

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
June 22, 2011

Board Members Present: (In Person) Edy Salenger, President; Sanford Skaggs, Vice President; Ed Small, Treasurer; and Director Mary Henig

Board Members Present: (By Telephone) Directors Jordan Ayan, Gordon Johnston and Janet Coflin

Other Attendees: Al Gat and Nancy Price, Destination Maui, Inc.; Sam Schreiner, Site Manager; and Louise Rockett, Recording Secretary

I. DECLARATION OF QUORUM

A quorum was declared with seven Directors present.

II. CALL TO ORDER

President Edy Salenger called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order 9:04 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

It was 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. WRITTEN CONSENT CALENDAR

The Board considered approval of the Consent Calendar: a) Approval of Minutes of February 23, 2011; b) Approval of March 19, 2011, Annual Meeting Minutes; and c) Consideration of an appeal to House Rule violation fine. It was agreed to defer approval of item "c" to Executive Session.

MOTION: To approve the Consent Calendar items: a) Approval of Minutes of February 23, 2011, Board Meeting; and, b) Approval of March 19, 2011, Annual Meeting.

Skaggs/Small Unanimous Approval

V. TREASURER'S REPORT

Treasurer Small previously emailed a report to the Board, which stated that there are no

significant negative variances.

There was capital gains reported on one unit in the amount of \$58,000, and some tax on that gain will have to be paid potentially in the amount of \$4,000 to \$7,000. The Treasurer recommended establishing a Reserve line item for this payment. There will be an adjustment to the bad debt Reserve line item at the end of the year.

VI. SITE MANAGER'S REPORT

Mr. Schreiner submitted a written report dated June 22, 2011, updating the Board on landscaping, building/site maintenance and administrative activities. The receipt of proof of insurance certification from owners has improved. The Parking Sticker Program is moving forward, with over 230 stickers distributed to the owners of registered vehicles. The stenciling of the parking lot is ongoing.

(Director Coflin joined the meeting at this time.)

VII. MANAGING AGENT'S REPORT

Mr. Gat introduced himself. He is the new property manager representing Wailea Fairway Villas at Destination Maui. He is working with Sam Shreiner on various Association projects.

Mr. Gat noted there have been no new delinquencies reported. Detailed information about delinquencies will be discussed in Executive Session.

Destination Maui has organized an Emergency Preparedness Seminar. Directors and employees of the Association are invited to attend. It is scheduled for June 28, 2011. The purpose of the workshop is educational awareness. County officials will be participating.

VIII. PRESIDENT'S REPORT

The message on the website encouraging owners to replace aging hot water heaters has had some affect with at least 12 hot water heaters recently replaced. Owners will continue to be encouraged to replace original hot water heaters.

The President reported on the rental of C201. The Association is paying the maintenance fees on this unit in the amount of \$605 per month. The Board considered the unit rental rate. There was discussion about establishing an appropriate rental rate for this unit as compared to other units of this type in the community and at Wailea Fairway Villas, specifically. Further, there was an evaluation of the rental terms and whether or not the Association needs to disclose to the tenant the status of the apartment. It was agreed to advertise the rental on Craig's List and in the Maui News. Pets are okay.

MOTION: To approve the rental of C201 at a rent not less than \$1,800; and, to modify the disclosure to be more complete; further, to authorize the President to agree to terms in the lease that would refund money to the tenant if, in fact, the tenant was evicted before six months expires. Additionally, the amount of

the refund is negotiable but no more than the difference between the rent and the monthly maintenance fees.

Skaggs/Small Unanimous Approval

The security contract will be discussed in Executive Session.

The President notified Directors by email that information was posted on the website about second floor hard surface flooring rules. These are the same rules adopted by another Wailea condominium association. There was an evaluation of ways to muffle the noise between the two levels. With further information needed, discussion on this topic was tabled. The proposed rules will be removed from the website. A subcommittee was established to conduct further research and make recommendations on this issue. The President, Mr. Schreiner and Director Henig will serve on the subcommittee.

IX. OLD BUSINESS

A. Electronic Locks

There was discussion about the potential of installing electronic locks at the recreation center. A bid to install was \$12,645, dated October 2010. There is funding in the budget for this project. The pros and cons of electronic lock installation were evaluated. Non-residents use of the facility is a key reason to secure the area. Options to address this particular problem were discussed, including re-keying, increased security services and installation of a video surveillance system.

MOTION: To move forward and expend the \$12,645 for the installation of an electronic lock system at the rec center.

Small/Ayan

The Motion passed by a majority vote. Director Henig opposed the Motion. Directors Small, Ayan, Johnston and Skaggs voted in favor of the Motion. Director Coflin abstained. The Motion passed by a majority vote.

Mr. Gat will solicit a current bid for an electronic "FOB" system

The President was given the authority to modify the proposal to provide the extra wiring needed to provide access to the kitchen with the fob.

(Director Coflin was excused from the meeting at this time.)

B. Earthquake Insurance

At the Annual Meeting, it was agreed to commit to an advisory vote on earthquake insurance. Subsequently, Director Skaggs researched and sought a legal opinion. Following research, it was noted that earthquake insurance is not a legal requirement for the

Association. The Board is the authority in deciding whether or not earthquake insurance is obtained. There are no Associations on island that purchase this type of coverage.

C. August Special Assessment

With enough cash currently in the Association treasury, the Treasurer recommended waiving the next installment of the Special Assessment.

MOTION: To cancel the second installment of the assessment, which was due in August, and inform the owners of this decision.

Skaggs/Small Unanimous Approval

D. Signage Update

Mr. Schreiner updated the Board on the status of the Signage Project. The scope of work was reviewed. The President commented on the good results.

E. Kayak Rack Status

The Wailea Community Association denied for a second time the request for a Kayak Rack at Wailea Fairway Villas. The WCA has asked that fencing be installed around the rack that is consistent in appearance with adjacent fencing. Landscaping options to screen the structure were discussed. Discussion was deferred pending further evaluation and research by Mr. Schreiner and Director Johnston.

X. NEW BUSINESS

A. Building P Roof Leak Damage

MOTION: To authorize the payment of \$1,000.

Small/Henig

The Motion passed by a majority vote. Director Skaggs abstained.

B. Water Leaks

Other water leaks have been experienced, and insurance claims have been made.

MOTION: To assess the owner of P202 the \$10,000 deductible for water leak caused by unit P202 washing machine on June 13, 2011.

Johnston/Ayan

The Motion passed by a majority vote. Director Skaggs abstained.

Options to prevent expensive water damages in the future were discussed, including the establishment of a high risk component inspection program. Director Ayan volunteered to conduct further research on this item. Director Coflin will work with Director Ayan on this issue. This item will be added to the next meeting agenda.

The Board discussed the possibility of increasing the deductible amount to \$25,000.

C. House Rules Review

The Policy about Entryways and Lanais needs to be consistent with what is written in the House Rules. It was noted that the current rules were written by Director Skaggs and condensed by Director Johnston. Director Skaggs volunteered to make the minor changes required to update the House Rules.

D. Budget Requests

The Treasurer reported that the budget season is imminent. He will be working on the draft financial plan in the next few months for presentation to the Board at the meeting in September. He asked Directors for any "significant" items/projects that need to be added to the budget, i.e. replacement of the fire cracker plants.

E. Board Liaison to Association Attorney

MOTION: To appoint Sandy Skaggs as the sole Board liaison to the Association Attorney.

Small/Ayan Unanimous Approval

F. Website

With the website launched, it was suggested that management publicize the availability of the website and its address whenever possible. The President will be sending out a newsletter to all owners publicizing this information. The newsletter will be posted on the website and sent by U.S. Mail to those owners not on the web.

It was noted that the Resolutions passed by the Board have been updated and posted on the website. The update goes back to when DMI became manager and not before.

XI. NEXT MEETING DATE

The next Board Meeting will be held on September 14, 2011, at 9 a.m.

XII. EXECUTIVE SESSION

The Board moved to Executive Session at 11:40 a.m. to discuss legal matters, delinquencies, bids and contracts, following which regular business resumed.

XIII. OTHER BUSINESS

MOTION: To accept the proposal submitted by Finishing Touch for roof inspections and repairs.

Skaggs/Ayan Unanimous Approval

MOTION: To deny tenant's appeal to House Rules fine and Agenda item 5(C).

Skaggs/Small Unanimous Approval

MOTION: To hire security services for \$80 per week to patrol parking lots, issue parking lot violation slips, patrol recreation center, observe and correct violations, call police or fire departments as needed and report on all of the above to the Site Manager.

Skaggs/Small Unanimous Approval

XIV. ADJOURNMENT

The meeting adjourned.

Respectfully submitted,

Louise Rockett

Louise Rockett
Transcriptionist

Approved for distribution by the Edy Salenger, President