

ASSOCIATION OF APARTMENT OWNERS
MAUI HILL
BOARD OF DIRECTORS REGULAR MEETING
CONFERENCE CALL
September 16, 2020

I. Call to Order

President Dick Endean called the meeting to order at 9:00 a.m. HST.

II. Establish Quorum

Members Present: Dick Endean, Loren Knott, CJ Law, Alex Cordas, Carl Carlson.

Maui Lea Board: Bill Petro, Loren Knott, CJ Law, Tim Ohm, Dick Endean, Bob Jacalone, Paul DiMarchi (connected later).

By Invitation: Chauncey Brown & Melany Coyne, Rising Sun (connected later); Frank Robar & Mike Robar Condominium Fiscal Management Inc., Co-Plan Manager Maui Lea; Dennis Costa, General Manager; Ruth Okada, Aqua-Aston Hospitality, Inc., Co-plan Manager.

III. Approval of Agenda

MOTION #1: CJ Law moved to approve the agenda with the addition of a presentation by Rising Sun for Solar. The motion was seconded by Alex Cordas and passed by unanimous consent.

IV. Approval of Board Meeting Minutes – 4/22/20 Regular Meeting

MOTION #2: CJ Law moved to approve the minutes of the 4/22/20 Regular meeting as circulated without change. The motion was seconded by Loren Knott and passed by unanimous consent.

V. Treasurer's Report

1. Financial

A. Review – Carl Carlson reviewed the 8/31/20 financials. Ruth Okada explained the State law allows for the use of capital funds to pay for insurance premiums. A lengthy discussion followed on how much operating excess cash should be maintained in an operating reserve. The Board agreed to continue to monitor and move funds from capital only if necessary, especially since a change between capital contribution and operating maintenance fees was made as of 9/1/20.

B. Accounting Standards Codification Topic 606 – Ruth Okada emailed the Board noting that there is a one-year delay for this change by the IRS. There were no questions.

2. Ratify Activities Desk Rent Waiver – It was noted that the Board waived the May rent in a previous meeting.

MOTION #3: CJ Law moved to ratify & approve the following rents for the Activities Desk:

- **Reduce April 2020 rent to \$1,500**
- **Waive rent from May 2020 until further notice.**

The motion was seconded by Carl Carlson and passed by unanimous consent.

3. Delinquencies/Collections

A. Delinquency Status – (if any, to be discussed in executive session)

B. Collections (if any, to be discussed in executive session)

4. Investments – Ruth Okada reported that interest rates are down, and she is working with Bank of Hawaii Trust and Bank of Hawaii to review investments options. The Board asked Ruth to work with Carl Carlson and keep the Board advised.
5. Ratify Budget Change FYE 6/30/21 as of 9/1/20 – The budget was changed and approved by the Board via email.

MOTION #4: Carl Carlson moved to ratify the change in the budget for FYE 6/30/21 as of 9/1/20 as follows:

Monthly Operating:

Maintenance Fees - \$121,047
Activities Desk - \$0
Electricity - \$7,000
Sewer - \$6,000
Water – Building - \$2,300
Air Conditioning - \$250
Major Repair & Replacement - \$600
Pest Control - \$800
Refuse - \$3,000
Insurance – Property - \$10,644
Legal Fees - \$850
Guest Activities - \$0
Meeting Expenses - \$325
Employee Relations - \$105
Travel - \$1,145
Taxes – General Excise - \$340
Operating Reserve Transfer To - \$1,863

Monthly Capital:

Capital Reserve Contribution - \$7,690
Capital Reserve Expenditures - \$7,008
Capital Reserve – Transfer To - \$8,190

The motion was seconded by CJ Law and passed by unanimous consent.

The Board thanked Carl Carlson, Dennis Costa, and Ruth Okada for working on the budget adjustment.

VI. Standing Committee

1. Unit Rental Interface Program – Carl Carlson reported on the following:
 - There are approximately 8 VRBO units that do not check in at the front desk
 - All VRBOs should be reminded of the rules
 - Dennis Costa reported that he has access to all units except #99General discussion followed on the possibility of fining owners if the VRBOs do not follow the rules. Ruth Okada will draft a letter for the Board’s review to send to the VRBOs.
2. Architectural Review (ARC) – CJ Law reported on the following.
 - A. Owner Renovations
 - a. Unit #16 – Unit #16 would like to install a split system AC. Unit #115 has provided their approval for Unit #16 to go through their unit for the installation. The ARC will be approving this installation and they will work with Dennis on scheduling.
 - b. Unit #8 Renovation – Still pending.
 - B. Owner if any (for Board approval) – There was none.

VII. Ad Hoc Committee

1. Energy Conservation – Dick Endean stated that Rising Sun will connect to the call at 11:30 a.m. to do their presentation. The following was discussed.
 - A. Photovoltaic System
 - a. Golf Cart Charging Project – Proceeding with the final phase to install the batteries.
 - b. Amendment – The amendment passed with the following votes and the instrument was also recorded.

In Favor:	86.6630
Opposed:	3.5195
2. Lease Extension – Ruth Okada stated that the CCD was recorded.

Paul DiMarchi joined the meeting 9:43 a.m.

VIII. Manager's Report

Dennis Costa reviewed his manager's report, the status of projects, and reported on the following.

1. COVID-19 – Reviewing processes to sanitize equipment and providing gloves resulting in an increase in expenses. Explained restriction changes for pool/spa due to COVID. Ruth Okada also noted that as approved by the Board via email, the Association did not apply for an SBA (PPP) loan.
2. Projects Schedule – FYE 2021 Budget
 - A. Roof Phase 1 - \$70,080 – General discussion followed on capital funds available for the roof. Carl Carlson and Ruth Okada explained the reserve study and components listed for the roof.
 - B. Unit Entry & Storage Frames - \$45,000 – Dennis will proceed with this project.
 - C. Waterproof Unit Entry & Storage Frames & Doors - \$45,000 – Dennis will proceed with this project.

IX. Unfinished Business

1. Zoning Impacting Maui Hill – Dick Endean reported on the following:
 - A. Kahoolawe Research Center – Continuing to work on funding and financing. Approval of the County to build has already been obtained. There has been no construction activity on the property.
 - B. Affordable Income Housing Between Wela & South Kihei Road – The Association has provided testimony at hearings. Loren Knott, Dennis Costa, and Dick Endean have met with the Developer on their concerns. Both Maui Hill and Keawekapu properties have an easement for the roadway between South Kihei to Wela and are responsible for maintenance and repair of the road. The County is not requiring this project to have direct access to South Kihei Road. Both entries will be from Wela which will add additional traffic and damage to the road especially during construction. It was also noted that the existing housing development does not have an easement to this road, but they use is at no expense to them. Dick will continue to monitor.
2. Reserve Study Inspections – Ruth Okada provided quotes from Hawaii Inspection Group and Smart Property. General discussion followed. The Board concurred that funds to do the inspection will be added to the FYE June 2022 budget.

X. New Business

1. Ratify Insurance Renewals – Approval of the renewals were obtained via email. Information on the renewals were provided to the Board including an explanation of the probable loss for the coverage of \$250,000,000 for the master property program and the approval requirement to allow the AOAO Executive Centre to finance their excess property coverage.

MOTION #5: Alex Cordas moved to ratify the following approvals and placement of the following insurance policies:

- 7/28/20 – 7/28/21
 - ❖ Property Master \$250,000,000 Shared Limit; \$121,100 Annual Premium (Finance DTRIC – no interest)
 - ❖ Probably Loss
 - ❖ General Liability \$2,000,000 Aggregate Limit; \$6,162 Annual Premium
 - ❖ Business Auto \$1,000,000 BI/PD; \$700 Annual Premium
 - ❖ Umbrella \$10,000,000 Limit; \$5,703 Annual Premium
 - ❖ D & O \$3,000,000 Limit; \$6,371 Annual Premium
 - ❖ Crime \$100,000 per Loss; \$678 Annual Premium
 - ❖ Reject Terrorism (TRIA)
- Excess Premium Finance for AOA Executive Centre
- Workers Comp 5/31/20 – 5/31/21; Rate \$4.13

The motion was seconded by Carl Carlson and passed by unanimous consent.

(Note: AOA Executive Centre ultimately did not have to finance their premiums.)

Ruth Okada also advised that Marriott Vacation Worldwide will provide an update to the Board.

2. Smoking Rule – A copy of the smoking resolution and amendment to the House Rules was distributed to the Board for review. The resolution was drafted by Carl Carlson and Bob Jacalone with Shannon Sheldon (legal counsel). General discussion followed. The Board agreed that Carl Carlson, Loren Knott, Dick Endean, and Bob Jacalone would continue to work on the policy including amendments to the House Rules and short form House Rules.

The meeting was recessed at 10:48 a.m. and resumed at 10:55 a.m. HST.

Chauncey Brown and Melany Coyne from Rising Sun connected to the call at 10:55 a.m.

3. Rising Sun Presentation – Rising Sun did a presentation and a question and answer period followed.

Chauncey and Melany disconnected at 12:48 p.m. HST.

General discussion followed on next step for this project.

MOTION #6: Loren Knott moved to hire Hawaii Inspection Group as an independent consultant to review the design and calculations by Rising Sun for a cost that is acceptable to the President. The motion was seconded by CJ Law and passed by unanimous consent.

Dick Endean will email the Board if he feels the amount charged by Hawaii Inspection Group is too high.

4. Ratify Resurface Tennis Court + New Net - \$11,859.30 – D. Costa

MOTION #7: Carl Carlson moved to ratify the approval to resurface the tennis court and a new net for \$11,859.30. The motion was seconded by Loren Knott and passed by unanimous consent.

5. Hawaii Gas Agreement – The Board approved by email to remain with Hawaii Gas for propane.

MOTION #8: Alex Cordas moved to ratify the approval for an agreement with Hawaii Gas with the following general terms:

- Term – 5 years
- \$2.90 per gallon for the 1st 3 years
- No more than 5% increase each year for the 4th & 5th years

The motion was seconded by Carl Carlson and passed by unanimous consent.

XI. Next Meeting

1. Board
 - A. Thursday, 12/3/20 9:00 a.m. HST Conference Call
 - B. Wednesday, 1/27/21 (following annual meeting)
 - C. 4/14/21 or 4/21/21 (Vegas)
 - D. Others to be scheduled at the Organizational meeting on 1/27/21
2. Annual – Wednesday, 1/27/21 (Reconvened 9/15/20 meeting) Maui 9:30 am (9 am registration)

XII. Executive Session

MOTION #9: Carl Carlson moved to go into executive session. The motion was seconded by CJ Law and passed by unanimous consent.

The Board went into executive session at 1:17 p.m. Upon coming out of executive session, the regular meeting resumed at 1:33 p.m. During the executive session, the Board discussed legal and personnel matters.

XIII. Adjournment

MOTION #10: Carl Carlson moved to adjourn the meeting. The motion was seconded by Loren Knott and passed by unanimous consent.

The meeting was adjourned at 1:33 p.m. HST.

Approved by: _____
Alex Cordas, Secretary
Board of Directors

Ruth Okada
Recording Secretary

Approved by the Board of Directors on _____.