

Association of Apartment Owners of Wailea Fairway Villas
Annual Owners Meeting Minutes
March 12, 2016

Board Members Present: Judy Beneventi, President; Mike Luckado, Vice President; William O'Connell, Treasurer; Edy Salenger, Secretary; and Directors Mike McDole, Tom Logan and Joe Schultz

Other Attendees: Al Gat, Destination Maui, Inc.; Sam Schreiner, Site Manager; Josh Berkeley, Maintenance Assistance; and Deidre Rockett, Recording Secretary

I. DECLARATION OF QUORUM

A quorum was declared with 55.90% of the owners represented either in person or by proxy.

II. PROOF OF NOTICE

It was certified Notice of Meeting was sent to all owners of record on January 5, 2016, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

III. CALL TO ORDER

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

IV. MEETING RULES OF CONDUCT

The President announced meeting business would be conducted according to Roberts Rules of Order, Newly Revised. A copy of the customary meeting rules was distributed to owners at registration and were briefly reviewed.

V. INTRODUCTIONS

Introductions were made at this time.

The new Account Executive representing the Association at Destination Maui, Inc. is Susan Gregory. She was unable to attend the meeting today, and the past Account Executive representing Wailea Fairway Villas, Al Gat, is attending the meeting in her absence.

Since the last Annual Owners Meeting in 2015, 11 new owners have purchased at Wailea Fairway Villas. New Owners in attendance introduced themselves.

VI. APPROVAL OF MINUTES

The Minutes of the March 14, 2015, Annual Owners Meeting were included with the information distributed to owners at registration. The Board has reviewed and approved the 2015 Minutes. With no objections voiced, the President waived reading of the Minutes of the 2015 Meeting.

MOTION: To approve the Minutes of the March 14, 2015, Annual Owners Meeting as presented.

Gary Salenger / Dennis Adams Unanimous Approval

VII. TREASURER'S REPORT

Treasurer O'Connell reported that the Association is in good financial health. Operating Revenues exceeded Operating Expenses by \$42,000 in 2015. The Association's Operating Cash position is about \$343,000. The fully funded reserve percentage continues to grow year after year. Owners' fees are increasing less than the rate of inflation. There are no new owner delinquencies.

The treasurer stated that monthly financial statements are posted on the Association Website.

The Audit Report was not posted to the Website in time for the annual meeting but noted that Treasurer apologized to the owners; however, a copy of the December 31, 2015. Independent Audit Report was included with the information distributed to owners at registration. The Statement of Revenue and Expenses was reviewed, along with the Schedule of Operating Expenses.

The PV System has been in place for about seven months. Service commenced in early June. The Treasurer conducted a comparable analysis of electricity costs for the comparable seven month period prior to PV installation. The Association, as compared to the pre- PV period, saved about \$9,000 in electric costs on an annual basis. Payback is anticipated to be in about eight and may occur in as few as six years if electricity costs from MECO return to earlier levels. The Treasurer considered the PV System a good investment.

A PV System Fact Sheet was posted on the Website, including tax deduction information owners can share with their tax professional.

Last year the Association conducted a non-judicial foreclosure on a second unit, with the intent of leasing the residence, collecting rent to repay some of fees due the Association from the owner. The financial goals, however, were not fully met, and the Treasurer explained the reasons why it was not completely successful. When the bank foreclosure process is final, the Treasurer explained that there will be impacts on the income statement and balance sheet.

The other unit the Association foreclosed on continues to generate positive income to the Association. On a gross basis, the unit generated \$95,000 in rental income since the Association assumed possession.

Reserve funding strategy was reviewed. The short term goal is to reach the fully funded level of 70%, and the balance continues to grow toward that level. The long-term goal is to reach the 100% fully funded.

The Treasurer answered questions the owners had.

VIII. SITE MANAGER'S REPORT

Mr. Schreiner thanked the owners on behalf of himself and Josh Berkeley for their support during the past year.

The past year was very busy. He said the Board did an amazing job in moving projects forward. Mr. Schreiner, in particular, recognized Director Luckado for his work on the renovation of the Fitness Center, Kitchen and Barbecue Grills.

The irrigation system was upgraded, and all of the smart clocks are now online. Owners should report sprinkler head malfunctions to management. Currently, a station-by-station and clock-by-clock survey and repair is underway, and adjustments will be made, as necessary. The focus will be on water waste and water reach.

Tree trimming is ongoing, with the coconut palms trimmed three times per year. A Traveler Palm impact analysis is underway. Six have been removed, and there are another ten or twelve trees that need to be cut down. This removal will be included in a long-range plan.

The landscaping bed enhancement project is ongoing. Mr. Schreiner updated the owners on the bird-proofing project.

Mr. Schreiner announced the Association is working with a new vendor in cleaning the dryer vents in each unit. The policy is to clean the dry vents on an every-other-year basis. In 2016, the goal is to clean 20 to 25 dryer vents. The vents that have never been cleaned will be on the schedule this year as a priority. Cleaning logistics were reviewed. Owners can schedule a cleaning at their expense at a cost of \$70.

Mr. Schreiner updated the owners on the Trash Enclosure Project. All of the trashcans have been upgraded to plastic, and the Board is considering reconfiguring the enclosures.

Mr. Schreiner answered questions the owners had.

IX. MANAGING AGENT'S REPORT

Information from the Managing Agent was distributed to owners at registration. Mr. Gat recognized the volunteer Board for their hard work and the owners for their support. Further, he commended staff members Sam Schreiner and Josh Berkeley as assets to the Association and described Mr. Schreiner as a creative problem-solver, and Josh Berkeley was described as resourceful.

Mr. Gal further described the responsibilities and duties of the Managing Agent, including administrative and finding training opportunities for staff. The latest seminar was on insurance claims.

Mr. Gat recommended that owners inspect their high risk elements to insure that they are

proper operating condition and to avoid the potential of water damages for malfunctioning equipment and breaks in water hoses.

Owners are required to have HO6 insurance coverage as Association insurance does not extend to the interior of the unit, with the exception of the original carpet, drapes and appliances. HO6 provides the \$5,000 deductible as well as liability insurance coverage and interior unit improvements and upgrades.

Mr. Schreiner recommended owners list Wailea Fairway Villas as an additional interested party on their insurance policy.

X. PRESIDENT'S REPORT

President Beneventi reminded the owners there is an Owners' Only section on the Website. Usernames and passwords are required in order to access, and she outlined login instructions. Contents posted in that section include newsletters, minutes, Resolutions, changes in House Rules, financial statements, steps to take in an emergency situation, etc., etc. The services of a Webmaster have been engaged to keep the site updated and fresh.

The President explained that there are dumpsters located throughout the property, with some that not only include solid waste trash receptacles but also recycling containers. The goal is to add more recycling containers throughout the property to increase recycling activities at Wailea Fairway Villas. The goal in redesigning the dumpster enclosure area is make them more user friendly, safe and functional.

Trash removal is a large cost. When owners dispose of the cardboard in the cardboard dumpster, the cardboard should be flattened. The Association is not charged by weight on cardboard; the Association is charged by yardage. Another high cost to the Association is contaminating the recyclables, and a fee is charged for miss-cycling. Additionally, dumping large items in the dumpster costs the Association more money. This information will be added to the newsletter. The trash removal contract expires in August and will be renewed. Other bids for the service will be solicited.

The President stressed that a savings will be realized overall if owners dispose of their garbage and recyclables with care.

An owner suggested establishing a Bulletin Board. The President said if there is interest in this type of communicative activity, Owners could contact the Board to show their interest.

XI. COMMITTEE REPORTS

A. Rec Center Report

Director Luckado updated the owners on the accomplishments made this past year, including: 1) Kitchen remodel; 2) Gym upgrade; and 3) Barbecue grills work. He outlined the specifics of each improvement, including the benefits of the state-of-the-art appliances, cabinets, grills and gym equipment purchased.

Director Luckado noted the keys to the success of these accomplishments: 1) Outsourcing

the work; 2) Prepping in advance for the different projects; 3) Soliciting at least three proposals for each project; and 4) Management of the projects conducted in-house.

The total cost for the Rec Center Project was about \$45,000. The renovation will increase the value of property for all owners.

Director Luckado was recognized for his good work with a hearty round of applause.

B. Landscape Committee

Director Salenger updated the Board on Landscape Committee activities. For the past seven years, the committee has conducted a survey of the grounds, itemizing the bare spots, unhealthy foliage and where improvements can be made. This information was shared with Island Plant, the Association landscape contractor, resulting in an improved and enhanced appearance of the Association grounds.

The irrigation system Smart Clocks have all been installed. The equipment is being monitored and fine-tuned on an ongoing basis to save money on Association water costs.

Progress in ongoing.

Owners can communicate with the Board about landscaping concerns through the email account on the website.

C. Wailea Community Association

The Annual Wailea Community Association Meeting was held yesterday. Director Salenger attended and updated the Board on WCA activities, including: safety, maintenance, marketing, community relations and design review.

There are currently three large projects underway in Wailea: 1) Keala of Wailea by the Gateway Shopping Center; 2) Maka'ali'i Condominium Project; and 3) Marriott Residence.

Upcoming projects were noted as well, including: 1) Village Center; and 2) Monitoring of Makena construction projects, including traffic. WCA staff monitors the upgrade of the irrigation system and landscaping in the common areas.

At the meeting, the President of Kaiser Permanente provided an update on the Maui Memorial Medical Center transfer of administrative responsibility to Kaiser beginning July 1, 2016. The hospital will remain open to the community and will continue to accept all insurance plans. Improvements are being made to the IT and Human Resource areas. Other upgrades are being made to reduce the time in the Emergency Room and recruiting more orthopedic physicians to the island. Another focus is on recruiting more women and children physicians to Maui.

Restaurant Week is scheduled on May 27 to May 28, 2016.

D. Emergency Preparedness & Response Activities

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Director Schultz has spearheaded the Emergency Preparedness and Response activities. The goal is to prepare for natural disasters, including earthquake, hurricane and tsunamis to name a few.

Emergency preparedness Information has been posted on the Association Website by the Association President.

Director Schultz focused on “after the event” responses, with a team of six to eight neighbors in the “help mode”.

Several owners have attended the Certified Emergency Response Team (CERT) course, a 30-hour training. New dates to attend the next training, however, have not been determined. A signup sheet was available at the Annual Meeting.

XI. ELECTION OF DIRECTORS

A seven-member Board of Directors governs the Association. With the terms of Mike Luckado and William O’Connell expiring, there are two vacancies on the Board for three-year terms. Both Mike Luckado and William O’Connell have indicated an interest in seeking to serve another term, and their names have been added to the ballot. The President called for nominations from the floor. With no further nominations, the President declared nominations closed.

MOTION: That with two candidates and two positions open on the Board of Directors, to elect by acclamation Mike Luckado and William O’Connell to serve on the Board for three-year terms.

Gary Salenger / Dave Wilson Unanimous Approval

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

Constance Atwood / Gary Salenger Unanimous Approval

X. OLD BUSINESS

A. Condo Use

The President reported that 31 owners reside in their units full time; 36 owners rent their units long-term; and 51 units are second homes for owners.

XI. ANNUAL RESOLUTIONS

MOTION: Be it Resolved, that any excess of membership income over membership expenses for the year ending December 31, 2016, shall be applied against the subsequent tax year member assessments as provided by Internal Revenue Service Ruling 70-604.

Gary Salenger / Dennis Adams Unanimous Approval

The Association does not have earthquake insurance due to the high cost, risk calculation and the deductible. The terms of the earthquake insurance were reviewed. The Association is not in a FEMA-designate Flood Hazard Zone and does not carry Flood Insurance coverage. The cost of Flood Insurance annually is about \$27,500.

MOTION: To ratify the Board decision to not carry earthquake and flood insurance due to the prohibitive expense in securing these insurance policies.

Constance Atwood / Dennis Adams Unanimous Approval

XII. OWNERS' FORUM

The President outlined the purpose of the Owners' Forum. The following topics were discussed: 1) Reserved parking; 2) Transient Rental Policy, violations, enforcement and challenges in establishing proof in order to issue citations; 3) Options to address violations; 4) Registration of residents on property and non-family guests; 5) Disadvantages of short term rentals, including increased security issues; 6) Recognition of the Board of Directors; 7) Sam Schreiner's multiple roles recognized; 8) Protection of the residential life style at WFV; 9) Doors; 10) Recycling; 11) Landscaping with bougainvillea hedge by lanai for safety reasons on a trial basis; 12) Recognition of Sam and Josh for the "great job they do every day"; 13) Landfill is located in Kahului for disposal of larger objects; and 14) Installation of shade in gym to keep hot afternoon sun off of residents using the treadmill.

XIII. NEXT ANNUAL MEETING DATE

The next Annual Owners Meeting was scheduled for March 11, 2017, at 9 a.m.

XIV. ADJOURNMENT

There being no further business, the meeting adjourned at 10:49 a.m.

Respectfully submitted,
Louise Rockett
Transcriptionist

Approved for distribution by BOD 4/18/2016