

Association of Apartment Owners
Wailea Fairway Villas
Board of Directors' Meeting Minutes
July 5, 2012

Board Members Present: Edy Salenger, President; Ed Small, Treasurer
(In Person)

Board Member Present: Sanford Skaggs, Vice President; Gordon Johnston, Assistant
(By Telephone) Secretary; and Bill O'Connell, Assistant Treasurer

Board Members Absent: Janet Coflin, Secretary; and Mary Henig, Assistant Secretary
(Unexcused)

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

I. DECLARATION OF QUORUM

A quorum was declared with four Directors present either in person or by telephone at call to order. Director Johnston joined the meeting by telephone after call to order as indicated.

II. CALL TO ORDER

President Edy Salenger called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order at 9:05 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

Mr. Gat 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. CONSENT CALENDAR

Consent Calendar items were listed on the meeting agenda as follows:

- 1) January 11, 2012, Board Meeting Minutes
- 2) January 26, 2012, Special Board Meeting Minutes
- 3) March 17, 2012, Annual Owners Meeting Minutes
- 4) March 17, 2012, Organizational Board Meeting Minutes
- 5) April 23, 2012, Board Meeting Minutes

MOTION: To approve the Consent Calendar items as listed on the Meeting Agenda and noted immediately above.

Skaggs/Small Unanimous Approval

V. BOARD MEETINGS

As per the Association governing documents, the Board is required to meet quarterly. This

meeting is the third quarterly Board meeting.

VI. TREASURER'S REPORT

Treasurer Small distributed financial reports for the past two months. He also recommended that we include in the 2013 budget a \$22,000 allowance for bad debts.

(Gordon Johnston joined the meeting at this time.)

Tax issues were discussed. These included capital gains due on sale of unit K202 and tax liability for income resulting from rental of Unit C201.

VII. SITE MANAGER'S REPORT

Mr. Schreiner submitted a Site Manager's Report dated July 2, 2012. Mr. Schreiner thanked all of the residents and owners for their cooperation during the parking lot resealing and restriping projects. The owners were well-informed in advance and fully cooperated.

VIII. MANAGING AGENT'S REPORT

Mr. Gat reported the parking lot looks really good. The scope of the work was briefly reviewed, including patching and tree root removal.

Mr. Gat updated the Board on accounts receivable. One of the units has a sale due to close on July 20, 2012. There have been no additions to the list of delinquent owners. Destination Maui continues to monitor collections

The irrigation upgrade was discussed. The next landscape project is the planting of the bougainvillea hedge.

IX. PRESIDENT'S REPORT

President Salenger reported the emergency phone at the pool is operational.

The President has contacted the President of the Golf Vistas regarding the drafting of a sewer maintenance agreement. A response has not been received.

She also reported on the bikes in the parking lot. The House Rules require the registration of bicycles, with decals issued for placement on the bikes. Since the parking lot was resurfaced most of the bicycles have been registered, and there are fewer bikes on property.

X. OLD BUSINESS

A. Irrigation System Upgrade

After discussion, it was decided that this will be done in three phases.

Phase I – Bougainvillea hedge on golf course boundary.

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Phase II – All stations oceanside of parking lot.
Phase III – All stations Mountainside of the parking lot.

The goal of the upgrade is to have the entire irrigation system, including all parts and design, updated. The Board evaluated the installation of the weather station main control valves. Director Skaggs had questions about the installation of the valves, and Mr. Gat volunteered to conduct further research.

Measures to save on consumption of water, including conversion of some of the lawn to another groundcover and hardscaping the islands in the parking lot were considered. Landscape upgrades are scheduled in the Replacement Reserves in 2018. The appointment of a small committee to draft a 5-year Landscaping Plan was suggested. President Salenger will chair the committee.

Director O'Connell has been analyzing the actual water usage data for the past two years. The consumption has increased 60%, and there is a "strong presumption that there is an actual leak somewhere". A test for a water leak is planned, one section at a time, in the irrigation system. The survey will be conducted, with the results sent to the President within two weeks.

MOTION: To install the irrigation controls for the rest of the property, including the main control valves that feed into weather stations, at a cost not to exceed \$5,000.

Small/Johnston Unanimous Approval

The main control valves will be installed for the entire complex.

XI. NEW BUSINESS

A. Review of Operating Budget and Reserve Schedule

Mr. Gat noted the Association Bylaws require the Board to have the new coupons sent out to owners one month prior to the due date of the first payment. The budgeting process was reviewed. The Pre-Budget Meeting was scheduled for Thursday, November 8, 2012, in the office of Destination Maui, Inc.

The Treasurer suggested some formatting changes to the Budget.

A Reserve Study was conducted in 2010. At that time, the Reserves were funded at the 14%. The Reserves are now 43% funded.

DMI annually works with the Board to update the Reserve Study. There was an analysis of some of the components in the Association long-range capital replacement plan, including scheduling, costs and life expectancy.

The Treasurer noted some modifications to the Reserve Plan, including interest and inflation rate assumptions. He explained the reasons for the changes.

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Budgeting strategy was discussed, specifically as it is associated with projecting the budget for water costs. A determination by the Board was deferred, pending results of the water leak survey and an analysis of the next water bill.

B. Commercial Vehicle Logos and Signs

The President announced that the Association is enforcing the rules.

Mr. Schreiner updated on the Board on the status of compliance with regard to the posting of commercial signs and logos on vehicles. Residents in continued non-compliance will be fined. Mr. Schreiner will monitor. Director Skaggs noted that the rule is a Wailea-wide regulation, and the Association is charged with enforcement at Wailea Fairway Villas.

C. Pool Security

Director Skaggs noted ongoing security problems at the pool, including non-resident usage of the facility and glass and bottles used and discarded at the pool. Pool security options were analyzed, including: 1) Installation of video cameras; 2) Disable the exit switch, forcing people to use the fob; 3) Educating guests and owners to not take glass to the pool; 4) Security on the weekends; 5) Posting of signs that prohibit glass in the pool area. The pros and cons of video surveillance were discussed. Mr. Schreiner will solicit estimates of the cost of a video surveillance system.

MOTION: To disable the exit switch.

Skaggs/O'Connell Unanimous Approval

MOTION: To install a sign that reads: "No Glass, No Tobacco, No Exceptions".

Johnston/Small Unanimous Approval

Mr. Schreiner was tasked with the responsibility to have a sign made and posting by the fob lock. The President will publish this information in the newsletter.

D. Clarification of Tenant Rules

In the House Rules 20.1, no person is allowed to rent a unit for less than six months. Owners must additionally register all occupants. Some tenants are subletting rooms for less than six months and advertising on the internet. As with all House Rules, this rule is being enforced.

E. Prioritization of Special Projects

The Association has contracted with Island Plant for the past three years. The contract includes 40 hours of special projects each month. Many of the special projects have been completed, and the property has benefitted from this work. The President asked for ideas on new special projects. Further, she suggested prioritizing the work.

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One special project was a recommendation to remove the stand of firecracker plants, home to many stray cats in the area. The advantages of removal were noted by the President. Optional replacement vegetation was discussed, including lawn or low groundcover.

MOTION: To remove the firecracker plants and replace it with a low groundcover that is not grass – seeking a recommendation from Island Plant for the best vegetation in this situation.

Johnston/Small Unanimous Approval

The street-side of Building R is unkempt and in poor condition. The owners in that building would like the wedelia replaced. Options for an appropriate plant material were considered, and Island Plant will be consulted.

MOTION: To add the replacement of the Wedelia on the street-side of Building R to the list of special projects along with the removal and replacement of the firecracker plants.

Skaggs/O'Connell Unanimous

The President was given the authority to prioritize these projects.

F. Bathroom Floor Safety

It has been reported that the tiles are a bit slippery in the bathrooms; therefore, the President suggested considering options to make them less slippery. Options have been explored. A bid to replace the surface with a non-skid tile was recommended. Management was tasked with the responsibility of soliciting a bid to replace the flooring in both bathrooms at a reasonable price.

XII. EXECUTIVE SESSION

The Board moved to Executive Session at 11:05 a.m. Regular business resumed at 11:25 a.m.

XIII. NEXT MEETING DATES

The preliminary draft of the Association financial plan will be issued by Destination Maui by October 15, 2012. The Pre-Budget Meeting will be held on November 8, 2012, in the office of Destination Maui, Inc. at 1 p.m. The Board Budget Meeting was scheduled for November 15, 2012, at 9 a.m. Hawaii Time.

XIV. ADJOURNMENT

The meeting adjourned at 11:30 a.m.

Respectfully submitted,

Louise Rockett

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Louise Rockett
Transcriptionist

Approved for distribution by Edy Salenger, President