

ASSOCIATION OF APARTMENT OWNERS  
MAUI HILL  
BOARD OF DIRECTORS REGULAR MEETING  
April 25, 2016

I. Call to Order

President Dick Endean called the meeting to order at 9:00 a.m. PST at the Golden Nugget Casino, Las Vegas, NV.

II. Establish Quorum

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

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

Owners Present: Rosemary Jacalone, Rick & Molly Thomson, Madonna Petro, George & Donna Jewett, Mary Ann & Noble Dowling.

By Invitation: 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.

Everyone present introduced themselves.

IV. Approval of Agenda

**MOTION #1: CJ Law moved to approve the agenda as circulated. The motion was seconded by Alex Cordas and passed by unanimous consent.**

V. Approval of Board Meeting Minutes – 1/22/16 Regular Meetings

**MOTION #2: Loren Knott moved to approve the minutes of the 1/22/16 Regular meeting as circulated. The motion was seconded by CJ Law and passed by unanimous consent.**

VI. Treasurer's Report

1. Financial Statement – Carl Carlson reviewed the March 2016 financials and noted that Dennis Costa is doing an excellent job. There were no questions.
2. Investments – Ruth Okada reported that funds are not being invested as interest rates remain low.
3. Proposed FYE 6/30/17 Budget & Reserve Study – To be discussed at the end of the meeting.
4. Delinquencies/Collections – To be discussed in executive session.

VII. Standing Committee

1. Architectural Review – Dick Endean reported all approved owner renovations have been completed.
  - A. Owner Renovations, if any (Approved & Denied) – There were none.
  - B. Owner Renovations, if any (For Board Approval) – There were none.

VIII. Ad Hoc Committee

1. Building Signs for Location of Units – Alex Cordas and Dennis Costa reported on the selection of the solar signage and presented pictures of the signs. The signage will be installed at each sidewalk so that guests can easily find their unit. General discussion followed. The Board agreed that the signage looks good and is very functional and thanked Alex and Dennis.

**MOTION #3: Alex Cordas moved to approve \$600 for solar unit directional signage with in-house installation. The motion was seconded by Carl Carlson and passed by unanimous consent.**

2. Maintenance/Housekeeping Building – Dennis Costa will report on this during his Manager's Report.

3. Energy Conservation – Dick Endean reported on the following:

- The discontinuation of the NEM (net energy meter) happened after Maui Hill signed the agreement with HNU.
- Explained the system that is installed cannot over produce energy.
- Considering installing the PV (photovoltaic) system for the maintenance building as their usage is high during the day time hours with installation of batteries to store the excess energy. Roof of the maintenance building is insufficient for panels and carports will be added for the additional panels as necessary.
- Also considering installation for the administration building with the pool. This building cannot be taken off the MECO grid because energy in the evening is necessary. Carports for additional panels may be necessary.
- The Federal tax credit will end on 12/31/17. Although the State credit will end 12/31/16, the credit can still be taken as long as installation has physically started by 12/31/16. Federal requires that the system will be fully online by 12/31/17.
- The Committee recommends that the PV system with carports be submitted for the maintenance, a percentage of the administration buildings and the timeshare units.
- The carports may also allow for charging of the golf carts while in use throughout the property.
- MECO's meters should remain in place just in case energy from them is necessary.
- There are structural issues with the administration building which will have to be addressed before the installation.
- Tiled roofs would be changed to a composition roof.
- The Committee is still working on the details with HNU including submission to MECO and finding a financing.
- The AOA cannot submit an application for all units since they are individually metered.
- All PV panels for the Timeshare units will be on carports and not on the residential roofs. Carports are low profile and landscape will be added.
- Dick advised owners to go to Hope Chapel to see what will be installed.

**MOTION #4: Carl Carlson moved to proceed with the application for 70% of the administration building, the maintenance building and the Timeshare units. The motion was seconded by CJ Law.**

General discussion: Discussion continued on the process. This is just for the design and submitting the application. The AOA has paid \$9,000 to do this work. Still need to determine investment options and whether the whole units can be added.

**The motion passed by unanimous consent.**

Information on investor options will be available at the September meeting.

IX. Manager's Report

Dennis Costa distributed and reviewed his report. He also reported on the following.

1. Termite Treatment of Attic Without Tenting

- A. Dick's Termite Quote for Camera to Determine Termite Activity – Quote is \$235 for the 1<sup>st</sup> hour and \$185 for any additional hour. Suggested going through the closet areas so the hole is not visible and can then be used as a permanent access. Dick Endean explained that there is termite activity in the attic.

**MOTION #5: Carl Carlson moved to approve cutting the access hole for the camera termite inspection. This expense will be coded to the termite tenting account. The motion was seconded by Loren Knott and passed by unanimous consent.**

B. Alternatives – There are none.

2. Cushions for Pool Chaise Lounges – The 8 new test cushions are working out better than the first set even with sun lotion and when wet. The Board will review this again in September.
3. Stucco Colormatch Exterior – Administration Building & Entire Property – Bob Jacalone presented photos of the current deteriorating condition of the exterior walls. Stucco Colormatch will come to Maui Hill and do a demonstration of their procedure and product. Maui Hill will pay for the airfare and 4 night accommodation. Bob has reviewed some of their work that was completed 7 years ago. General discussion followed. It was suggested that he come out prior to the September meeting so that the Board can review the end product.

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

- **Paying for one airfare and 4 night lodging accommodation for Stucco Colormatch**
- **Authorize Dick Endean to execute the contract with Loren Knott's review of the contract prior to signing**

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

Dick Endean and Dennis Costa will be there to review the process.

X. Unfinished Business

1. Bulk Internet Service Final Contract – Dennis Costa reported that the contract has been signed. The installation will start on May 2<sup>nd</sup> and completed in approximately 2 weeks.

The meeting was recessed at 11:21 a.m. and resumed at 12:52 p.m.

2. Land Lease Proposed Amendment – Dick Endean updated the owners on the lease proposal. Negotiations are continuing with Bob Hill.

XI. New Business

1. Board Policy – Ruth Okada distributed and reviewed Loren Knott's recommended changes. The Board was asked to review and provide their comments to Ruth by 6/1/16.

2. Proposed Amendments – Deferred to after executive session.
3. Weekend Pool Activity – Dennis Costa advised that they collect a deposit from large groups. There is already a House Rule that limits guests of occupants to use the pool. A guard for the weekend from 1 p.m. to closing of the pool would cost about \$200 per day or \$5,000 for the summer (rate at \$23 - \$25 / hour).

**MOTION #7:** Carl Carlson moved to hire contracted service guards on weekends (Saturday & Sunday) and holidays from 6/15/16 to 8/15/16, 8 hours per day or more at Dennis Costa's discretion, if necessary. The motion was seconded by Alex Cordas.

Discussion: General discussion followed on whether this expense should be paid 100% by Aston (rental).

**The motion passed. Opposed: Knott.**

4. Ratify 401(k) Resolution – The resolution was sent to the Board for review. Ruth Okada explained the change was due to IRS regulations.

**MOTION #8:** Loren Knott moved to approve the 401(k) resolution a copy of which is attached and made a part of these minutes. The motion was seconded by Carl Carlson and passed by unanimous consent.

5. Personnel – Ruth Okada reported on the following.
  - A. Affordable Care Act - Explained the legal requirement which was performed by Aqua-Aston at no cost to the AOAO.
  - B. Employee Referral Incentive – This program is being reinstated. Information on the incentive program was sent to the Board. The Board concurred that this program be offered to Association employees.
6. Real Property Tax Appeal – Dick Endean explained the re-evaluation of the assessed value of the property and the appeal filed by Maui Lea. Whole owners had to appeal on their own.
7. Stucco Colormatch – Loren Knott reviewed the agreement and noted there was no not to exceed clause. There is no charge for the work.

**MOTION #9:** Carl Carlson moved to approve \$2,500 for Stucco Colormatch's airfare and room expenses and authorize Dick Endean to approve expenses in excess of this amount. The motion was seconded by Loren Knott and passed by unanimous consent.

The meeting was recessed at 1:44 p.m. and resumed at 2:00 p.m.

8. Budget & Reserve Study – The proposed budget and reserve study was distributed to the Board for review. General discussion followed.

**MOTION #10:** Loren Knott moved to approve the budget effective 7/1/16 and a 4.9% overall increase in Association fees with the following annual amounts:

**Operating:**

**Maintenance Fees - \$1,315,320**

**Total Revenues & Expenses - \$1,453,920**

**Wages – 3% increase on 4/1/17**

**Major Improvements (\$20,000):**

- a. Continuous replacement of the hallway carpets - \$6,000
- b. Irrigation Well Repairs - \$3,000
- c. Pool Deck Repairs - \$5,000
- d. Walkway Repairs - \$1,000
- e. Upgrade to Landscaping - \$5,000

**Capital:**

Capital Contribution - \$0

Total Revenues & Expenses - \$0

**Capital Reserve Expenditures \$168,360 subject to approval of actual bids and contracts:**

- a. Lobby Nylon Canopy - \$6,120
- b. Pool Furniture - \$19,680
- c. Pool Pump - \$5,760
- d. Pool & Spa Decking Resurface - \$25,080
- e. Spa Retime - \$7,680
- f. Tennis Court Resurface & Restripe \$11,520
- g. Asphalt Seal, Stripe & Repair - \$88,680
- h. Spalling \$3,840

Discussion: General discussion.

The motion was second by CJ Law and passed by unanimous consent.

**MOTION #11:** Loren Knott moved to approve the reserve study funded at 104% as of 7/1/16. The motion was seconded by Carl Carlson and passed by unanimous consent.

**MOTION #12:** CJ Law moved to approve a 3% increase as of 4/1/17. The motion was seconded by Alex Cordas and passed by unanimous consent.

**XII. Next Meeting**

1. Board
  - A. 9/15/16 Maui Following the annual meeting
  - B. 4/19/17 Las Vegas
  - C. 1/20/17 8:00 a.m. exec session and open session at 9:30 a.m.
2. Annual – Thursday, 9/15/16 (registration 9 a.m.)

**XIII. Executive Session**

**MOTION #13:** CJ Law moved to go into a concurrent executive session with the Maui Lea Board. The motion was seconded by Carl Carlson and passed by unanimous consent.


The Board went into executive session at 2:58 p.m. Upon coming out of executive session, the Regular meeting resumed at 4:25 p.m. During the executive session the Board discussed legal and personnel matter.

**XIV. Adjournment**

**MOTION #14: Loren Knott moved to adjourn the meeting. The motion was seconded by Alex Cordas and passed by unanimous consent.**

The meeting was adjourned at 4:25 pm.

Approved by:



Alex Cordas, Secretary  
Board of Directors



Ruth Okada  
Recording Secretary

Approved by the Board of Directors on 9/15/16.

Attachments: 401(k) Resolution

PROFIT SHARING PLAN FOR ASSOCIATIONS OF APARTMENT OWNERS AND  
INTERVAL OWNERS MANAGED BY AQUA-ASTON HOSPITALITY, LLC ("PLAN") --  
AMENDMENT NO. 1

1. Section 1.11(c) is amended to delete the phrase "as described in Code Section 401(c)(1)" everywhere it appears in such section.

2. Section 1.11(d)(2) is amended in its entirety to read as follows:

This paragraph (d)(2) shall not apply unless specifically approved by the Board of Directors. If so approved, Compensation for a limitation year shall include amounts earned during the limitation year but not paid during the limitation year solely because of the timing of pay periods and pay dates if: (A) these amounts are paid during the first few weeks of the next limitation year; (B) the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees; and (C) no Compensation is included in more than one limitation year. For purposes of this Section 1.11(d)(2), "limitation year" shall have the meaning given under Section 1.38.

3. Section 1.48(b) is amended to add the following sentence at the end thereof:

An Employee earns a Year of Service for this purpose for a Plan Year when he earns 1,000 Hours of Service during the Plan Year, even if he is not an Employee on the first day or the last day of the Plan Year.

4. Section 7.03(b)(2)(A) is amended to add the following paragraph at the end thereof:

Moreover, "Eligible Rollover Distribution" shall also not include: (5) Elective Employer Contributions that are returned to the Employee (together with the income allocable to these contributions) in order to comply with the Code Section 415 limitations (as described under Section 4.02(d) of the Plan); (6) corrective distributions of Excess Deferrals Amounts together with the income allocable to these distributions (as described under Section 3.01(e)(1) of the Plan); (7) corrective distributions of Excess Elective Employer Contributions and Excess Matching Employer Contributions together with the income allocable to these distributions (as described under Section 3.01(d)(3)(C) and 3.02(e)(3)(C) of the Plan); (8) loans that are treated as deemed distributions pursuant to section 72(p); (9) dividends paid on employer securities as described in Code Section 404(k); (10) the costs of life insurance coverage (i.e., P.S. 58 costs); (11) prohibited allocations that are treated as deemed distributions pursuant to Code Section 409(p); (12) any distribution that is a permissible withdrawal from an eligible automatic contribution arrangement within the meaning of Code Section 414(w); and (13) any similar items designated by the commissioner of the Internal Revenue Service in revenue rulings, notices, and other guidance published in the Internal Revenue Bulletin.