

Association of Apartment Owners of The Palms at Wailea
Board of Directors' Meeting Minutes
March 3, 2017

Board Members Present: Bill Newport, President; Don Hamstra, Treasurer; and
(In Person) Directors Jan Davidson and Mary Bizien

Board Members Present: Janna Caughron, Secretary; and Directors Don Leis, Bill
(By Telephone) Rehwald, and Curtiss Chan

Board Member Excused: Chris Balog, Vice President

Other Attendees: Alexander Gat and Steven Berger, 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 at call to order. Director Rehwald joined the meeting in progress as noted.

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 9:07 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 February 3, 2017, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

IV. AGENDA REVIEW

There was one item added to the Agenda under New Business: Non-Judicial Foreclosure of unit 602.

MOTION: To approve the Agenda as noted.

Davidson / Caughron Unanimous Approval

V. APPOINTMENT OF DIRECTOR / SELECTION OF REPLACEMENT SECRETARY

Mike Mullens resigned his position on the Board.

MOTION: To appoint Mary Bizien, the owner of unit 601, to fill the vacancy on the Board.

Newport / Davidson Unanimous Approval

Mary Bizien introduced herself. She joined the meeting as a Director at this time.

(Director Rehwald joined the meeting at this time.)

With the resignation of Mr. Mullens from the Board, the Board appointed a new Secretary to fill that position.

MOTION: To appoint Janna Caughron to serve as Secretary.

Newport / Davidson Unanimous Approval

VI. APPROVAL OF MINUTES

The Board considered approval of the 2016 Annual Owners Meeting Minutes. Corrections were noted. Additionally, corrections to the December 2, 2016, Board of Directors' Meeting were noted by Mr. Gat.

MOTION: To approve the Minutes of the December 2, 2016, Board of Directors' Meeting as amended.

Davidson / Caughron Unanimous Approval

VII. PRESIDENT'S REPORT

The President welcomed Mary Bizien to the Board and recognized Director Caughron as the new Secretary. He encouraged owners to seek to serve on the Board. Further, he recognized Steven Berger as the lead account executive at Destination Maui, representing the Palms at Wailea.

The President reported that the first year contract performance by Island Plant met the criteria for a full one-and-a-half percent increase. There were, however, problems with the broken server link to the weather data for the irrigation control system, and this matter has been remedied. As a result, the President and Mr. Marsh solicited a bid from Island Plant to upgrade the irrigation system, and the bid to upgrade was \$130,000. A new proposal was requested. Trimming coconut palm hangers has been an issue. These can only be reached by climbing and the on-site crew cannot do the work. Island Plant subcontracted this work and there were delays in completion. This will be an ongoing problem. Island Plant has assigned a new onsite foreman for Wailea Palms.

A new contract with DMI was negotiated. Discussion on the contract was deferred to Executive Session.

The President provided the Board with a brief update on the neighbor boundary encroachment issue. The Board will discuss this matter further in Executive Session.

VIII. TREASURER'S REPORT

The Board previously received the Financial Statements for December 2016, and the January Financials were recently distributed.

Treasurer Hamstra reported the budget operating expenses and revenues are on target. Variances were noted and explained. There are a few delinquent accounts that are growing, and this will be discussed in Executive Session.

There are some accounting issues that the Treasurer will address with DMI personnel. Director Caughron had questions that Mr. Gat will research and respond. The Treasurer will follow up as well.

The President asked for a timelier distribution of the monthly reports.

IX. SITE MANAGER'S REPORT

Mr. Marsh provided a written report. A former owner sent a registered letter informing them of their trespass.

Mr. Marsh has inspected parking lots at other Wailea properties. The parking lot at Wailea Fairway Villas used the Seal Master product, and it looked good after seven years.

Air Conditioning noise complaints were investigated by the Site Manager. One was corrected and the other is "in process".

Mr. Marsh updated the Board on a landscaping safety incident that occurred on February 12, 2017. Mr. Marsh has taken direct action to insure an incident like this does not occur again.

There was an Outrigger cart that was "removed from property", and it was returned the next morning. Mr. Marsh is monitoring security activity to insure proper tracking of personnel.

Mr. Marsh updated the Board on Maintenance and Repair items, including: 1) Repair of pool pump; 2) Replacement of pool electrical panel and meter; 3) Water intrusion incident and repair of damages; 4) Replacement of lobby florescent tubes; 5) Drainage problems experienced during heavy rains corrected; 6) Exterior lighting problems corrected; 7) Pond recirculation pump warranty replaced; and 8) Weather delay in Palm tree trimming.

X. MANAGING AGENT'S REPORT

Mr. Berger presented a written report. He reported that actions taken with regard to current delinquencies will be discussed in Executive Session. Director Caughron asked for some formatting changes in the delinquency report that will be made by Mr. Berger.

XI. LEAD DIRECTOR REPORTS

A. Pool

Mr. Marsh updated the Board on the status of the pool and "salt deposits". He has met with

the contractor onsite, and he plans to meet with him again. Mr. Marsh will keep Director Davidson up-to-date on the situation.

B. House Rules

Director Caughron had suggestions for changes on the Website to make it more convenient for owners to assess the Association governing documents. She asked that the Fines Policy and the Collections Policy be listed separately. Mr. Marsh will work with Director Caughron on this matter.

XII. OLD BUSINESS

A. Trellis Repair Report

The President reported that obtaining bids for the Trellis Repairs has been challenging. The Board and Site Manager are seeking the services of a contractor to do this work. Mr. Marsh updated the Board on the status of this repair. He noted the difficulties in finding a contractor to do this work. He found one contractor who submitted a proposal at a cost of \$59,000 to replace 20 boards.

The question was raised about whether or not the trellises are a structural element and if there are alternatives available. The goal is to find a long-term solution at a reasonable price.

Mr. Marsh has looked for construction drawings of the structure and has sought to consult with Palms II personnel that have similar structures. He will conduct further research on options.

XIII. NEW BUSINESS

A. Building 3 Hillside Landscape Renovation

Mr. Marsh reported that the Building 3 Hillside Renovation is designed to address ongoing issues of maintaining ice plant beds. The ice plant beds are in front of Building 3 and extend all the way past Building 6. The issue is weeds growing in the beds, and it takes a lot of labor in order to keep the area relatively weed free. Options to replace are available. Further discussion on the proposals presented were deferred to Executive Session.

B. Golden Tree Trimming – Unit 1906

Discussion ensued about a Golden Tree overhanging the unit of 1906, resulting in bird droppings on the lanai. The cost to trim some of the branches would be about \$1,300 and to remove the tree would cost about \$3,000. The owner consulted an arborist, and options available were presented and evaluated at length. Removal of these branches which support 1/3 of the canopy potentially could hasten the death of the tree.

It was suggested that a survey of the property trees be conducted, focusing on the status, location, age and condition of the trees, including potential replacements.

MOTION: To direct the Site Manager to survey all of the trees on property with respect to issues like hazards, aesthetics and value to the owners. Further, to present the survey at the next Board Meeting, so that the Board can develop a plan to address potential situations such as the request by Mr. Vogeler (1906).

Hamstra / Bizien Unanimous Approval

A letter of explanation will be sent to Mr. Vogeler about the Board decision.

XIV. NEXT BOARD MEETING

The next Board Meeting will be held on June 9, 2017, at 9 a.m. in the Kihei offices of Destination Maui, Inc.

XV. EXECUTIVE SESSION

The Board duly moved to Executive Session at 11:40 a.m.

The Board returned from Executive Session at 12:30 PM.

MOTION: To proceed with non-judicial foreclosure on Unit 602.
Davidson/Hamstra Unanimous Approval

MOTION: To approve the Island Plant proposal to refurbish the hillside landscape above buildings 3-5 at a cost of \$6,990.00 + GET, including the installation of bender board borders for the new plant beds.
Caughron/Davidson Unanimous Approval

MOTION: To award the Parking Lot Sealing and Restriping project to Sonny Vicks.
Rehnquist/Davidson Unanimous Approval

MOTION: To approve the new contract with Destination Maui, Inc.
Hamstra/Davidson Unanimous Approval

The meeting was adjourned at 12:55 PM.

Respectfully submitted,
Louise Rockett
Transcriptionist

Approved for distribution by the Board of Directors