

ASSOCIATION OF APARTMENT OWNERS  
MAUI HILL  
BOARD OF DIRECTORS REGULAR  
CONFERENCE CALL MEETING  
November 18, 2016

I. Call to Order

President Dick Endean called the meeting to 8:00 a.m. HST.

II. Establish Quorum

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

Maui Lea Board: Bob Jacalone, Bill Petro, Tim Ohm, CJ Law, Loren Knott, Dick Endean, Paul DiMarchi.

By Invitation: Dennis Costa, General Manager; Ruth Okada, Aqua-Aston Hospitality, LLC, Managing Agent.

III. Waiver of Notice

Notice was mailed to the members.

IV. Approval of Agenda

**MOTION #1:** Carl Carlson moved to approve the agenda as circulated. The motion was seconded by Loren Knott and passed by unanimous consent.

V. Approval of Board Meeting Minutes – 9/14/16 Regular; 2016 Annual Owners, 9/15/16 Organizational Meetings

**MOTION #2:** CJ Law moved to approve the minutes of the 9/14/16 Regular meeting as circulated. The motion was seconded by Loren Knott and passed by unanimous consent.

**MOTION #3:** CJ Law moved to approve the minutes of the 9/15/16 Organizational meeting as circulated. The motion was seconded by Loren Knott and passed by unanimous consent.

**MOTION #4:** CJ Law moved to approve the minutes of the 9/15/16 Owners Annual meeting as circulated. The motion was seconded by Loren Knott and passed by unanimous consent.

VI. Treasurer's Report

1. Financial – Carl Carson reviewed the 10/31/16 financials.
2. Investments – Ruth Okada reported that there are no further updates.
3. Delinquencies/Collections - To be discussed in executive session.

VII. Standing Committee

1. Architectural Review – Dick Endean asked CJ Law to be the Chair for this committee. He will continue to be the eyes and ears onsite. Dennis Costa will continue to be the one reviewing the

requests and renovations. Loren Knott also noted that he would be there for 4 months per year and can assist.

- A. Owner Renovations, if any (Approved & Denied) – Dick reported on the following.
  - a. Unit #69 – Request to redo their bathroom to make it disability accessible. It has been confirmed that there are no load bearing walls being affected. The project was reviewed and approved by the committee. The renovation has been completed, but final inspection is still pending.
  - b. Unit #67 – A beam was added because their renovation affected a load bearing wall. The committee noted that the ceiling has to be open to review the support structure as all units are not consistent. A gas range was installed with the tank being installed outside of the unit. The installation was reviewed and approved by the committee. Ruth Okada noted that the Board should review short and long term impacts for these renovations.
- B. Owner Renovations, if any (For Board Approval) – There were none.

### VIII. Ad Hoc Committee

#### 1. Energy Conservation

- A. Solar – HNU Energy – Alex Cordas reported on the following.
  - a. Administration & Maintenance Buildings – Reported on the following:
    - Working with Gregg at HNU
    - Concerns regarding the construction and installation of the carports and how what would be their physical appearance
    - Distributed the sketches that HNU provided and the committee provided them with feedback
    - Installation at the administration building will require carports over 5 – 8 stalls for the PV panels on the ocean side of the building
    - The installation of the PV panels on the buildings and on the carports should not affect any views from units. This will be verified.
    - Installation at the maintenance building will also require carports that will be installed by Units 101 – 102 areas and units 65 - 66. Views should also not be affected, but the committee will verify.
    - HNU will superimpose the carport image to see the impact.
    - Savings is projected to be approximately 20%.
    - Dennis Costa is working with HNU to determine the best location for the golf cart charging stations. It was noted that during certain times of the year, some of the golf carts may have to be charged with MECO electricity.
    - Savings for the maintenance building should be more than 20%
    - All of the PV installation including the carports will be included in the PPA (purchase power agreement)
    - Structural upgrades to the roof and electrical work that is needed prior to the installation will not be included in the PPA.
    - We have until the end of 12/31/17 to be fully installed.

The Board thanked Alex for all his hard work on this project.
- b. PPA Agreement
  - HNU is acting as design engineer, builder and consultant. Initially were working with an investor on the terms, but have decided to finance it themselves.
  - HNU will get tax credit which will account for 65% of the cost and the other 35% is out of pocket which will more than likely take them to a full profit production within 7 – 8 years.
  - The AOAO makes money because the rate from MECO is 20% higher than what is being paid to the PPA investor.
  - The PPA will be 20 years with 1.75% annual increase. MECO's average increase has been 5.5% on an average. HNU is asking the AOAO to approve this although non-binding in order for them to draft the PPA.

- There are 2 options to the PPA: 1) Straight 10% of MECO's rate and 2) True up at the 10 year point.

**MOTION #5: CJ Law moved to approve hiring Shannon Sheldon to review the term sheet and the PPA. The motion was seconded by Carl Carlson and passed by unanimous consent.**

Dick Endean will contact Shannon Sheldon today to advise her that she has been retained. Information on the 2 options will also be provided to her.

**MOTION #6: Loren Knott moved to agree to the following for the HNU to proceed with the preparation of the PPA:**

- **Non-binding term of 25 cents**
- **20 year term with 2.75% annual increase**

**The motion was seconded by CJ Law and passed by unanimous consent.**

Would like to start construction in January 2017.

- c. Roof Work & Electrical Work Not Covered by PPA (Approved \$25,000) – Discussed earlier.
- d. Other CAMS – This topic will be kept on the agenda for future consideration.
- e. Timeshare & Whole Units – This topic will be kept on the agenda for future consideration.

#### IX. Manager's Report

Dennis Costa reported on the following:

1. Stairway Landings – Beams are being replaced and should be completed shortly. Concrete blocks with rebar are being added to the base of the beams to avoid future deterioration at the base.
2. Landscape Around the Buildings – Removing 3 – 4 feet of landscaping around the buildings and adding black jack. This will help to avoid dirt splashing on the walls during rain especially once the Stucco Colormatch work is completed. Also moving the sprinklers away from the buildings. The top six buildings should be completed by the end of 2016. This work will stay ahead of the Stucco Colormatch work.
3. Termite Treatment of Attic Without Tenting (Approved Camera Inspection via Access Hole) – Deferred to the January meeting.
4. Cushions for Pool Chaise Lounges – Deferred to the January meeting.
5. Stucco Colormatch Exterior – Administration Building & Entire Property Contract & Schedule - (Approved \$260,000) – Start date is anticipated at the end of January 2017. Housing is an added cost as they will need a one bedroom with a loft or a 2 bedroom. Trying to find an owner who is willing to rent their unit to this contractor directly. There will be no conflict with the solar work. Cost for the stucco work is \$250,000 but without housing. Dennis will also try to negotiate to add the trash container areas. Cost for the unit for 9 months will be \$30,000. The total cost is less than \$300,000 compared to the initial painting bid of \$800,000.

**MOTION #7: Carl Carlson moved to approve \$300,000 with Stucco ColorMatch which includes housing. Shannon Sheldon will review the contract. The motion was seconded by Alex Cordas and passed by unanimous consent.**

Dennis will send the specs to AON to determine insurance coverage recommendation for Stucco Colormatch.

6. Approval & Schedule – Deferred to the January meeting.
  - A. Capital Reserve Expenditures (subject to approval of actual bids):

- a. Lobby Nylon Canopy - \$6,120 – not necessary at this time
- b. Pool Furniture - \$19,680 – not necessary at this time
- c. Pool Pump - \$5,760 – not necessary at this time
- d. Pool & Spa Decking Resurface (Approved \$25,080)
- e. Spa Retile – (Approved \$7,680)
- f. Tennis Court Resurface & Restripe (Approved \$11,520)
- g. Asphalt Seal, Stripe & Repair - \$88,680 – not necessary at this time

X. Unfinished Business

1. Lease Extension – To be discussed in executive session.

XI. New Business

1. State Revocable Permit (Stairs @ Kihei Road) – The letter from the state was sent to the Board for review.

**MOTION #8: Alex Cordas moved to approve to continue the State Revocable Permit No. 7816 for the stairs at Kihei road with for the new rent of \$55.88 and an increase in the deposit to \$111.76 effective 1/1/17. The motion was seconded by Carl Carlson and passed by unanimous consent.**

2. Board Term Limits – Dick Endean advised that this comment was received from an owner noting that it is impossible for anyone to get on the Board and suggested term limits. A copy of the letter was given to the Board. General discussion followed on whether this should be done. The board concurred that there is no benefit to having term limits because of continuity which is more important. Dick will work on a response back to the owner.

XII. Next Meeting

1. Board
  - a. 1/20/17 Following Maui Lea's Meeting with Concurrent Executive Session on 1/19/17 at 4 p.m. with Maui Lea @ Marriot Residence Inn.
  - b. 4/19/17 – Vegas 9:00 a.m.
  - c. 9/28/17 Following Annual Owners Meeting
2. Annual – 9/28/17 9:00 a.m. (8:30 a.m. registration)

XIII. Executive Session

**MOTION #9: CJ Law moved to go into executive session. The motion was seconded by Loren Knott and passed by unanimous consent.**

The Board went into a concurrent executive session at 9:27 a.m. with the Maui Lea Board. Upon coming out of executive session, the regular meeting resumed at 10:06 a.m. During the executive session, the Board discussed legal and personnel matters.

XIV. Ad Hoc Committee

1. Legal Counsel – The committee had interviewed various attorneys and made a recommendation to select Shannon Sheldon as general and collection legal counsel.

**MOTION #10: Loren Knott moved to hire Shannon Sheldon as general and collection counsel for Maui Hill. The motion was seconded by CJ Law and passed by unanimous consent.**

XV. New Business (cont.)

1. Employee Benefits – Ruth Okada explained the flexible spending account noting that all benefits must now be the same for all Aqua-Aston properties. General discussion followed on changes to the employee benefits.

**MOTION #11:** Loren Knott moved to approve the FSA (flexible spending account) employee benefit effective 1/1/17. The motion was seconded by Carl Carlson and passed by unanimous consent.

XVI. Adjournment

**MOTION #12:** Carl Carlson moved to adjourn the meeting. The motion was seconded by Loren Knott and passed by unanimous consent.

The meeting was adjourned at 10:07 a.m.

Approved by:



Alex Cordas, Secretary  
Board of Directors



Ruth Okada  
Recording Secretary

Approved by the Board of Directors on 1/20/17.