

Association of Apartment Owners of The Palms at Wailea
Board of Directors' Meeting Minutes
August 11, 2017

Board Members Present: Bill Newport, President
(In Person)

Board Members Present: Janna Caughron, Secretary; Don Hamstra, Treasurer;
(By Telephone) Directors Jan Davidson, Curtiss Chan, Donald Leis and Mary Bizien

Board Members Absent: Bill Rehwald, Director; Chris Balog, Vice President

Other Attendees Present: Steven Berger, Destination Maui, Inc.; Jeff Marsh, Site Manager; and Carol Simmons, Recording Secretary

I. DECLARATION OF QUORUM

There was a roll call, and a quorum was declared with eight Directors present either in person or by telephone.

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 9:03 a.m. The meeting was held at the Destination Maui Kihei Office Conference Room, Kihei, Maui, Hawaii.

III. PROOF OF NOTICE

It was certified that Notice of the Board of Directors' Meeting was emailed to all Directors of record on August 3, 2017, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

IV. AGENDA REVIEW

The President announced that Executive Session would contain: 1) Legal matter; 2) Update on new legislation affecting condominium associations; 3) Condominium insurance; 4) Contractor insurance; 5) Collections; and 6) Service and Comfort animals.

MOTION: To approve the Agenda.

Davidson / Caughron Unanimous Approval

V. APPROVAL OF MINUTES

The Board considered approval of the June 9, 2017, Board of Directors' Meeting Minutes. Director Caughron noted changes to the Minutes that were included in an email sent to Mr. Berger.

1. Under the Treasurer's Report, the following was added: The Board asked Mr.

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- Berger for an update on Association investments and practices being followed.
2. Under Declaration of Quorum, the word "amount" should be changed to "number".
 3. Other minor grammatical word changes as sent in by Director Caughron.

MOTION: To approve the Minutes of the June 9, 2017, Board of Directors' Meeting as amended.

Hamstra / Caughron Unanimous Approval

Director Hamstra had a question that was left unanswered from the previous meeting about whether or not a delinquent owner could serve on the Board. The question is currently silent in the Bylaws, Mr. Berger said. The Association is not able, at this time, to block a delinquent owner from serving on the Board; however, the owners can amend the Bylaws in this regard.

VI. PRESIDENT'S REPORT

The President previously emailed a written report to the Board. He asked for questions, and there were none.

VII. TREASURER'S REPORT

The main focus the past three months has been the drafting of the Budget, and it will be discussed later in the meeting.

Director Caughron had questions and concerns about the status of collections that will be further discussed in Executive Session.

VIII. SITE MANAGER'S REPORT

The Site Manager reported on Association projects and activities: 1) Ongoing construction; 2) AC projects; and 3) Building 19 tile underlayment work.

Mr. Marsh met with the Wailea Kai Property Manager regarding an invasive Ficus tree by Building 23, encroaching on the view. Mr. Marsh communicated other boundary concerns. The goal, Mr. Marsh said, is to continue to have good relations with Wailea Kai.

Other activities were noted, as well, including: 1) Property and floor plan details sent to Spectrum; 2) Transfer of Website Domain to the Association, under the name of Mr. Marsh; 3) The previous Webmaster passed away, and there have been no current updates; 4) Roof tiles on order, with Wailea Palms agreement to purchase half of the order; 5) The pool contractor has repaired loose tiles at no cost to the Association; and 6) Sewer line root intrusion in unisex restroom repaired.

Mr. Marsh reported the landscaping work at Buildings 3 and 4 is completed. He further updated the Board on irrigation usage during July. There was a recent sizable domestic water leak that went unreported for a number of hours, resulting in a shut down of water for

an extended period.

Pending work was noted, including: 1) Trellis repair, with material delivery anticipated at the end of August; and 2) Full restroom remodel, with the bid process ongoing.

The President asked Mr. Marsh to discuss with Security the communication failure regarding the recent domestic water flooding in Building 15.

IX. MANAGING AGENT'S REPORT

Mr. Berger reported the status of delinquencies would be discussed in Executive Session.

X. LEAD DIRECTOR REPORTS

A. House Rules

Director Caughron presented a Resolution regarding Amending and Maintaining the Palms at Wailea Rules and Regulations. With the Resolution, procedures are in place to keep Appendix A updated, with the House Rules kept current.

Mr. Berger read the Resolution.

MOTION: To approve the Resolution regarding Amending and Maintaining the Palms at Wailea Rules and Regulations (see attached).

Caughron / Leis

Discussion on the pros, cons and options followed. Changes to the attached Resolution were suggested, "XIV. Amendments, Item B. Addendum A – Approved Products for Building Modifications of Palms at Wailea Rules and Regulation may be conditionally amended by the Site Manager for deleting particular products that are no longer available and for adding products which replace or are similar to the deleted products".

Director Caughron stressed the importance of submitting all material changes to the Board for approval as they arise.

The President proposed the following:

MOTION: XIV. Amendments
A. The Palms at Wailea Rules and Regulations may be amended only by a majority of the Board at a duly called meeting of the Board of Directors
B. Addendum A – Approved Products for Building Modifications of the Palms at Wailea Rules and Regulations may be conditionally amended by the Site Manager for deleting particular products that are no longer available and for adding particular products which replace or are similar to the deleted products.

Hamstra / Leis

The Motion passed by a majority vote. Director Caughron voted no.

B. Pool

Director Davidson reported that Mr. Marsh retested the pool deck tiles after the major cleaning. Mr. Marsh described the testing process. The results were noted. The chemical cleaning retained the higher level of friction paid for when the area was etched. The pool deck, he said, has to be cleaned annually to retain the higher level of friction. The chemical cleaning does not negatively impact the longevity of the porcelain tile.

XI. MANAGING AGENT'S REPORT

Mr. Berger reported Collections would be discussed during Executive Session.

XII. NEW BUSINESS

A. Approval of the 2017 – 2018 Budget

Treasurer Hamstra explained how the Budget was drafted and calculated, including a line item review of the Association financial plan with Mr. Berger, DMI Staff, Mr. Marsh and the President. Variances from the previous year's financial plan were noted and explained. The bottom line is a 2% increase in the monthly Maintenance Fees.

Treasurer Hamstra recognized Mr. Berger and DMI personnel for their work on the Association proposed 2017 - 2018 Budget.

The President recommended a Budget process for the next Fiscal year as follows: 1) Budget Draft One, proposed by Mr. Berger and the Site Manager; 2) Review of First Draft by President and Treasurer; and 3) Presentation to the Board for a vote at the August scheduled meeting.

Budgeting and Reserve Funding strategy was discussed. Questions were posed and answered.

MOTION: To approve the 2017 – 2018 Budget.

Caughron / Chan Unanimous Approval

According to the Association contract with DMI, the Board must approve any increase in DMI fees.

MOTION: To approve the DMI increase as proposed in the Operating Budget, effective January 1, 2018.

Chan / Davidson Unanimous Approval

B. Mailing of Information Packets to the Board

There was a request that Board Information Packets be sent by U.S. Mail as well as by

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email. The benefits of receiving a Hard Copy Packet were noted. Directors wanting to receive a Hard Copy as well as an email should notify Mr. Berger directly of their preference.

XIII. EXECUTIVE SESSION

MOTION: To move to Executive Session at 10:29 a.m.

Davidson / Chan Unanimous Approval

Respectfully submitted,
Louise Rockett
Transcriptionist

Approved by Board of Directors December 1, 2017