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BOARD OF DIRECTORS MEETING
Haleakala Gardens AOA
August 12, 2008 – 6:00 PM
Haleakala Gardens Clubhouse

CALL TO ORDER:

Bill Lawson called the meeting to order at 6:10 PM. The owner's forum was conducted prior to the business of the board.

During the Owner's Forum the following motion was made:

MOTION: Kathy made a motion to reimburse Lelen Pong (#10H) the \$500.00 that she paid for the initial structural engineer's report done for her building regarding solar panel installation. Steve seconded the motion. The motion was approved unanimously.

The BOD also asked Paul to contact the same engineer to prepare a report for Building 7 and the structure above one of the 2-bedroom units if the cost is \$500.00 per report. This was in conjunction with the report provided by the owner of 10H, a 3-bedroom unit. As all buildings are similarly constructed, these three reports should suffice if others at the property express an interest in the installation of solar panels on the roof.

MOTION: Brennan made a motion to hire an engineer to check out the two bedroom and the studios (one-story). David seconded the motion. The motion was approved as stated, except Victor approved only if it does not exceed \$1,000.00.

BOD MEMBERS IN ATTENDANCE:

Bill Lawson, (President), Kathy Piimauna, (Treasurer), Steve Foulger, David Jerome, David Haake, and Victor Ajlouny, (via telephone).

OTHERS IN ATTENDANCE:

Daniel Perault (Unit # 2A), Siao Si & Danette He (Unit 9B), Michelle Babcock (Unit 4G)

OTHERS IN ATTENDANCE:

Mary Jane "Janie" Kramer, Commercial Properties of Maui Management, Inc. – CPMML, and Paul Lackey, (Resident Manager).

QUORUM:

Quorum was established.

OWNERS FORUM:

See notes only.

APPROVAL OF PREVIOUS MEETING MINUTES:

MOTION: Kathy made a motion to approve the April 10 and 22, 2008 Meeting Minutes. David seconded the motion. The motion was approved unanimously. The Meeting Minutes from July 1, 2008 were not approved at this time. The BOD needs to review them completely, and will vote on their approval at the next BOD meeting.

TREASURER'S REPORT:

Kathy reported that the July statement was in transition between the former management company and CPMMI. A clean statement should be available for August. The month of July is still running at loss of \$25,900.00 and year to date \$17,500.00. We are hoping the increase in maintenance will recoup the loss. To fund the reserves, \$10,400.00 per month is being transferred. The transfer for June and July was done in the month of July. The \$25,900.00 loss includes an extra month of reserve transfers. It was asked why there was a loss. Kathy stated that this has happened over the last three years. Hopefully, with the increase in monthly maintenance fees in July, by the end of the year there will be an improvement and next year should be a good year. Bill stated that the one thing that hurt the AOA the most was the increase in insurance. Also, law suits over the last few years generated huge legal fees.

OLD BUSINESS:

Security Cameras – Bill has not purchased any cameras yet. Rick at KEI Electric was going to submit bid for installation of the cameras, however, there is a limit of \$1,000.00. CPMMI will follow up with Rick Keomaka and as soon as the BOD receives the proposal, Bill will purchase the system.

2007 Audit/Tax returns – CPMMI contacted the CPA the BOD signed a contract with and forwarded him all the information to prepare the tax returns and perform the audit. For the audit, he may require certified copies of bank statements, certain invoices and expenditures which will have to be obtained from Certified Management.

Liability Insurance – The policy has been placed with Lloyd's of London for \$30,000.00. There are conditions that CPMMI needs to discuss with David Gerlach at a meeting tomorrow. One of the conditions is that a maintenance safety program has to be written. David Gerlach will try to pull some information from others that are in place and we have to institute that. We also have to institute a policy for water intrusion and certify that there is no mold in any of the buildings from water issues. If we do not provide the above, they will cancel the insurance. Bill said it sounds like Lloyds of London wanted an independent inspector to inspect each of the buildings to make sure there are no mold issues or water intrusion problems which is very costly. CPMMI is trying to work out with David Gerlach an inspection of the buildings for any visible signs and write to the insurance company informing them that they don't see anything that is visible. The homeowners can be surveyed in a memo to report issues. The insurance company knows about the isolated issue in one building and they have the file.

Legal Counsel – Three proposals were obtained, Carlsmith Ball, Naone and Ray Wimberly for new legal representation on Maui rather than using a Honolulu firm. Victor asked if anyone knew these firms. As CPMMI has worked with all three, Victor asked her to rank them for quality of representation. CPMMI works closely with Carlsmith Ball who does all types of law and are on all islands so travel costs would be avoided. Ray Wimberly is very good for documentation, is very conservative, and only does association management. For minor things like liens and notice of demand, etc., the AOA should stay with Lance because he is reasonable. If there is a law suit against the association, she would recommend another counsel on island for representation such as Carlsmith Ball. Victor asked if they need to sign an agreement with an attorney or can they piecemeal what jobs need to be done with them. CPMMI said it doesn't have to be done now unless something new comes up then they are retained to represent the AOA.

A homeowner defended Wayne Parsons and would like the BOD of directors to give him consideration. Bill stated that the BOD is not dismissing Wayne Parsons, but are considering other attorneys for other matters.

MOTION: David made a motion to retain the services of Carlsmith Ball based on CPMMI's experience and still retain Neeley & Anderson. The motion was unanimously approved.

Resident Manager Contract – Victor was concerned about several items and asked for a legal review of the contract. Victor suggested that before finalizing anything, a legal opinion should be obtained from an attorney to make sure that we are not putting anything in a contract that is not legal. Neeley & Anderson would be a good choice.

MOTION: Victor made a motion to send the resident manager contract to legal counsel to obtain proper language. David seconded the motion. The motion was unanimously approved.

It was asked why this contract issue came up now. CPMMI replied that she was asked by the BOD to prepare as there is nothing in place. CPMMI will discuss job description criteria with Paul Lackey to be incorporated in the contract.

Delinquencies – Victor motioned that for any delinquencies over 90 days that are confirmed, the BOD should authorize forwarding to the attorney for collection and lien of the unit. There are about ten delinquencies that will be processed, and she will have Neeley & Anderson finish the process.

NEW BUSINESS:

Settlement Offer – Forestex Hardboard Siding – Bill thought that when the AOA received the settlement, he thought that was the end of it. However, Paul found out from another claims company that said the AOA is entitled to additional inspections and possibly additional settlements. When Bill started on the BOD, one of the first things done was approval for painting, but the siding issue came up. The AOA was told that the buildings can't be painted because the inspectors have to come out and inspect the siding. It has been three or four years that the painting has been held up. Bill is reluctant to continue no matter what the private claims

adjustor services promise. The painting bids went up way more than the \$7,300.00 in claims received in the course of those years. The buildings are due for painting and that is the priority. Victor asked Paul how long it would take for the claims adjustor to come out and do the inspection. Paul replied that after all the paper was received by him or the original claims person, 60 days. Victor felt we would not be losing anything if painting was not forecasted soon to bring the person in. Bill said we should give the adjuster 6 months to a year maximum to complete the process before the BOD makes repairs or paints.

MOTION: Victor made a motion to authorize CPMMI or Paul Lackey to continue working with a claims company (SCC Jack Jones), getting a timeline from that company, to complete what they need to do so it doesn't delay the AOA beyond six months to start painting and making repairs. If the timeline is beyond the six months, they have to come back to get board approval to continue. Kathy seconded the motion. The motion was approved by all except Steve voted Nay.

Resident Manager Report – There is damage to the clubhouse sprinklers. He is doing stair repair to Building 3--Building 15 took 6 days. The landscape company added another guy for 20 hours a week.

CPMMI told Paul Lackey that the landscape cleanup starts on Monday and she will coordinate roll-off dumpsters with him. All debris will be cleaned up and things trimmed back starting with Building 1. If homeowners have planted anything in common areas, they need to work with landscapers. All the areas will be cleaned before starting the budget/bidding process.

Paul baited Buildings 8 – 15 for mice and rats. Bill said there may be more of a problem with the massive cleanup.

Incident Report – common areas – Paul reported an owner dumping cat litter again.

Paul will be doing violation of House Rules reports. Copy of House Rules should be sent out in next billing. Paul will put up notice on bulletin board. Victor suggested sending the House Rules via e-mail to save postage.

Victor is working on pet restrictions. He recommends the house rules include language for pets, “under no circumstances, not even for a visit, will any vicious animal be allowed on the property. A vicious animal includes, but is not limited to, pit bull and Rottweiler dog breeds.” Victor asked if there is anything that prohibits the AOA from banning those types of vicious animals from the property and making sure that landlords don't rent to people with pit bulls. Kathy said the association is covered in the House Rules to deal with that issue based on weight, but it has not been enforced. The pet section of the House Rules was going to be updated to mention certain breeds rather than weight to protect the association from liability issues.

MOTION: David made a motion that the BOD revise the House Rules concerning pets stating that vicious or certain breeds of dogs will not be allowed on Haleakala Gardens property.

Pit bulls and Rottweilers do not belong in a family environment at the AOA. It could be stated in the House Rules to check with the management company before getting a dog.

BBQ – Propane Tanks over 5 gallons – Victor said we should defer this item until the AOA gets an answer. Paul said the fire Marshall said propane BBQ's under 2.5 lbs. can be stored inside a closet but 5 gal. bottle sizes could not.

Unit Leaks – Victor said a tenant refused to authorize Paul access to their unit to check water leaks. If a homeowner is renting their unit, they should have on file an authorization to go in to make repairs for water leaks or anything else we need to do. CPMMI can draft an authorization letter to owners who are not here and have tenants for Paul to enter their unit for emergency repairs.

MOTION: Dave made a motion to send letters out to owners with tenants here to authorize Paul to go in to do an emergency repair. Steve seconded the motion. The motion was approved unanimously.

Insurance – Owner requirements – Victor said as an association we can require individual owners to have insurance for their unit. Bill said that Certified Management brought it up at the last annual meeting and only about 39% of the homeowners voted for it. The majority of the homeowners (51%) must approve. Bill asked if a ballot could be sent to those who didn't approve to try to get their vote on that issue. Victor suggested telling them that if they don't approve, they pay higher association dues. Also, they don't have the protection because without that policy if they do something that causes damage, they don't have liability coverage.

Security – Victor believes that if cameras are put up, they will be destroyed quickly by those that want them destroyed. Bill suggested that we get a bid from a private security firm that could patrol the property. Victor said that by hiring a security firm we may be able to clean up some of things that have been happening around the property. Bill asked if he meant hiring a security firm to patrol between 10 pm and 5 am. Victor asked CPMMI for her input. CPMMI said they have on-site standing patrol personnel, but the complex is too large for one person to be efficient, and the average cost is between \$18 and \$25 per hour. They have roving patrols where they have staggered times to drive through 3 or 5 times throughout the night for a fixed cost. The roving patrols drive through the property and get out of the car and investigate any suspicious activity and provide a written report. CPMMI will obtain proposals for this service to look at via e-mail. Victor feels getting a proposal for a private security patrol would be better use of funds rather than buying cameras and putting them up that could be destroyed in a week. Victor feels it is not the job of the resident manager to be walking around if there is illegal activity going on. If there is a roving patrol guard, they have the right to take down license plate numbers, and alert the police if there was an incident or illegal activity. CPMMI uses Maui Executive Protection at other properties in the Kihei area, Paul could call for assistance if he was alerted of an incident. CPMMI said that the service may cost \$1,200.00 per month for seven days a week with three patrols a night. The security patrol company could be hired on a month-to-month basis, and if the service didn't produce results, it could be eliminated.

MOTION: Victor made a motion to hire a private security company for a three-month trial period, and then review the results in three months. Steve seconded the motion. The motion was approved unanimously.

Irrigation Repairs – inspect – identify – repair. These repairs need to be completed before the insurance inspection at the property. CPMMI suggested that an irrigation company such as Duey Irrigation be hired to inspect the system, identify repairs and do the repairs. The association has to certify to the insurance company that every measure was taken to prevent any future water intrusion. Bill thought it was a good idea to hire someone from the outside to provide a written report which would probably be more acceptable than certification from an in-house maintenance person. CPMMI will follow up.

Stair Repairs – CPMMI said the condition of the stairs is a safety issue covered by the liability insurance. CPMMI asked if it would be worthwhile for the association to hire a licensed general contractor to look at the staircases and bring in their crew to fix them all, or whether there are only minor repairs that Paul can do. Paul has a list of stair cases that need to be replaced (about six), stringers and treads, and minor repairs. Bill understands that the insurance company wants a certified report that the stair cases have been repaired by a certain time. CPMMI stated that if the association can show the insurance company that people have been contracted and there is a plan in place to complete the repairs, it should be sufficient. CPMMI to follow up.

MOTION: Bill made a motion to get bids and hire the most reasonably priced licensed, bonded, insured contractor to do the stair repairs to show the insurance the AOA is proactive. Victor seconded the motion.

Unit 19C floor status – CPMMI sent the contractor into the unit who took pictures and is preparing a proposal to open the floor, see what the issue is that is bowing the floor and correct the problem. If the owner had insurance, this would probably be covered. At the next annual meeting we need to get votes that insurance be required by all homeowners as this is a perfect example where it is needed.

Bill dismissed homeowners in attendance and thanked them for attending the meeting and motioned to move to executive session.

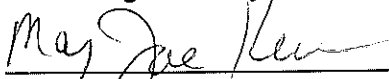
NEXT BOD MEETING DATE:

The next BOD meeting will be held on September 9, 2008 at 6 PM.

ADJOURNMENT:

The meeting was adjourned at 9:00 PM.

Recording Secretary



Mary Jane "Janie" Kramer, Managing Agent for Haleakala Gardens AOA
Kathryn K. Sherman – Transcription Secretary