

**ASSOCIATION OF UNIT OWNERS OF
MAUI SANDS I
BOARD OF DIRECTORS MEETING
Saturday, October 15, 2016**

DIRECTORS PRESENT: Jean Rachkowski, President; Rosa McAllister, Secretary.

Via Teleconference: David Bontorin, Treasurer; Wendy Cush, Robin Smilanich, Shanna Stubbs, Directors.

OTHERS PRESENT: Doug Lefler and Penny Munroe, Hawaiiana Management Company.

Via Teleconference: Enza Froio, Recording Secretary, Aloha Office Services.

OWNERS PRESENT: *Via Teleconference:* John Cush, 1C; Bob Jenks, 3D; Doug Wallway, 4A.

CALL TO ORDER:

President Rachkowski called the Board of Directors Meeting of the Association of Unit Owners of Maui Sands I to order on Saturday, October 15, 2016 at 9:03 a.m.

DECLARATION OF QUORUM:

A quorum was established with six (6) directors present in person or via teleconference.

NOTICE OF MEETING:

A Notice of Meeting was posted on property and emailed to Directors on October 3, 2016.

APPROVAL OF AGENDA:

Motion: *To add the "Web Site" as a topic of discussion on the agenda. (Stubbs/Cush)*

Motion **CARRIED.**

In Favor: Cush, Smilanich, Stubbs

Opposed: McAllister, Rachkowski

**Note: Mr. Bontorin was dropped from the call and did not vote.*

President Rachkowski stated that the "Web Site" will be added to the agenda under New Business, time permitting.

APPROVAL OF MINUTES:

The Board of Directors Meeting minutes dated July 9, 2016 were presented for approval.

Motion: *To approve the Board of Directors Meeting minutes dated July 9, 2016 as presented. (Smilanich/McAllister)*

CARRIED unanimously.

*Note: Mr. Bontorin was dropped from the call and did not vote.

Mr. Bontorin re-joined the meeting at 9:14 a.m.

The Board of Directors Meeting minutes dated August 24, 2016 were presented for approval. The following correction was noted: Page 1, Approval of Minutes, the sentence should read: "There were questions about a change noted by Director Stubbs...." (not Smilanich)

Motion: *To approve the Board of Directors Meeting minutes dated August 24, 2016 as corrected. (Smilanich/Cush)*

CARRIED unanimously.

PRESIDENT'S REPORT:

President Rachkowski presented her report, highlighting the following items:

- Lanai railings to Buildings 4 and 5 have been installed.
- Underwater pool light has been installed and is now compliant with OSHA requirements.
- Brian has been hired on a part-time basis and has repaired the pool club/bathroom roof that was damaged by severe rains in September.
- It has been a number of years since owner input and approval of the House Rules has been received. Legal advice has been sought to determine those sections of the House Rules that need to be re-written in order to be compliant with newer laws and the governing documents. Once recommendations are received, the House Rules will be revised and subsequently shared with owners for input. Typically, the House Rules have been available at the Annual Meeting in April for owner approval. Until a revised document is finalized, the House Rules, as posted on the web site, will be followed.
- With regard to the application for a building permit, progress is being made on the three (3) areas requiring compliance as follows:
 - The seawall was surveyed and the surveyor will send the results to DLNR.
 - Backflow preventer plans are with the County Department of Water and are awaiting approval.
 - A video of the sewer line was taken as part of the County Sewer Department's requirement for a manhole cover. The engineer is working with the County Sewer Department to answer questions.

- Two (2) areas that will not be addressed today are as follows:
 - Gutter bids, due to the inability to obtain a second bid on replacing the Building 1, 2, 3 and 6 lanai gutters and downspouts; and nor was a second bid received for cleaning and repairing those gutters and downspouts that won't be replaced.
 - The upstairs walkway repairs for Buildings 4 and 5, due to the inability to obtain a second bid. A forthcoming bid is anticipated.

- A Reserve Study report has been received and will provide guidance in planning for the reserve budget and repairs for next year and going forward.

Today's primary focus will be on the 2017 budget and reserve report. Today's meeting will end at about 10:45 a.m. HST due to a scheduled conference call with Monarch Properties.

TREASURER'S REPORT:

Treasurer Bontorin stated that today's meeting will focus on the 2017 budget review.

RESIDENT MANAGER'S REPORT:

Resident Manager Allison Royce is on vacation and provided a written report for review, which was presented by Ms. Smilanich.

Completed projects since August 2016 include the following:

- Repaired building light on north end of Building 4 staircase.
- Pool barbecue area lights replaced with LED.
- Two (2) broken spotlights of the pool replaced with LED.
- Six (6) property light bulbs replaced with LED fixtures.
- Assessed gutters to determine repairs and cleaning needs, to be done this Fall in-house.
- Kawika's Painting completed touch ups on Buildings 4 and 5 and removal of barrel from moped area.
- Assessed hallway issue of Buildings 4 and 5 and agreed on a reasonable cost without compromising on water proofing, flashing, and repairs prior to installation of carpet. This method can be used on other buildings as well. Bid is forthcoming.
- Installed landscaping green fencing between hibiscus hedge and shuffleboard.
- Completed camera video with Valley Isle Pumping.

Future projects from now to the January Board meeting include the following:

- Women's bathroom remodel.
- Sidewalk trip hazards Phase 1.
- Shed roofs/laundry Phase 1.
- Shed/laundry painted in new colors and de-mold siding.
- Clean and repair gutters Buildings 1 through 6.
- Obtain bid for lanai gutters replacement for Buildings 1, 2, 3 and 6.

- Obtain bid for Buildings 4 and 5 walkways waterproofing.

UNFINISHED BUSINESS:

Oceanic Contract

Oceanic Time Warner Cable has offered the Association a five-year contract with an increase of \$1.41 per unit. Additionally, Oceanic will upgrade the infrastructure at their expense (an estimated cost of \$21,000).

Motion: *To accept the Oceanic contract for five (5) years, and for Oceanic to upgrade the infrastructure at their expense. (Stubbs/Smilanich)*

CARRIED unanimously.

President Rachkowski will sign the contract.

Termite Bids

Two (2) bids have been received.

Motion: *To accept the Mid-Pacific Pest Control bid in the amount of \$30,447.72 (including tax) for tent fumigation of all buildings. (Smilanich/Bontonn)*

CARRIED unanimously.

Mid-Pacific has indicated available dates as the last week of September 2017 or the first week of October 2017.

Motion: *To schedule the tent fumigation project for the week of September 25, 2017. (Bontorin/McAllister)*

CARRIED unanimously.

It is anticipated that the project will be completed in one (1) week, but will be dependent on weather conditions.

NEW BUSINESS:

2017 Reserve

Mr. Lefler reported that changes to the Reserve Study, as requested by Board Directors, were submitted to Hawaii Inspection Group (HIG). The HIG representative is on vacation and did update the document prior to leaving, however, the numbers are built into the budget.

President Rachkowski further noted the following items:

- The Reserve Study indicates that only Buildings 1 and 2 will be painted next year and that Buildings 3 and 6 will be painted the following year. However, the Board approved that all painting work would be done next year in April. This will be corrected and will result in a change to the Reserve fund amount and budget.
- The Reserve Study indicates a tent fumigation project cost of \$49,000, but will need to be adjusted to the accepted bid price of \$30,447.72.

Board members requested the opportunity to review the adjusted numbers prior to approving the Reserve budget. The Board agreed to table approval of the Reserve budget and to schedule a meeting in the next two (2) weeks to review updated figures. Subsequently, the Board agreed to table approval of the 2017 budget to the next meeting.

John Cush, 1C, requested clarification on how allocated and expended funds are reflected in the Reserve report. Mr. Lefler explained that this year, the report did not reflect the transfers to the Reserves. He has submitted a check request to move funds from operating to reserves in addition to showing monies spent from Reserves. Adjustments will be made and will be reflected in next month's financials. Mr. Cush further requested that the financials be distributed to owners on a monthly basis.

2017 Budget Discussion

The Board reviewed and discussed the proposed 2017 budget. Treasurer Bontorin noted that the majority of operating costs are beyond the Board's control. He acknowledged Hawaiiana Management for the preparation of an "easy-to-understand" budget.

President Rachkowski noted that all Reserve spending planned for next year is included in the budget with exception to the adjustments necessary for painting and tent fumigation as discussed above. Currently, the proposed budget reflects a 7.2% increase, which will change by the next meeting based on adjustments to the Reserves.

There was a consensus of the Board that the proposed budget is acceptable but final approval will be provided after further review of adjustments made to the Reserves.

Selection of Auditor 2016

Motion: *To accept Boeckmann & Associates, CPA, LLC as the Association's auditor for 2016. (Smilanich/Cush)*

CARRIED unanimously.

The Board recommends seeking bids for alternate auditors next year.

Owner Requests

The following items were discussed:

- Hawaiiana Management recommends that financial reports be made available for owners' review on a secure web site. The Board will proceed accordingly.

Mr. Jenks, 3D, requested that in the meantime, financials be sent to him via email as a PDF document. He indicated that the law states that the only information that cannot be shared with owners is the "1 to 89 days delinquent", which represents one column on one page of the report. Mr. Lefer will send the financials to President Rachkowski and Treasurer Bontorin; adjustments will be made as needed prior to distribution and posting on the web site.

- Request for reimbursement of electrical bill believing painters used his electricity. The owner submitted a bill for the period March 21st through April 20th, however, the painting contractors did not start the project until April 19th; and further did not commence the project at the building of owner requesting reimbursement.
- Request for reimbursement of cleaning the refrigerator, which was required after the contractor tripped the circuit breaker causing spoilage of all food. The Board denied the request because bills had not been provided. Since then, the bills have been provided to the Board.

Motion: *To deny reimbursement of cleaning the refrigerator.
(McAllister/Smilanich)*

Amendment to Motion: *To deny reimbursement of cleaning the refrigerator; and to include a letter to the owner stating that the Board is considering other options to prevent recurrence of such a situation in the future by making electricity accessible to contractors on property.
(McAllister/Smilanich)*

CARRIED unanimously.

It was suggested that contractors be made aware of communal electrical outlets (located by the pool and barbecue), which can be used with a 100-foot extension cord to perform necessary work.

OTHER ITEMS:

Bob Jenks inquired if additional security will be hired during the tenting project to protect owners' property. He suggested keeping a higher project expense in the budget to accommodate for the security expense. The Board agreed to hire additional security and to consider funding options at the next meeting. Mr. Lefer will add \$2,000 to the tenting line item in the budget for the Board's review and approval.

DATE OF NEXT MEETING:

Upcoming Board of Directors Meetings are scheduled for October 26, 2016 at 2:00 p.m. (HST) (budget approval) and January 14, 2017 at 9:00 a.m. (HST).

WEB SITE:

Motion: *To begin using the web site that Hawaiiiana has provided through Association Voice; and to create and begin using an official condo page on Face Book; and that Board members and members of the web site committee would make the changes to the web site (not a contracted webmaster). (Stubbs/Smilanich)*

Motion **FAILED**.

In Favor: Cush, Smilanich, Stubbs

Opposed: Bontorin, McAllister, Rachkowski

RECESS TO EXECUTIVE SESSION:

President Rachkowski recessed the meeting to Executive Session at 10:39 a.m. The Executive Session commenced at 11:04 a.m.

Keslie Hui, Principal Broker, Monarch Properties, joined the Executive Session via teleconference. Mr. Hui departed the call at 11:57 a.m.

Attorney Chris Porter joined the Executive Session via teleconference at 11:59 a.m.

The Executive Session was adjourned at 1:04 p.m. and the regular session was reconvened.

RESULTS OF EXECUTIVE SESSION:

Monarch Properties:

Motion: *To hire Monarch Properties to negotiate the rent renegotiation and lease extension. (Bontorin/McAllister)*

CARRIED unanimously.

The Board appointed Mr. Bontorin as the liaison for Mr. Hui in between meetings.

Unit 3J

Motion: *To instruct the rental agent to take the necessary action to evict the current tenant of Unit 3J as quickly as possible. (Bontorin/Stubbs)*

CARRIED unanimously.

Web Site

The Board agreed to ratify the establishment of a Web Site committee. The current web site will be inactivated and made accessible to Board members only until the Board has a chance to review and approve.

President Rachkowski requested that the Web Site Committee be comprised of three (3) individuals, of which there could be non-Board members. She requested adequate time to obtain agreements for individuals to serve on the committee. The majority of the Board agreed that reestablishment of the Web Site Committee is not an urgent matter. Mr. Porter recommends that this item be placed on the agenda of the budget meeting on October 26, 2016.

ADJOURNMENT:

Motion: *To adjourn the meeting at 1:06 p.m. (McAllister/)*

CARRIED unanimously.

Respectfully submitted,

Enza Froio
Aloha Office Services
Transcriptionist*

*These minutes were transcribed from audio recording as the Transcriptionist was not in attendance.