

Association of Apartment Owners of  
Wailea Fairway Villas  
Board of Directors' Meeting Minutes  
November 15, 2012

Board Members Present: (In Person) Edy Salenger, President; Ed Small, Treasurer Janet Coflin, Secretary; Mary Henig, Assistant Secretary; and Bill O'Connell, Assistant Treasurer

Board Member Present: (By Telephone) Sanford Skaggs, Vice President

Board Members Absent: (Excused) Gordon Johnston, Assistant Secretary

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

I. DECLARATION OF QUORUM

A quorum was declared with six Directors present either in person or by telephone.

II. CALL TO ORDER

President Edy Salenger called the Wailea Fairway Villas Association of Apartment Owners Board of Directors' Meeting to order at 9:03 a.m. The meeting was held at Wailea Fairway Villas, Wailea, Maui, Hawaii.

III. PROOF OF NOTICE

Nancy Price 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

One clarification was noted in the July 5, 2012, draft Minutes

MOTION: To approve the Minutes of the July 5, 2012, Board Meeting, as amended immediately above.

Skaggs/O'Connell Unanimous Approval

V. RESCINDING OF PREVIOUS MOTION AT PREVIOUS MEETING

MOTION: To rescind the direction to disable the exit switch and to direct staff to cover the exit buttons, so that it is usable only in case of an emergency.

Skaggs/O'Connell Unanimous Approval

VI. TREASURER'S REPORT

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Treasurer Small updated the Board on the financial status of the Association as of October 31, 2012, including the Current Assets, Replacement Reserves and Liabilities. The income statement was reviewed, as compared to budget. The operating expenses are tracking on target, with the exception of the water bill. There is a surplus of income over expenses in the amount of \$5,600 for the month. Year-to-date, there is a surplus of slightly over \$9,000.

Accounts receivable were reviewed. There has been progress in this regard. With one of the major delinquencies cured, total delinquencies were reduced by \$2,000. There are currently ten units delinquent in their payments to the Association.

VII. SITE MANAGER'S REPORT

Mr. Schreiner submitted a Site Manager's Report dated November 15, 2012, updating the Board on landscaping projects, building maintenance work, work in progress and upcoming plans. Owners seem pleased with the appearance of the property.

VIII. MANAGING AGENT'S REPORT

Ms. Price outlined actions taken at the pre-budget meeting to draft a 2013 Association financial plan. She commended participating Directors for their contributions and participation in the fiscal planning process.

IX. PRESIDENT'S REPORT

President Salenger reported that it has been busy at Wailea Fairway Villas with a number of projects underway, including landscaping and irrigation work. Additionally, research has been conducted to help improve the safety in the rec. room bathroom facilities. Unit Modification Requests are being monitored closely, specifically with regard to the installation of air conditioning units. The most recent focus, however, has been on the drafting of the 2013 Budget.

X. OLD BUSINESS

A. Irrigation System Upgrade & Bougainvillea Hedge

The President updated the Board on the status of Irrigation System upgrades. The Board decided at its last meeting 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.

In review of the records, the President noted that "we had asked for four irrigation controllers". The cost is about \$1,500 each, and these have been installed. In order to outfit the rest of the property as dictated in the Motion, three to four more irrigation controls will be needed. The total cost will then be just under \$5,000.

The Board had questions about and discussed the irrigation system upgrade. Also, past and ongoing leaks in the irrigation system, previous repairs, evaluation of costs, consumption and bills. Options to improve the situation were discussed, including consulting with an

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irrigation specialist and use of hi-tech electronics to trace water leaks. These alternatives will be explored. The Board will establish a budget as a first step towards an Irrigation Leak Detection Project. Director O'Connell and Mr. Schreiner will work together on this project, and report back to the Board at its next meeting with possible solutions and costs. It was noted that the upgrade to the "whole" Irrigation System includes the piping as well.

The different phases of the project were listed by the President, as follows: Phase I – bougainvillea hedge on golf course boundary; Phase II – All stations between the parking lot and the bougainvillea hedge; and, Phase III – All stations Mountainside of the parking lot.

The President updated the Board on the terms of the contract the Board signed with the landscaper for this work.

B. Bathroom Floor Safety

There are possible safety issues with the bathroom floors, and the Board is preparing to correct them. Actions taken in the past to address this problem were not successful. Currently, the Board is considering replacing the tile. Bids have been solicited. Copies of the bids were distributed, and samples of replacement tiles were on display at the meeting. It was agreed that all of the bids need to include the same scope of work and materials prior to making a decision. This item will be added to the next Board Meeting Agenda. Contractors will be asked to update their bids.

C. Water Bill Analysis

Based on his research of the past two years of water bills, Director O'Connell recommended increasing the amount of the water line item in the Operating Budget by about 40%. Also, a discussion ensued about the free use of a Rain Bird Weather Station.

XI. NEW BUSINESS

A. 2013 Draft Budget

Treasurer Small presented the 2013 Draft Operating Budget. Variances in the previous Operating budget were noted and explained, including a bad debt allowance.

An excess of income over expenses in the amount of \$23,000 is projected for the end of 2012. This amount will be utilized next year in order to balance the proposed financial operating plan.

Treasurer Small answered questions from the Board. Further, he explained how he calculated the Reserve Study, using as its base, a professional analysis conducted three years ago. The Board agreed to engage the services of another Reserve Study consultant in 2014 effective 2015. Two major items in the long-range capital improvement/replacement plan, the roofing and parking lot projects, were discussed.

Reserve Funding methods were reviewed, including the Cash Flow Method and the Percentage Funded method projected over a 20-year time frame. The Association funds its

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Reserves by the Cash Flow or the Percentage Funded methods. The Association satisfies the legal requirements for both methods of Reserve Funding.

Maintenance fees will increase 1.92% to cover increased expenses. Director Skaggs suggested fees be collected in round numbers, i.e. \$635 and \$1,078.

MOTION: To approve the 2013 Budget as presented.

Small/Henig Unanimous Approval

B. Auditor Selection

Michael Bates, CPA presented an Audit Proposal dated September 12, 2012. The fee for 2012 will remain the same amount as it was in the previous year.

MOTION: To accept Michael Bates, CPA as auditor for 2012.

Henig/O'Connell Unanimous Approval

C. Z Building Door Replacement

Mr. Schreiner updated the Board on the terms of the two Z Building Door Replacement proposals. Mr. Schreiner explained how the Z Building electrical building doors have deteriorated. The options to replace were reviewed. Mr. Schreiner recommended the Board accept the E G B Construction Proposal in the amount of \$2,060.

MOTION: To accept the E G B Construction Fiberglass Skin at a cost of \$2,060.

Henig/O'Connell Unanimous Approval

D. Air Conditioning Requests

The Board evaluated a request from the owner of J101 to install an additional compressor to his air conditioning system. The Board also considered a request to install an additional air conditioner by the owner of Unit D103.

MOTION: To deny the air conditioning modification requests from the owners of J101 and D103 in order to maintain a uniform appearance in the complex.

Skaggs/Small Unanimous Approval

Director Skaggs suggested a written air conditioning policy be drafted. Mr. Schreiner will research the files for other air conditioning policies that have been written for reference.

E. Island Plant Contract Renewal

A copy of the Island Plant Landscape Maintenance Contract was reviewed. The terms of the two-year contract were reviewed. There is a \$400 proposed increase in the monthly

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contract; all of the other terms of the contract remain the same.

MOTION: To accept the Island Plant Contract as submitted.

O'Connell/Small Unanimous Approval

F. Assessment Payment Resolution

Ms. Price explained the reasons for the revision to the Assessment Payment Resolution. It sets out policies and collections for delinquent owners and will eliminate late fees for accounts under \$50. This will be posted on the Association Website resolution page. A typographical error was noted on page three that will be corrected by Ms. Price.

MOTION: To adopt the Assessment Payment Resolution (see attached).

Skaggs/Small Unanimous Approval

G. Bylaw Amendment – Removal of Directors

The President presented a Bylaw Amendment, adding to Section 5 under Board of Directors:

- (c) Removal of Directors – Removal by non-attendance at Board Meetings. Any member of the Board who does not attend two consecutive meetings either in person or by telephone, and these absences are unexcused, will be removed from the Board of Directors.

The pros and cons of the proposed amendment were evaluated. Board protocol was reviewed. No motion was made.

Following discussion, it was agreed that: 1) Every effort will be made to not change Board Meeting dates; 2) Minutes will be distributed on a timely basis; 3) Directors unable to attend meetings will notify Destination Maui, Inc.; and, 4) Quarterly Board Meetings will be decided a year in advance.

H. Rec Room & Kitchen Holiday Reservation Policy

The Board discussed Rec Room & Kitchen Reservation Policy. The question under consideration is whether or not the facility should remain open to all on holidays. It was agreed by consensus that the facility should not be reserved by individuals on holidays. The President will include this policy in her next newsletter.

MOTION: WFV policy is: owners and/or tenants are not allowed to reserve the kitchen and rec room on major holidays.

Skaggs/O'Connell Unanimous Approval

XII. OWNERS' FORUM

There were no owners present.

XIII. NEXT MEETING DATES

The following regularly scheduled Board Meeting dates were scheduled: January 17, 2013; June 6, 2013; September 19, 2013; and November 14, 2013. The Annual Owners Meeting and Organizational Board Meeting will be held on March 16, 2013.

XIV. EXECUTIVE SESSION

The Board moved to Executive Session at 11:02 a.m. Regular business resumed at 11:10 a.m.

XV. OTHER BUSINESS

MOTION: In the interest of maintaining uniform and efficient landscaping in the complex, any and all previous authorizations granted to owners or others to work in common area landscaping are hereby revoked.

Skaggs/Small

Directors Skaggs, Salenger, Small and O'Connell voted in favor of the Motion. Directors Henig and Cofflin opposed the Motion. The Motion passed by a majority four to two vote.

XVI. ADJOURNMENT

The meeting adjourned at 12:17 p.m.

Respectfully submitted,  
Louise Rockett  
Transcriptionist

Approved for distribution by Edy Salenger, President

**ASSOCIATION OF APARTMENT OWNERS OF  
WAILEA FAIRWAY VILLAS  
ASSESSMENT PAYMENT RESOLUTION**

**WHEREAS** the Board of Directors of the Association is charged with the responsibility of collecting assessments for common expenses from members pursuant to Chapter 514B, Hawaii Revised Statutes and the Governing documents of the Association; and

**WHEREAS** from time to time members become delinquent in their payment of these assessments and fail to respond voluntarily to the demands from the Board to bring their accounts current; and

**WHEREAS** the Board deems it to be in the best interest of the Association to adapt a uniform and systematic procedure for dealing with delinquent accounts in a timely manner, and further believes it to be in the best interest of the Association to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue; and

**WHEREAS** the Board has retained the Association's attorneys for their experience in representing community associations in collections and other matters; and

**WHEREAS** the Board has directed the Association's attorneys to represent the Association on the terms outlined in this resolution, unless specifically advised otherwise.

**NOW, THEREFORE,**

**BE IT RESOLVED** that the Association's attorney shall pursue all collection and other matters which the Board, acting through the Managing Agent, may from time to time refer to them and to provide any advise which the Board may from time to time require; and

**BE IT FURTHER RESOLVED** a ten percent (10%) of current charge late fee is assessed on the tenth (10<sup>th</sup>) day of each month, if the account balance is in excess of \$50.00 as of the tenth (10<sup>th</sup>) day of the month. The Managing Agent is authorized and directed to charge to and collect this late fee from any delinquent member; and

**BE IT FURTHER RESOLVED** that interest at the rate of twelve percent (12%) per annum or a rate of one percent (1%) per month will be levied against any account on the last day of each month if the account balance is in excess of \$50.00 as of the last day of the month. The Managing Agent is authorized and directed to charge to and collect this interest from any delinquent member; and

**BE IT FURTHER RESOLVED** that the Managing Agent is directed to send to any member who is more than thirty (30) days delinquent in the payment of regular or special assessments, a written notice (the "First and Final Notice"), advising that if the account is not paid in full within thirty (30) days of the First and Final Notice, the Managing Agent will turn the matter over to the Association's attorney for collection and the member will be liable for payment of the attorney's fees and costs which are charged to the Association in this regard; and

**BE IT FURTHER RESOLVED** that pursuant to the Amendment to By-Laws for Association of Apartment Owners, the Managing Agent is directed to take the following action if an owner's

assessments are considered delinquent as described above. The managing agent may take any and all actions as authorized in the By-Laws specifically including but not limited to demand and receive from the undertenant of the owner the rent due or becoming due from such undertenant to the owner up to an amount sufficient to pay all of such unpaid common expenses, assessments, special assessments along with late fees, interest, attorney's fees and costs; and

**BE IT FURTHER RESOLVED** that the Managing Agent is directed to refer any account which remains delinquent for thirty (30) days after the "First and Final Notice" to the Association's attorneys for collection; and

**BE IT FURTHER RESOLVED** that the Managing Agent is directed to consult with the Association's attorneys and turn over for collection immediately any account which the owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure against the unit; and

**BE IT FURTHER RESOLVED** that the attorney is directed to send to any member who is delinquent in the payment of Assessments, a written notice advising that, because the account was not brought current after the "First and Final Notice", a Notice of Lien will be recorded and all legal fees are the responsibility of the owner; and

**BE IT FURTHER RESOLVED** that the Managing Agent and/or Association attorneys are directed to execute a Notice of Lien against the delinquent unit as described in the letter to the Member; and

**BE IT FURTHER RESOLVED** that the following policies shall apply to all delinquent accounts turned over to the Association's attorneys for collection;

1. All contacts with a delinquent member shall be handled through the Association's attorneys. Neither the Managing Agent nor any Association officer or director shall discuss the collection of the account directly with a Member after it has been turned over to the Association's attorneys unless one of the Association's attorneys is present or has consented to the contact.
2. All sums collected on a delinquent account shall be remitted to the Association in care of the Association attorneys until the account has been brought current.
3. When any account is turned over to the Association's attorney for collection, the account shall be so marked by the Managing Agent and no quotations on the account shall be released to any party including, without limitation, the owner or an escrow agent, except with the consent of the Association's attorney. All legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent unit and owner and shall be collectable as provided in the governing documents.
4. The Association's attorney shall give notice to the delinquent Member that, since the delinquent account was not brought current within the time stated, or a satisfactory agreement has not been reached to accomplish this, foreclosure proceeding may be commenced.



5. To the extent that the Association's attorneys, in their discretion, consider it to be appropriate under the circumstances, they are authorized to enter into an installment payment plan for delinquent assessments and other charges; provided, however, that any payment plan which provides for a down payment of less than the greater of one third (1/3) of the delinquent balance or twice the current monthly assessment, or monthly payments of less than twice the current assessment amount, or a duration in excess of six (6) months shall require the approval of the Board.
6. Where, at the expiration of the period specified in the Demand Letter, an account remains delinquent and without a payment plan embodied in a signed agreement or in the event of a default under terms of the agreement, the association's attorneys are authorized to take such further action as they believe to be in the best interests of the Association, including but not limited to;
  - a. Filing suit against the delinquent homeowner for money due; and/or
  - b. Instituting an action for foreclosure of the Association's lien; and/or
  - c. Filing an answer/cross-claim against the delinquent member for money due and/or for foreclosure of the Association's lien in any suit filed by a lender; and/or
  - d. Filing a proof of claim in bankruptcy; and

**BE IT FURTHER RESOLVED** that outstanding and unpaid fees will be, henceforth, handled in the following manner;

At any time there are unpaid legal fees, late charges, fines, NSF check charges, or special assessment fees on the account ledger, the next payment received from the member will first be applied to liquidating these fees in the order stated above. After these fees are paid, the remaining amount left over, if any, will be credited to assessments which are due.

**BE IT FURTHER RESOLVED** that a copy of this resolution shall be sent to all members at their last known addresses.

This resolution was duly adopted by the Board of Directors at its meeting held on November 15, 2012, and shall be effective as of November 15, 2012.



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Edy Salenger  
President