

Association of Apartment Owners of  
Wailea Fairway Villas  
Board of Directors' Meeting Minutes  
November 14, 2013

Board Members Present: Edy Salenger, President; Mike Luckado, Secretary; Bill  
(In Person) O'Connell, Treasurer; Director Tom Logan; and Director  
Judy Beneventi

Board Member Excused: Gordon Johnston, Vice President; and Janet Coflin, Director

Other Attendees: Chris Bandy and Nancy Price, Destination Maui, Inc.; Sam  
Schreiner, Site Manager; and Deidre Rockett, Recording  
Secretary

I. DECLARATION OF QUORUM

A quorum was declared with five Directors present.

II. CALL TO ORDER

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

III. PROOF OF NOTICE

Chris Bandy certified Notice of Meeting was emailed to all Directors on October 15, 2013, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

IV. DIRECTOR REPLACEMENT

MOTION: To appoint Judy Beneventi (Unit F103) to the Board of Directors, replacing  
Director Ed Small.

O'Connell/Logan Unanimous Approval

V. CONSENT CALENDAR

Items on the Consent Calendar were noted, as follows: 1) To ratify the contract for power washing the buildings at a slight increase for a total of \$19,920; and 2) To ratify the purchase a new floor scrubber from Maui Chemical for a total of \$5,839.97 for the purpose of maintaining the pool deck in-house.

MOTION: To ratify the two items on the Consent Calendar, as noted immediately  
above.

O'Connell/Luckado Unanimous Approval

#### VI. APPROVAL OF MINUTES

The Board reviewed the September 27, 2013 Minutes. Changes were noted, as follows:

- In the section on smart clock modules on page four, the words "... identify the six most wasteful zones and..." should be removed.
- In the Treasurer's Report on page two, "net revenue" should be changed to "total revenue over expenses."

MOTION: To approve the Minutes of the September 27, 2013 Board of Directors' Meeting, as amended.

O'Connell/Logan Unanimous Approval

#### VII. TREASURER'S REPORT

Treasurer O'Connell updated the Board on the financial status of the Association through September 2013. Net revenue over expenses was \$63,000 for the first nine months of the year.

Variances were noted and explained. Water and sewer rates were under budget by about \$23,000. Real water usage, average gallons per day, was down about 23% from last year. Directors O'Connell and Luckado were recognized for their efforts to reduce water consumption and costs. Operating Contingency accounts for about \$12,000 of the surplus, along with unanticipated revenues from a unit closing. Going forward, the surplus will shrink dramatically, as the Board has authorized around \$45,000 in new expenditures prior to the end of 2013.

#### VIII. SITE MANAGER'S REPORT

Mr. Schreiner updated the Board on the status of the painting and pressure washing projects. The work began the Monday after his return from vacation and is progressing well. The crew is down to the last three sets of doors and the Recreation Center doors. A door-by-door inspection will be conducted to check for flaws that may need to be corrected. Final payments to the painters will be held until the Recreation Center is finished, and the project is completed to Mr. Schreiner's satisfaction.

The crews are slated to pressure wash Buildings G and H next, progressing alphabetically. So far, one-third of the buildings have been cleaned. Owners have been cooperating by moving items from their lanais, and complaints have been minimal. Mr. Schreiner answered questions Board members had about the painting project.

Mr. Schreiner ordered new uniform shirts for the staff. He will order the floor scrubber today.

All of the smart clock modules have been delivered. Mr. Schreiner had questions about monitoring the equipment. Island Plant will train onsite staff on monitoring the operations of the equipment, and Director Luckado will also attend the training.

IX. MANAGING AGENT'S REPORT

Mr. Bandy included a Managing Agent's Report, dated November 11, 2013, in the packet of information distributed to the Board. He said the Association has a great team, and Josh did a fine job covering for Mr. Schreiner during his vacation.

Mr. Bandy is making progress in working with owners to collect delinquent fees.

X. PRESIDENT'S REPORT

President Salenger recognized Josh; he did a good job during Mr. Schreiner's vacation, and he dealt with a couple of incidents quickly. Mr. Schreiner hit the ground running upon his return and has been doing a great job dealing with the pressure washing and painting projects.

The President meets biweekly with Mr. Schreiner to make minor decisions and stay informed on projects. The President, Directors O'Connell and Logan and Mr. Bandy met with the DMI accountant to help Director O'Connell draft the 2014 Budget.

The President conducted a property-wide inspection with Directors Luckado and Beneventi to determine potential projects for Island Plant to perform with its special hours. The projects were sent to Island Plant. By the company's contract, unused special hours are carried over into the following year.

IX. OLD BUSINESS

A. Landscape Upgrades

The Board has discussed having Island Plant to check the irrigation system zone-by-zone to evaluate water usage and efficiency, the effectiveness of the irrigation and if any valves are malfunctioning. Having the modules installed is a major first step. Special project hours could be used to have Island Plant check one zone per month.

The President noted that the Board's focus project in 2013-14 is irrigation, and the Board should determine its approach and how much funding will be dedicated to the effort. The Board will take up the matter again after discussing the budget.

X. NEW BUSINESS

A. 2014 Budget

Director O'Connell explained the reasons for the overall increase of 1.4% in Maintenance Fees and Reserve Fund contributions. This is consistent with the Association's informal objective to keep increases below the rate of inflation.

At the end of the next budget year, the forecast balance in the Reserves is almost \$900,000. The funding level would be at 62%, and the Treasurer thinks the Association should exceed that level. The Board will know more when the next Reserve Study is performed in January

Association of Apartment Owners of  
Wailea Fairway Villas  
Board of Directors' Meeting Minutes  
November 14, 2013 -- Page 4

2014. DMI was credited with helping the Association significantly build its Reserves in recent years.

Potential funding for projects for 2014 include \$8,000 for power washing the backs of buildings next year and \$19,452 for irrigation improvements.

The rental of C-201 provides about \$8,000 a year in net funds to the Association. The situation may end next year.

There is no Allowance for Bad Debts in the proposed budget.

Budgeting strategy was discussed.

Expenses were noted: Maintenance, which includes landscaping, irrigation and related improvements, accounts for 30% of the budget. Utilities account for 25%. Water spending has decreased, and Director Logan is researching savings for cable television and telephone service. Utility rates increase at around 5% annually. Employee costs account for 13.5%, and insurance costs 6.5%, of the budget. Competitive bids will be sought for insurance.

Measures to reduce electric costs have been explored, including the installation of a photo voltaic system. The Association is nonprofit, so it would have to fund the system.

Ms. Price invited Board members to attend Condominium Council of Maui workshops, which cover Reserve Studies, insurance, budgeting and other important topics. Notices for future events will be sent to all Directors

MOTION: To accept the Budget for 2014 as presented.

Logan/Luckado Unanimous Approval

XI. NEXT MEETING DATE

The next Board Meeting will be held on February 6, 2014, at 9 a.m.

XII. EXECUTIVE SESSION

The Board moved to Executive Session at 9:53 a.m.

Respectfully submitted,

Louise Rockett  
Transcriptionist

Approved for distribution by President Edy Salenger