

ASSOCIATION OF APARTMENT OWNERS  
MAUI HILL  
BOARD OF DIRECTORS REGULAR MEETING  
January 22, 2016

I. Call to Order

President Dick Endean called the meeting to order at 12:55 p.m. at Makena Beach & Golf Resort.

II. Establish Quorum

Members Present: Dick Endean, Carl Carlson, CJ Law, Loren Knott, Alex Cordas.

Maui Lea Present: Dick Endean, CJ Law, Loren Knott, Paul DiMarchi, Bill Petro, Bob Jacalone

Owners Present: Gerri Endean, George & Donna Jewett, Rosemary Jacalone, Madonna Petro, Brian & Bev Born, Sandy Roberts, Jim & Lynn Rose.

By Invitation: Greg Hanby, HNU Energy (departed early); Susan Cowan, Vice President Resort Operations, Aqua-Aston Hospitality (departed early); Nancy Benson, Maui Lea Owner's Relations; Dennis Costa, General Manager; Frank Robar & Mike Robar, Condominium Fiscal Management, Inc., Maui Lea Fiscal Co-Plan Manager; Ruth Okada, Aqua-Aston Hospitality, Managing Agent.

III. Waiver of Notice

Ruth Okada explained that the waiver was not signed by the Board so notice was mailed to the Board in accordance to the Bylaws for this meeting.

IV. Approval of Agenda

**MOTION #1: CJ Law moved to approve the agenda with the following changes and additions:**

- **Move Energy to the beginning of the agenda**
- **Add Activities Desk to Unfinished Business**

**The motion was seconded by Alex Cordas and passed by unanimous consent.**

Everyone present introduced themselves.

V. Ad Hoc Committees

1. HNU Energy – Dick Endean explained what HNU was hired to do and MECO's involvement. Greg gave a presentation reviewing the process and schedule. There are three phases:

- Common area meter (CAM) – There are 2 large users, the administration and maintenance buildings
- 12 other CAMS – Will review feasibility and pay back to determine if the other 12 meters should be included
- Potential savings on timeshare units and if feasible, join timeshare units and CAMS to one project

Greg continued his review and noted the following critical paths for the project:

- Structural analysis
- Proposal to support the PV system on the existing infrastructures both roofing and electrical
- Determine if electrical night time usage can be changed to day time usage
- Review battery solutions
- Determine if car ports for additional PV panels are necessary
- Install digital metering to collect data on the system
- Once all determined, final design to be provided to the Board and if approved to proceed, submit application for a building and minor SMA permit

The following points were also noted:

- Will need to buy power from MECO if the PV system does not generate enough energy
- The PV system will be designed to produce enough energy even on cloudy days
- Possibility of adding golf cart and even vehicle charging stations throughout the property
- Collecting load profiles for both buildings to design the system
- Investors pay for the PV system and the AOA0 pays the investor for all power the system generates. AOA0 buyout options will also be available.
- Roof tiles will be removed and replaced with a composite roof at the investor's expense
- For the timeshare units and whole units, carports will need to be added as panels will not be installed on the residential building roofs
- Federal change for energy credits will occur on 12/31/17
- State still has energy credits through 12/31/16. To participate, the AOA0 will have to commit to the project and spend 5% of the project cost

General discussion followed. Dennis Costa will research to determine if laundry can be completely outsourced. Hope Chapel and Maui Humane Society are HNU projects.

Greg Hanby departed at 2:10 p.m.

VI. Approval of Board Meeting Minutes – 11/18/15 Regular Meetings

**MOTION #2:** Loren Knott moved to approve the minutes of the 11/18/15 Regular meeting as circulated. The motion was seconded by CJ Law and passed by unanimous consent.

VII. Treasurer's Report

Carl Carlson reported on the following.

1. Financial 12/31/15 – Reviewed the 12/31/15 financial. There were no questions.
2. April Budget Items – Asked the Board to provide budgetary amounts for the FYE 6/30/17 budget that will be presented to the Board at the April meeting.
3. Investments – Ruth Okada reported that funds are not being invested as interest rates remain low.
4. Delinquencies/Collections – To be discussed in executive session.
5. Aqua-Aston Merger – Susan Cowan reported:
  - The merger will have no impact on Maui Hill.
  - Best practices are being reviewed and implemented.
  - More properties will promote better rate pricing.
  - Broader influence in the State.
  - Pressing wholesalers for bigger discounts for all Aqua-Aston properties.

Susan Cowan departed at 2:28 p.m.

VIII. Standing Committee

1. Architectural Review – Dick Endean reported that there are no renovation requests.

IX. Ad Hoc Committee (cont.)

1. Building Signs for Location of Units – Alex Cordas reported that a sample sign has been installed at the property. The Board has reviewed the sample and concurred that the sign was acceptable. General discussion followed on the location of the signs and how long the solar batteries will last. Additional experimental signage will be installed and the committee will have final recommendations to the Board for the April meeting.

2. Maintenance/Housekeeping Building – Dennis Costa stated that the internal layout of the building should be redone rather than extending the building. He will obtain redesign ideas including outsourcing all laundry.
3. Energy Conservation – Discussed earlier.

X. Manager's Report

Dennis Costa distributed and reviewed his report and the following was also discussed.

1. Termite Treatment of Attic Without Tenting – Dick's Termite can perform spot treatment in the attics, but if they treat all attics, the cost would be more than tenting. General discussion followed. Dennis will obtain a quote to have Dick's access the attic with a camera to determine termite activity, if any. He will also continue to research other alternatives for termite treatment.
2. Cushions for Pool Chaise Lounges – Showed sample of the next type of cushions that will be purchased. Board agreed to continue with experiment.
3. Exterior Painting – Administration Building & Entire Property (Painting vs. Restoration) – Bob Jacalone reviewed the Stucco Colormatch process rather than painting and confirmed that stucco manufacturer do not recommend painting as moisture can develop behind the stucco and can bubble. He continued his report and reviewed the following Stucco Colormatch (California Company) process:
  - This process is a proprietary method and can match the color of the building.
  - They recommend a local contractor that the AOA would hire.
  - They select the contractor and train them with their process.
  - One of their employees will be at Maui Hill during the initial phase if not the whole process.
  - Estimated cost is \$150,000 but this quote will have to be confirmed as they are not familiar with the local labor market.
  - After 10 years they can touch up for about half the cost.

Dennis received a new quote to paint all buildings including the screen doors and French doors at a cost of \$800k - \$900k. The Board asked that this company attend the Vegas meeting. Bob will check with them and also determine if they need to visit the islands before the April Vegas meeting. General discussion continued on the maintenance building and the cost to waterproof the exterior (\$2,747).

**MOTION #3: Carl Carlson moved to approve \$2,747 to waterproof the exterior of the maintenance building including sealing cracks as a capital expense. The motion was seconded by Alex Cordas and passed by unanimous consent.**

Dennis continued his manager's report and noted that fencing was added to the maintenance building.

**MOTION #4: Carl Carlson moved to approve \$6,200 to install fencing, hollow brick and slats to continue the fence on the right side of the maintenance building as recommended by Dennis Costa as a capital expense. The motion was seconded by Loren Knott and passed by unanimous consent.**

Dennis continued his report and stated that both he and Ruth Okada recommend that the Board begin to review long term solutions (synthetic material) for replacing the lumber for the stairs and landings at Maui Hill.

4. Board Approval & Schedule – General discussion followed on the projects for this fiscal year. The Board concurred with Dennis that all of the following projects be deferred to next year's fiscal budget.
  - A. Asphalt Seal, Stripe & Repair - \$87,600
  - B. Termite Tenting Building A - \$11,640
  - C. Termite Tenting Building B - \$10,680

The meeting was recessed at 3:41 p.m. and resumed at 3:50 p.m.

**XI. Unfinished Business**

1. Land Lease – Dick Endean and Loren Knott reported on their continued negotiations with Hill Enterprises and the requirements for both the AOAO and timeshare.
2. Activities Desk Renewal – General discussions followed on renewal of this lease.

**MOTION #5: Carl Carlson moved to approve a 2 year extension of the activities desk lease with Hawaiian Style Activities Center from 3/1/16. The motion was seconded by CJ Law and passed by unanimous consent.**

Loren Knott will review the extension document.

3. TV/Bulk Internet Service – Extreme (50 x 5) – Dennis Costa distributed the proposal and Dick Endean explained the proposal noting that the Oceanic contract ends on 6/30/16. Dennis noted that the biggest complaint from guests is the speed of the internet. General discussion followed on the various options.

**MOTION #6: CJ Law moved to approve the following:**

- Oceanic's Package I
- 3 year contract and if Oceanic does not agree to a 3 year, then a 5 year contract
- Increase speed to 100 by 10 with an increase of no more than \$10 per unit
- \$61 per unit for an all-inclusive service

**The motion was seconded by Loren Knott.**

Discussion: General discussion followed on the options.

**The motion passed by unanimous consent.**

**XII. New Business**

1. Board Policy – Deferred to the next meeting.
2. Proposed Amendments – There was nothing to report at this time.
3. Weekend Pool Activity – This topic will be placed on the April agenda.

**XIII. Next Meeting**

1. Board
  - A. Monday, 4/25/16 Las Vegas 9:00 a.m.
  - B. Thursday, 9/15/16 Following the annual meeting
  - C. 1/27/17 - tentative
  - D. 4/19 & 4/20/17 Vegas
2. Annual – Thursday, 9/15/16 (registration 9 a.m.)

**XIV. Executive Session**

**MOTION #7: Loren Knott moved to go into executive session. The motion was seconded by CJ Law and passed by unanimous consent.**

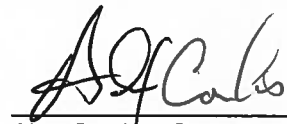
The Board went into a concurrent executive session with Maui Lea at 4:58 p.m. Upon coming out of executive session, the regular meeting resumed at 6:45 p.m. During the executive session, the Board discussed legal matters.

XV. Adjournment

**MOTION #8: Alex Cordas moved to adjourn the meeting. The motion was seconded by Carl Carlson and passed by unanimous consent.**

The meeting was adjourned at 6:45 p.m.

Approved by:



Alex Cordas, Secretary  
Board of Directors



Ruth Okada  
Recording Secretary