer. Owners will be kept up-to-date on the schedule.

Owners were issued a Summary of Insurance at registration, detailing Association insurance coverage. Association coverage, however, does not extend to the interior of a unit with the exception of certain items such as carpeting and appliances that originally came with the unit. Coverage does not extend to contents, improvements, liability (\$300,000) or the insurance deductible (\$10,000). The Association previously approved that the Board has the authority to adopt a policy requiring owners to obtain insurance coverage, i.e. HO6 coverage. If the owner of an apartment does not comply with this mandate, then the Board,

in good faith, can purchase insurance for the owner and charge the premium amount to the owner.

State of Hawaii Reserve funding level requirements were reviewed. The Reserve Study is a 20-year long-range estimate based on a professional analysis.

Director Skaggs provided background information about how delinquency trends have changed since the economic downturn in 2008. Customary collection efforts have been followed, including the placement of liens and foreclosure.

Director Skaggs updated the owners on the current status of accounts receivable, with three units considered "problematic". The Board and Management remain vigilant in monitoring delinquencies. The situation has improved over the past four years.

X. PRESIDENT'S REPORT

President Salenger updated the owners on Association activities and projects this past year, including: 1) New electronic lock system on recreation center and kitchen door installed; 2) Parking decal system implemented; 3) New signage installed along street entryway; 4) Pool signs revised; 5) Recycling instructions added in dumpster enclosure areas; 6) Inspection of all roofs; 7) Gutters cleaned; 8) Broken tiles repaired; and, 9) Construction of paddleboard and kayak storage.

Absentee owners are encouraged to provide management with the name of an on-island representative to expedite the removal of vehicles from the parking lot during the re-sealing project planned this summer.

The Board has completed revising the House Rules. A committee was organized to oversee the parking lot resurfacing project.

Owners are reminded to replace Hot Water heaters. The name of a plumbing company is posted on the Association website. This contractor has agreed to replace the hot water heaters at a reduced price for the homeowners of Wailea Fairway Villas.

The Association website address is waileafairwayvillas.org. There is a lot of useful information posted on the website, including quarterly newsletters.

There was a vehicle broken into recently, and a set of golf clubs was taken. Owners are encouraged to secure their vehicles and their units.

The County sponsors CERT (Citizen Emergency Response Team) Training. Sam Schreiner has attended the training. Another owner has attended the training. The goal is to have a CERT-trained team available at WFV if an emergency disaster should strike. The President and her husband will be attending the course.

The President recognized Joan for organizing the pot luck events throughout the year.

Owners are required to provide Proof of Insurance to Mr. Schreiner. The Board has adopted a mandatory fine if owners do not have insurance in place. Owners should ask their insurance agent to send proof of insurance documentation to the Association as the policy is renewed annually.

The electronic lock fobs are to be distributed to residents only. Fines will be issued for non-compliance, and Fobs can be cancelled.

XI. ELECTION OF DIRECTORS

The Association is governed by a seven-member Board of Directors. With the terms of Directors Edy Salenger, Sandy Skaggs and Bill O'Connell expiring, there are three vacancies on the Board two for three-year terms and one for a one-year term. The following owners have expressed interest in serving on the Board: Edy Salenger, Sandy Skaggs and Bill O'Connell. 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 introduced themselves.

MOTION: To elect by acclamation the slate of candidates to serve on the Board, as follows: Edy Salenger and Sandy Skaggs for three-year terms and Bill O'Connell for a one-year term.

Wilson / Bauer Unanimous Approval

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

Skaggs / Wilson Unanimous Approval

XII. ANNUAL RESOLUTIONS

MOTION: That any excess of membership income over membership expenses for the year-ending December 31, 2012, shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604 (Resolution 2011-04).

Wilson / Frampton 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 \$100,000, with a deductible of \$5,000 per building.

MOTION: To approve that the Board refrains from acquiring flood insurance coverage.

Lee/Wright Unanimous Approval

The Association does not currently carry earthquake insurance coverage. There is only one property on Maui that has earthquake insurance coverage. The owners were polled recently about obtaining earthquake insurance. There were 41 owners voting against obtaining

earthquake insurance coverage, and three owners voted in favor of acquiring earthquake insurance. 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 slightly over \$500. The Association does not carry earthquake insurance due to the prohibitive expense of securing this insurance.

XIII. NEW BUSINESS

Concern was voiced about the seven eucalyptus trees along the fairway blocking views. One owner suggested the trees be removed. He said there are other neighbors interested in having seven trees removed. The cost for removal is about \$1,500 per tree. The golf course has given permission for removal if all neighbors in the vicinity agree to removal. The Board has considered this action in the past, and it was determined that removal does not benefit all owners. Individual owners may contribute on their own or as a group for the removal of these trees.

XIV. ADJOURNMENT

The meeting was duly adjourned at 10:31 a.m.

Respectfully submitted,

Louise Rockett

Louise Rockett
Transcriptionist

Approved for distribution by Board of Directors