

MAUI LEA TIME INTERVAL OWNERS ASSOCIATION
BOARD OF DIRECTORS REGULAR MEETING
April 25 & 26, 2016

I. Call to Order

President Bob Jacalone called the meeting to order at 2:58 p.m. PST at Golden Nugget Casino, Las Vegas, NV.

II. Establish Quorum

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

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

By Invitation: 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. Executive Session

MOTION #1: Bill Petro moved to go into a concurrent executive session with the Maui Hill Board. The motion was seconded by Paul DiMarchi and passed by unanimous consent.

The Board went into a concurrent executive session at 2:58 p.m. with the Maui Hill Board. Upon coming out of executive session, the Regular meeting resumed at 4:08 p.m. During the executive session, the Board discussed legal and personnel matters.

The meeting was recessed at 4:08 p.m. and resumed at 9:00 a.m. on 4/26/16.

IV. Establish Quorum

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

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

Owners Present: Rosemary Jacalone, Maureen & Joe Neglia, Louise & Joe Brandner, Don & Anne Griffith, George & Donna Sewett, Craig & Christy Curtis, Lisa Tyler, Madonna Petro, Noble & Mary Ann Dowling, Murielene & Edmond Stewart, Spence & Jean Lyon, Wendal & Mary Clark.

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.

Everyone introduced themselves.

V. 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.

VI. Approval of Agenda

MOTION #2: Paul DiMarchi moved to approve the agenda as circulated. The motion was seconded by Bill Petro and passed by unanimous consent.

VII. Vacancy

Bob Jacalone announced the resignation of Denise Smith. The Board will discuss this matter in executive session.

VIII. Approval of Minutes 1/22/16

MOTION #3: CJ Law moved to approve the minutes of the 1/22/16 meeting as circulated. The motion was seconded by Paul DiMarchi and passed by unanimous consent.

IX. Treasurer's Report

1. Financial – Bill Petro reviewed the 3/31/16 financial. General discussion followed.
2. Ratify \$5,700 for Tax Appeal – Bob Jacalone explained the tax values 29% increase (varies by unit). Explained that an appeal has been filed for the one and two bedrooms only. The 3 bedrooms were not more than 20% increase which does not allow for an appeal. The cost for the appeal is \$75 per unit. A final disposition of the appeal will be known later this year.

MOTION #4: Loren Knott moved to ratify the cost of \$4,857 for the appeal. The motion was seconded by CJ Law.

Discussion: General discussion followed on the appeal and other taxes that Maui Lea pays. CJ Law explained ARDA's involvement in the tax situation for the timeshare industry and how they help timeshare.

The motion passed by unanimous consent.

3. Delinquencies & Collections – To be discussed in executive session.
4. Investments – Frank Robar explained that funds still held in cash due to the low interest rates.

X. Ad Hoc Committee

1. Unit Refurbishment Status - Dick Endean reported on the status noting that the next refurbishment would be in between 2022 – 2024. He complimented the staff on what they have done on this refurbishment project.
2. Energy Audit – Dick Endean explained what the AOA Board is doing for solar energy including the effects of the discontinuation of NEM (net energy metering) by MECO (Maui Electric) and the submission of the application for the maintenance and administration buildings and the timeshare units. Paul DiMarchi reported that the committee will continue to review the following:
 - Efficient AC – Higher BTU
 - Solar Power for Timeshare units.
 - Pay for Use of AC

XI. Standing Committee

1. Contract Committee – Paul DiMarchi explained that the committee is charged with looking at service provider contracts when they are coming up for renewal and evaluating them. The Condominium Fiscal Management Inc. (CFMI) contract will be renewing on 7/1/16 and he has discussed some minor changes with Frank Robar.

MOTION #5: Paul DiMarchi moved to approve the renewal of the CFMI agreement subject to the changes as agreed upon by the Contract Committee.

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

2. Budget Committee – Bill Petro explained the budget process and thanked the committee members. The budget will be discussed later in the meeting.

XII. Ad Hoc Committee

1. Policy Review – C.J. Law reported that he will do a presentation in September.

XIII. Manager's Report

Dennis Costa distributed and reviewed his Manager's Report. General discussion followed. Dennis also reported on the following:

- Maui Lea has 4 more months until RCI determines whether they meet the Gold Crowne standards.
- Maui Hill received an award for safety amongst all of Aqua-Aston properties.
- New experimental pool cushions are being used at the pool. The Maui Hill Board will reviewing this again at the September meeting.

XIV. Unfinished Business

1. Timeshare Resales – CJ Law distributed and reported on the resales. Nancy Benson also provided an update. Will look at alternative marketability of Association weeks.
2. RCI Resort Recognition – Discussed during the Manager's Report.

XV. New Business

1. AOA Affairs – Dick Endean reported on the following.
 - A. Budget - Reviewed the budget process and approval.
 - B. Stucco – Reviewing stucco condition and alternative to repair and sealing.
 - C. Solar Signage Directional – Installed at each sidewalk to assist guests in locating their unit.
 - D. Trimming Hedges – The Oleander has been cut back to a lower height which will make it easier and safer to maintain.
 - E. Land Lease – Current lease expires on 11/20/49. Negotiations are ongoing with the Lessor.
 - F. Internet – Upgrading service to 100 by 10. The biggest complaint of guest is the slow internet service. TV service will remain the same.
 - G. Pool Attendant – Dennis Costa has discretion to hire guard for the pool during the summer as necessary.

2. Personnel

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

MOTION #6: 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 Paul DiMarchi and passed by unanimous consent.

- B. Affordable Care Act - Explained the legal requirement which was performed by Aqua-Aston at no cost to the AOA.
- C. 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.

3. Ratify Crime Policy Renewal 4/8/16 – 4/8/17 \$1,081 (exp. \$1,081)

MOTION #7: Loren Knott moved to ratify the approval to renew the crime policy as follows:

- 4/8/16 – 4/8/17
- Annual Premium \$1,081

The motion was second Bill Petro and passed by unanimous consent.

4. Record Retention Policy

RESCIND

MOTION #8: Loren Knott moved to rescind Policy Motion #6 approved at the 1/29/15 meeting as follows:

RECORD RETENTION POLICY (Excluding Human Resource/Personnel Records)

- **Permanent Records**
 - **Legal**
 - **Documents (Declaration, Bylaws, House Rules, Trade Name and Logo Registrations etc.) – including documents prior to restatements**
 - **Plans (As-builts, electrical, mechanical, etc.)**
 - **Budget**
 - **Income Taxes (State & Federal)**
 - **Audits & Cash Verifications**
 - **General Ledger**
 - **Minutes (Board & Annual)**
 - **Payroll Taxes (State & Federal) & W-2s**
 - **State General Excise Tax & Transient Accommodation Tax**
 - **List of Insurance Policies (to include the following: 1)Type of Coverage, 2) Carrier Name, 3) Policy Period, 4) Insurance Broker Name & Contact Information)**
- **Contracts – after warranty expires or 7 years after termination whichever is sooner**
- **Leases – 7 years after termination**
- **All other records will be retained for 7 years and/or 7 years after obligation is completed**

The motion was seconded by Paul DiMarchi and passed by unanimous consent.

POLICY

MOTION #9: Loren Knott moved to approve the following:

RECORD RETENTION POLICY

- **Permanent Records**
 - **Legal**
 - **Documents (Declaration, Bylaws, House Rules, Trade Name and Logo Registrations etc.) – including documents prior to restatements**
 - **Plans (As-builts, electrical, mechanical, etc.)**
 - **Budget**
 - **Income Taxes (State & Federal)**
 - **Audits & Cash Verifications**
 - **General Ledger**
 - **Minutes (Board & Annual)**
 - **Payroll Taxes (State & Federal) & W-2s**
 - **State General Excise Tax & Transient Accommodation Tax**

- **List of Insurance Policies (to include the following: 1)Type of Coverage, 2) Carrier Name, 3) Policy Period, 4) Insurance Broker Name & Contact Information)**
- **Contracts – after warranty expires or 7 years after termination whichever is sooner**
- **Leases – 7 years after termination**
- **All other records including Payroll and Human Resource/Personnel Records will be retained for 7 years and/or 7 years after obligation is completed**

The motion was seconded by Paul DiMarchi and passed by unanimous consent.

5. **Approval FYE 2017 Budget – 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 for the FYE 6/30/17 as follows:

- **Quarterly Fees**
 - 1 Bedroom - \$233 ZZ - \$400**
 - 2 Bedroom - \$261 ZZ - \$448**
 - 3 Bedroom - \$289 ZZ - \$496**
- **Monthly Revenues & Expenses - \$337,451**
- **Major Replacements - \$4,500 (annual) as follows:**
 - a. Fans & Components - \$2,000**
 - b. Guest CD Players - \$1,000**
 - c. DVD & VCR Dual Deck - \$1,000**
 - d. Computer (Dennis) - \$500**
- **Capital Improvement Expenditures - \$78,300 (annual) as follows:**
 - a. Air Conditioners - \$35,000**
 - b. Bed, Mattresses, etc. - \$5,500**
 - c. Draperies, Mini Blinds - \$5,000**
 - d. Microwaves - \$1,500**
 - e. Refrigerators - \$3,500**
 - f. Washers & Dryers - \$3,000**
 - g. Water Heaters - \$8,000**
 - h. Golf Cart - \$1,800**
 - i. Indoor/Outdoor Lanai Carpet - \$8,000**
 - j. Refurbish Lanai Tables - \$7,000**

General Manager is authorized to proceed with Major Replacements and Capital Reserve Expenditures projects without obtaining specific approval of each item.

The motion was seconded by Paul DiMarchi and passed by unanimous consent.

The meeting was recessed at 11:31 a.m. and resumed at 12:55 p.m.

MOTION #11: Loren Knott moved to approve the following:

- **Employee Wages – 3% increase 4/1/17 (budget only)**

The following are contingent upon the employees receiving their increases:

- Management Fee (Aston) – 3% increase 4/1/17
- Accounting Fee (CFMI) – 3% increase 7/1/16
- Timeshare Services (Benson) – 3% increase 4/1/17

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

6. Real Property Tax – Dennis Costa and Dick Endean will attend the meeting with the County regarding real property tax.

XVI. Next Meeting

1. Board
 - A. Wednesday 9/14/16 Maui Immediately Following Annual Owners Meeting – Will continue to check on location.
 - B. Friday, 1/20/17 8:00 a.m. Executive Session with Open Session at 9:30 a.m. (tentative)
 - C. Thursday, 4/20/17 – Vegas
2. Annual – 9/14/16 Maui 9:30 a.m. (registration 9:00 a.m.)

XVII. Executive Session

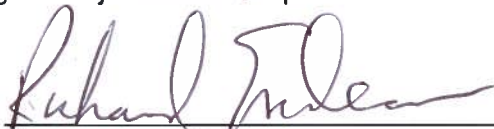
MOTION #12: Dick Endean moved to go into executive session. The motion was seconded by Paul DiMarchi and passed by unanimous consent.


The Board went into executive session at 1:14 p.m. Upon coming out of executive session, the regular meeting resumed at 2:27 p.m. During the executive session, the Board discussed legal matters.

XVIII. Adjournment

MOTION #13: Loren Knott moved to adjourn the meeting. The motion was seconded by Paul DiMarchi and passed by unanimous consent.

The meeting was adjourned at 2:27 p.m.

Approved by: 
Richard Endean, Secretary
Board of Directors


Ruth Okada
Recording Secretary

Approved by the Board of Directors on 9/14/16.

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.