

Association of Apartment Owners of The Palms at Wailea  
Board of Directors' Meeting Minutes  
June 3, 2016

Board Members Present: Don Hamstra, Treasurer; and Mike Mullens, Secretary  
(In Person)

Board Members Present: Bill Newport, President; Chris Balog, Vice President; and  
(By Telephone) Directors Jan Davidson, Janna Caughron, Curtiss Chan,  
Donald Leis, and Bill Rehwald

Other Attendees: Alexander Gat, Destination Maui, Inc.; Jeff Marsh, Site  
Manager; Matt Swartz, Outrigger General Manager; and Carol  
Simmons, Recording Secretary

I. DECLARATION OF QUORUM

There was a roll call, and a quorum was declared with seven Directors present in person or by telephone. Director Leis joined the Meeting in progress, as noted in the Minutes.

II. CALL TO ORDER

President Bill Newport called the Association of Apartment Owners of The Palms at Wailea Board of Directors' Meeting to order at 9:05 a.m. The meeting was held in the offices of Destination Maui, Inc., Wailuku, Maui, Hawaii.

III. PROOF OF NOTICE

It was certified that Notice of the Board of Directors' Meeting was emailed to all Directors of record, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

IV. AGENDA REVIEW

There were no items added to the Agenda.

V. APPROVAL OF MINUTES

The Board reviewed the Minutes of the March 11, 2016, Board of Directors' Meeting. Changes were noted.

MOTION: To approve the Minutes of the March 11, 2016, Board of Directors' Meeting as corrected.

Caughron/Davidson Unanimous Approval

VI. PRESIDENT'S REPORT

The President said the landscapers now understand the concepts of the landscape maintenance contract, and their performance has improved.

The Oceanic Time Warner contract has been negotiated and signed. The President thanked Secretary Mullens for his efforts in this regard.

The photovoltaic system is installed and operating, as Mr. Marsh will detail in his report.

The Board will also review the fine policy, discuss an air-conditioner leak repair in a unit and review the document retention policy.

VII. TREASURER'S REPORT

The Treasurer reported the Association is operating close to budget. Spending on legal fees is over budget due to the tree encroachment issue, comfort animal policy and Oceanic Time Warner contract.

Following the completion of many major projects, the Treasurer said, the Association will build up its Reserve Fund during the next few years.

Mr. Marsh answered questions Board members had on monitoring water usage.

The Treasurer noted that the budget would be discussed at the next Board Meeting in August. Projections will be based on spending in various areas for the first eight months of the year.

VIII. RESIDENT MANAGER'S REPORT

Mr. Marsh provided the Board with a summary of recent Association projects and activities.

He said he is waiting for roof tile proposals from contractors. There are issues with broken and missing roof tiles. The existing tiles are contoured clay; matching tiles would have to be manufactured at a high cost. Palm trees on the property are maintained to prevent fronds from falling onto roofs.

A LED light will be installed in a stairway footlight as a test. If the sample light fits and performs well, the footlights may be changed to longer-lasting, energy-efficient LED bulbs.

An air-conditioning contractor damaged Building 19 during an installation project. The agent for the unit that hired the contractor will pay for the repairs.

Mr. Marsh reported that Hawaii Act 326 information no longer needs to be collected by the Association.

There were five wedding parties, in over 50 rooms, on the property at one time recently.

Everyone was well behaved, and there were no issues experienced. He checked with agents on how the rooms were booked and will watch for large wedding parties in the future.

The Reserve Study calls for replacement of motor and pump parts. Mr. Marsh took the opportunity to replace the lobby entry fountain pump with a variable speed pump, so the Association will see some energy savings. An issue with the pond filter pump was fixed.

He said the landscapers are beginning to grasp the Landscape Tracking Spreadsheet and their performance-based contract. There has been improvement around the property, and the new system helps the crew prioritize their work.

He noted that the staff and landscapers have been monitoring water usage and trying to determine if there are any leaks in the irrigation system. Mr. Marsh answered questions Board members had on water.

The photovoltaic system was launched on May 20, 2016, when Maui Electric Company installed the net meter. The system is running three to four percent better than the rated output HNU Energy had guaranteed, even with the cloudy weather recently. Mr. Marsh said the system is performing well consistently.

Oceanic Time Warner Cable conducted the installation for the Association's high-speed Internet upgrade on May 16-25, 2016. The project went smoothly, and the new system is working well for owners. A few owners will have to make arrangements with Oceanic to have their units wired and upgraded. Mr. Gat will recommend how to incorporate the cable Internet project into the budget at the next meeting.

(Director Rehwald was excused from the Meeting at this time.)

Mr. Marsh concluded by recommending that an informational flyer on water leaks be sent to all owners and agents. Provided by the insurance carrier, the flyer recommends that owners check faucet connections, icemakers and all plumbing fixtures and connections periodically as a proactive measure.

#### IX. MANAGING AGENT'S REPORT

Mr. Gat said owners have contacted him complementing the new high-speed Internet at the Association.

Board members will receive information on upcoming training sessions.

(Director Leis joined the Meeting at this time.)

X. COMMITTEE REPORTS

A. House Rules

Directors Davidson and Caughron reviewed the House Rules. The revised House Rules were sent to Destination Maui Inc. to be distributed to owners.

MOTION: To include a hard copy of the updated House Rules with the Annual Owners' Packet in December.

Caughron/Davidson Unanimous Approval

B. Pool Tile Project

This will be discussed in Executive Session.

XI. OLD BUSINESS

A. Security Contract

This will be discussed in Executive Session.

B. Fine Policy

The President explained that at the last Meeting, the Board had a discussion as to whether to use a more punitive fine on owners in order to prevent incidents, such as unruly guests at the pool. Board members discussed warning owners, who may be off-island, and property agents before issuing fines. The House Rules already contain a violation schedule. Mr. Marsh has the authority to remove people who pose a health or safety threat.

The President, Mr. Marsh and Mr. Gat will draft a proposed fine policy to use for violations of the House Rules for the Board's review at the next Meeting. Mr. Marsh said it is important that incidents be fully documented; full-time owners will be sent a letter detailing what to do if an incident occurs.

C. Document Retention Policy

The President proposed the Board adopt DMI's Document Retention Policy, which meets all federal and state requirements for documents, and to create a searchable, single PDF of Board Minutes for quick reference by Directors.

MOTION: To adopt DMI's Document Retention Policy, with the caveat that documents for major projects be put in the Project Binder for the Site Manager's reference, and that the Association use the Adobe Acrobat features of putting all the Minutes in a database of PDF files that are text-searchable.

Caughron/Mullens Unanimous Approval

XII. NEW BUSINESS

A. Leak Issue in Unit 609

Mr. Marsh said a leak was discovered, and repaired, in a common air conditioner drain line. Repairs for an estimated \$2,663.73 are required for water damage.

MOTION: To approve the repairs.

Hamstra/Davidson

XIII. EXECUTIVE SESSION

MOTION: To adjourn to Executive Session.

Davidson/Caughron Unanimous Approval

The Board adjourned to Executive Session at 10:54 am

XIV. REGULAR SESSION

The board returned to Regular Session at 11:55 am

MOTION: Approve the contract to Bellissimo Tile for \$7,916.52 to etch the pool tile.

Davidson/Caughron Unanimous Approval

XV. ADJOURNMENT

Meeting adjourned at 11:56 am

Respectfully submitted,  
Louise Rockett, Transcriptionist

Approved for distribution by Bill Newport, President