

**Association of Apartment Owners Maui Hill
Annual Meeting - September 28, 2017
Residence Inn Maui Wailea**

A. CALL TO ORDER

President Richard Endean called the meeting to order at 9:30 a.m. Kari Akamine was Recording Secretary for the meeting.

A quorum was established with 75.3450% present in person or by proxy. The total present for the voting of the tax resolution was 74.5985%.

B. APPROVAL OF MINUTES

The minutes of the September 15, 2016 Annual Meeting were approved by the Board at the November 18, 2016 meeting in accordance with the association meeting rules.

C. REPORT OF OFFICERS

1. President's Report – Richard Endean gave an oral report.
2. General Manager Dennis Costa gave the Manager's Report.
3. Treasurer Carl Carlson gave the Treasurer's Report. He reported on the results for the fiscal year ending June 30, 2017.
4. The auditor's report for year ending June 30, 2017 was adopted by unanimous consent.

E. APPOINTMENT OF TELLERS

Tim Ohm and Paul DiMarchi were appointed as tellers.

F. ELECTION OF DIRECTORS

Nominations were conducted. The results of the election are as follows:

Loren Knott	71.4495% – 2 years
Carl Carlson	71.2550% – 2 years
CJ Law	64.4238% – 2 years
Jeff Brugos	16.3360%

G. NEW BUSINESS

1. Resolution to Rollover Excess Funds: The following resolution was adopted by unanimous consent:

“Re: Excess Income Applied to the Following Year's Assessment Revenue Ruling 70-604

WHEREAS, the Maui Hill Association of Apartment Owners is a Hawaii Corporation duly organized and existing under the law of the State of Hawaii; and

WHEREAS, the members desire that the Corporation shall act in full accordance with the rules and regulations of the Internal Revenue Service;

NOW THEREFORE, the members hereby adopt the following resolution by and on behalf of the Association of Apartment Owners of Maui Hill;

RESOLVED, that any excess of membership income over membership expenses for the year ending June 30, 2018 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.”

2. Amendment to Declaration – Lease Fee Interest – Dick Endean explained the proposed amendment which was included for voting on the proxy to add a new paragraph to the Declaration to authorize the Board of Directors the opportunity, in the future, to purchase the ground lease to allow owners to own their units in fee simple and/or to purchase the sublease and extend the lease terms for each owner’s unit.

MOTION: Carl Carlson proposed that the Declaration be amended to add a new Paragraph 17 to read as follows. The motion was seconded by Alex Cordas.

17. LEASED FEE INTEREST.

- A. Notwithstanding any other provision contained in this Declaration or the Bylaws to the contrary, and subject to Subsection D of this Section 17, the Board shall have the power to do all such things as it deems necessary or appropriate to arrange for the purchase by the Association and/or its owners of the Leased Fee Interest, to facilitate the completion of any such purchase, and to administer the Lease Fee Interest, including to the following powers:
 1. Purchase or otherwise acquire, own, improve, use, and deal in and with the Leased Fee Interest;
 2. Incur liabilities, borrow money, and secure any of its obligations by mortgage or pledge of all or any portion of the Association’s property, assessments, and funds to effectuate acquisition of the Leased Fee Interest;
 3. Arrange for and pay whatever compensation shall be agreed to, whether monetary or otherwise;
 4. Assess as a common expense, the expenses incurred in acquiring and holding the Leased Fee Interest, and to service any debt associated therewith;
 5. Negotiate and amend the Master Lease, including extending the term of the Master Lease and amending lease rent provisions;
 6. Set, arbitrate and collect lease rents;
 7. Negotiate and set the sales price for the Leased Fee Interest;
 8. Negotiate and sign any documents; and
 9. Do any and all other acts or things incidental to the purchase and sale of the Leased Fee Interest including any actions pursuant to Hawaii Revised Statutes (“HRS”) Chapter 514C.
- B. To the extent permitted by the Condominium Property Act, and notwithstanding any provision in the condominium conveyance documents or any other conveyance document demising an interest in the apartments, the Board shall have the authority to refuse to act as the agent of the apartment lessees for the purpose of negotiating and arbitrating the lease rent.

- C. The Board may, but shall not be required to, condition any purchase of the Leased Fee Interest upon such terms and conditions as the Board deems appropriate under the circumstances in its sole and absolute discretion.
- D. Notwithstanding any other provision in this Section 17, the Declaration, Bylaws and the Condominium Property Act, the Board shall not acquire or own the Leased Fee Interest or extend the term of the Master Lease without first obtaining the approval of a majority of the unit owners by written consent and/or vote.
- E. The following definitions shall apply to this Paragraph 17:
 - 1. “Lessor” means any or all of the persons having legal or equitable ownership interests in the Leased Fee Interest and/or ground leases including, but not limited to, any sublessor(s).
 - 2. “Leased Fee Interest” means all or part of all of the interest of the lessor(s), sublessor(s) and all legal and equitable owners of the land submitted to the Condominium Property Regime, in the various apartment leases for the apartments at the condominium project including, without limitation, any reversionary interest of the lessors (excluding lessor’s interest as lessee in any apartments).

Ballot Voting Results:

In Favor: 75.3450%
Opposed: 0.0000%

This vote passed by the required 67% approval of the owners.

- 3. Amendment to Declaration – Smoking Amendment – Bob Jacalone proposed a new amendment to add a new paragraph to the Bylaws to prohibit smoking at the project, including in or on all common elements, limited common elements, apartments, and patios and lanais; provided, that the Board of Directors may designate a smoking area on the common elements that does not unreasonably interfere with the use and enjoyment of the apartments.

MOTION: Bob Jacalone proposed that a new subsection(s) shall be added to Article V, Section 3 of the Amended Bylaws of Association of Apartment Owners of Maui Hill to read as follows. The motion was seconded by Ron Zaucha.

(s) Smoking is prohibited at the project, including in or on all common elements, limited common elements, apartments, and patios and lanais; provided, that the Board of Directors may designate a smoking area on the common elements that does not unreasonably interfere with the use and enjoyment of the apartments. “Smoking” means inhaling, exhaling, burning, or carrying any lighted or heated tobacco product or plant product, including but not limited to marijuana or hash, intended for inhalation in any manner or in any form, including the use of an electronic smoking device. “Electronic smoking device” means any electronic product that can be used to aerosolize and deliver nicotine or other substances to the person inhaling from the device, including but not limited to an electronic cigarette, electronic cigar, electronic cigarillo, vape,

electronic pipe, hookah pipe, or hookah pen, and any cartridge or other component of the device or related product, whether or not sold separately.

Announced Voting Results:

In Favor: 73.4567%
Opposed: 1.2985%

Corrected Voting Results:

In Favor: 72.7102%
Opposed: 1.5934%

This vote passed by the required 67% approval of the owners.

H. ADJOURNMENT

The meeting adjourned at 11:52 a.m.

Approved by: 

Alex Cordas, Secretary
Board of Directors


Kari Akamine
Recording Secretary

Approved by the Board of Directors on 12/11/17.