

BOARD OF DIRECTORS MEETING

Wednesday, November 9, 2011

Time: 8:30 a.m.

Place: Makena Surf Board room

Directors Present:

Mrs. Betty Kay Anderson, President

Mr. Roger Morgan, Secretary

Mr. Paul Sullivan, Treasurer

Mr. Paul Johansen

Mr. Jack Patterson

Mr. Ron Inkley

Mr. Joe Walker

Management:

Mr. Robert Brooks, Resident Manager

Mr. Kevin Keane, Landscape Manager

Owners Present:

Mr. Bobby Goldsmith, G204

Mr. Richard Michaels, B108

Destination Resorts Hawaii, Inc.:

Mr. Maynard Torchiana, Managing Agent, Destination Resorts Hawaii

Mr. Kui Aipa, Controller, Managing Agent, Destination Resorts Hawaii

Mr. Ben Beaudoin, Destination Resorts Hawaii

Ms. Yatta Johnson, Recording Secretary

Call to Order: President Anderson called the meeting to order at 8:30 a.m.

Proof of Notice: President Anderson verified that meeting notices were posted on property in two places on October 10, 2011 and emailed, faxed and/or mailed to all Board Members on October 10, 2011

Determination of Quorum: A quorum was established with 7 of the 7 Directors present.

Approval of Minutes:

Motion: *To approve the minutes of the August 12, 2011 Board of Directors meeting as presented. (Sullivan/Patterson)*

CARRIED unanimously.

Motion: *To validate all decisions made at the August 12, 2011 Board of Directors Meeting in Laguna Hills, California.*

(Patterson/Morgan)

CARRIED unanimously.

Owner Comments:

Mr. Richard Michaels, B108, requested the addition of one (1) shower tree in the B Building parking lot. After discussion, the Board concluded to table the issue to the February 2012 Board of Directors meeting.

Mr. Michaels further suggested the addition of mirrors to each of the exits of Makena Surf. The Board agreed and directed Mr. Brooks accordingly.

REPORTS OF OFFICERS AND MANAGEMENT

President's Report

President Anderson presented her report. The Makena Community Association meeting will be held on November 9, 2011 at the Makena Resort to discuss community affairs. Mr. Beaudoin will represent Makena Surf and report back to the Board with any new information. The community affairs representative will be a casual individual, most likely the President of the Board of Directors.

Landscape Committee

Mr. Keane presented the Landscape Supervisor's report. He highlighted the following items:

- The B Parking Lot Eureka Palms were planted as a "buffer" and not for shade; Excessive shade prohibits growth in the planters.
- Improvements include relandscaping the C Building t well-head area and the exit/entry area by the A/B parking lots.
- Efforts will be made to improve the herb garden. Signage explaining the proper procedure to cut the herbs will be placed in the garden.
- The monkey pod trees will not be trimmed this year in order to reduce expenses.
- The owners in E building have requested cart assistance with food and groceries while coming down the public access walkway behind Building E. It has been suggested that a cart area be added to the C/E building's parking lot.

Motion: *To establish a cart area in the C/E building parking lot.*

(Patterson/) Motion **FAILED** due to lack of a second.

Motion: *To install a gate with the “green stuff” to protect the view into the garbage area. (Morgan/ Walker)*

CARRIED unanimously.

Treasurer’s Report

There was a discussion regarding the lack of communication from Mr. Kui Aipa.

Motion: *That the controller of the managing agent be required to provide a clear recap of any delinquent unit to every Board member at any time and continue to report on that unit until it is paid in full. (Sullivan/Inkley)*

CARRIED unanimously.

Motion: *That Mr. Aipa notifies Attorney John Morris to proceed with Part 2 of the non-judicial foreclosure process.*

(Sullivan/Patterson)

CARRIED unanimously.

2012 Budget

Treasurer Sullivan outlined the following changes to the 2012 budget, attached herewith:

- Last page, under Reserves, the Special Assessment will be \$139,000.
- Capital reserve expenditures will be approximately \$27,000.

Motion: *To accept the 2012 Budget as presented with the changes outlined.
(Sullivan/Patterson)*

CARRIED unanimously.

Manager's Report

Mr. Brooks reviewed his written report as submitted to the Board of Directors. He highlighted the following items:

- Displeasure with the finish on the concrete planking material used on the landings. Dennis has ground the surface and the Board will inspect.
- A vehicle hit the cyclone fence a few weeks ago. Two columns will have to be re-built and the fence repaired.

Motion: *That Mr. Brooks pursue collection from the uninsured driver that hit the Makena Surf gate via methods including but not limited to small claims court. (Sullivan/Patterson)*

CARRIED unanimously.

- The foot showers along the public access walkway are complete.
- The Building E shower re-furbish is complete. A solution to the water hammer noise heard in Building E continues to be researched.

In-House Wages

Motion: *That Mr. Kui Aipa consults with the auditor regarding the allocation of in-house wages to Capital Reserves rather than from the annual budget when working on capital projects; and to present his finding at the next Board of Directors Meeting.
(Sullivan/Walker)*

CARRIED unanimously.

Landings

The meeting was recessed at 9:47 a.m. in order for Board members to inspect the landings. The meeting was reconvened at 9:56 a.m.

The Board informally approved the new landings.

Kayak Storage Area

An owner has suggested the installation of another kayak storage area. Mr. Brooks estimated the cost to be \$10,000 if the area above the twin 84's is going to be used. President Anderson suggested that the issue be brought to her attention to add to the agenda for the next Board of Directors meeting if the issue is to be discussed.

Water Intrusion Document (Attached herewith)

Motion: *To validate the email decision on the water intrusion document.
(Walker/Patterson)*

CARRIED unanimously.

COMMITTEE REPORTS

Construction & Maintenance

Mr. Johansen presented the Construction & Maintenance report.

Pavers

The Association has a five (5) year warranty on labor and an eight (8) year warranty on materials. The paver project was completed in two (2) increments. The north side was the first increment for which the labor warranty expires in December 2013 and the materials warranty expires in December 2016.

A letter in regard to the dissatisfaction of the paver project was sent to Structural Concrete. A response acknowledging the Board's concerns was received. Structural Concrete has agreed to work with the Association until a resolution is reached. President Anderson will meet with Structural Concrete and Mr. Brooks to try for an extension of the warranty in writing and to install thicker tiles in problem areas.

The Board recommended that Mr. Brooks maintain a detailed report on the work completed in relation to the pavers and the Association's warranty with Structural Concrete.

A demand letter to Structural Concrete will be drafted stating the dissatisfaction of the continued cracking and repairs. The letter will be drafted by Mr. Brooks and reviewed by Mr. Johansen prior to distribution to Structural Concrete. A copy of the letter will be sent to the paver distributor.

Tile Cleaning 2nd and 3rd Floor

Mr. Brooks will request a detailed proposal for cleaning of the landings, grout repair and sealing from the vendor "Rain". The proposal will be reviewed at the February 2012 Board of Directors meeting.

Review Acoustical Policy Regarding Tile in the Living Rooms

Motion: *To validate and approve the email decision regarding the tile application from Unit C206. (Johansen/Sullivan)*

CARRIED unanimously.

Hard Floor Installations

Mr. Johansen proposed the elimination of hard floor installations. Hawaii Revised Statutes 514B-140 imposes restrictions on Associations that allow hard floors if it interferes with the enjoyment of a unit and the increased noise is determined to be “material” under the statute. Any “material” modification would require the approval of 67% of all owners, and 100% of the affected owners, and the Board of Directors. A number of courts have concluded that hard floors create a nuisance and that only carpeting as originally installed will prevent the interference with the right of the owner to enjoy his or her unit.

Motion: *To approve the elimination of hard floor installations in the Association Construction Rules where carpet existed in the original construction. Thus, only carpet may replace carpet. (Johansen/Morgan)*

CARRIED unanimously.

Executive Safety Plan

Mr. Brooks will conduct monthly safety meetings to save on insurance, to avoid workplace injuries and to ensure that there is a safety plan in place for employees. Mr. Johansen reported that Makena Surf has a safety program that is being implemented.

Motion: *To accept the draft proposal of the Executive Safety Plan as submitted. (Johansen/Morgan)*

CARRIED unanimously.

Additional Items

Mr. Johansen highlighted the following items:

- There will be at least six (6) landings completed this year; the balance will be completed next year and may go into the third year for full completion.
- There are a total of 79 steps that need to be completed; 40 steps will be completed this year.
- Sewage pumps clogs have ceased thus far. This issue continues to be monitored.
- All construction/remodel projects will be completed by November 18, 2011.

Newsletter

Mr. Inkley agreed to continue to complete the newsletter after February 2012 as a non-Board member subject to President Anderson identifying an individual who can provide information, i.e., social information, photos, etc. President Anderson agreed.

2012 Election

Three (3) members of the Board will be up for re-election in February 2012. Ron Inkley will not run for re-election. Paul Sullivan and Jack Patterson have expressed interest in being candidates for re-election. The "Slate Committee" (Mr. Patterson for the Board, Mrs. Frank (E106), and Mr. Goldsmith (G204), all chosen from the floor at the 2011 annual meeting) is working to choose a candidate for the slate for the third position.

Policies and Procedures

Mr. Walker reported that the cost for Bev Gannon to cater the holiday party is \$60 per person. The Board agreed to move forward with Gannon's catering services

Security

Mr. Morgan reported that there have been no break-ins this year.

OLD BUSINESS

Two Bathrooms in 2012

Motion: *To not move forward with any substantial work on the two (2) remaining office bathrooms, but that Mr. Brooks will replace the urinal and paint the bathrooms at a minimal cost. This issue will be removed from the agenda and the budget. (Inkley/Sullivan)*

CARRIED unanimously.

Insurance- Interpretation of 514B

Motion: *To include in the packet and on the agenda for the 2012 Annual Meeting, a request for a majority of those owners present in person or by proxy to vote in favor of requiring all owners to carry on their own unit liability insurance coverage for property damage to the units of others. The Board will assume that every owner will comply with the decision of the owners and the Board; neither the Association nor the Board shall be liable to any person with regard to the failure of a unit owner to purchase insurance. An owner will be barred from making a claim against the Association, any other Association member or any resident of the project for damages the owner may suffer if the owner has failed to purchase his/her own insurance but the claim would have been covered under a standard HO-6 policy or its equivalent. Furthermore, the Association shall have a "lienable interest" in the unit of any owner who fails to secure such insurance and who causes unreimbursed damage to the Association's property or that of any other owner. (Inkley/Morgan)*

CARRIED unanimously.

Motion: *According to the choices allowed in Hawaii Revised Statutes 514B-143(d), the Board will assign the AOA insurance deductible for property damage against the maintenance fee account of the owner who caused the damage or from whose unit the damage or loss originated.*

(Inkley/Morgan)

CARRIED unanimously.

HEMIC regarding Safety Savings on Workman's Compensation

As discussed in the Construction and Maintenance Report.

Solar Report

On the island of Maui, any roof that faces three out of the four directions (any direction except for North) would be amenable to a solar application on the roof. The project would require a special assessment from the owners. The Gasser Foundation has interesting solar-roofed carport information at www.gasserfoundation.com

Internet

On behalf of the Association, President Anderson signed a high-speed "Hospitality" internet package contract which goes from a speed level of 1 mps to 5 mps and from \$11.95 to \$15.95. The upgrade will be activated on December 1, 2011. Mr. Torchiana informed the Board of a new bulk program offered by *Oceanic Time Warner/Road Runner* that increases speed from 5 mps to 10 mps; if all owners participate, the per month rate will be \$22.95.

Motion: *To contract with Oceanic Time Warner for the Bulk High Speed Road Runner program at a cost of \$22.95 per owner per month for the entire Makena Surf property. (Sullivan/Morgan)*

CARRIED unanimously.

DATE OF NEXT MEETING

The next Board of Directors Meeting is scheduled for Thursday, February 23, 2012 at 8:00 a.m.
The Annual Meeting is scheduled for Saturday, February 25, 2012.

ADJOURNMENT

Motion: *To adjourn the meeting at 11:15 a.m.*
 (Inkley/Sullivan)

CARRIED unanimously.

Respectfully submitted,

Yatta Johnson

Aloha Office Services

Recording Secretary

Respectfully submitted:

Reviewed and accepted by:

Maynard Torchiana

Managing Agent, Makena Surf AOAO

Betty Kay Anderson

President, Makena Surf AOAO

MAKENA SURF AOA

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(Inkley/Sullivan)

CARRIED unanimously.