

**Kepuhi Beach Resort aka
West Molokai Resort Condominium AOAO
BOARD MEETING MINUTES
November 13, 2009 9:00 a.m.
Maunaloa Community Center**

OLD BUSINESS

President Kent called the meeting to order.

Welcome to Homeowners present
Introduction of Board members present: Barbara Kyte, Ellyn Dooley, & Dale Matlock, with Bob Hagler being unable to attend.
Introduction of Castle representative: Encarnacion 'Beeper' Cruz
Introduction of Grounds Manager Mike Jennings
Explanation of meeting procedures, in accordance with Robert's Rules of Order
Introduction of new owners and owners attending for first time

Homeowners present and in order of sign-in: Fred & Betsy Thompson (2133), Beth Gillin (2216), Skip & Nancy Post (1131), Colleen Vadheim (2231), Yvonne Wheeler (2176), Ewart & Eva Lock (1222), Joyce DeLuna (1145, 2146), Inez & George Williams (2134), Leland Sprague (2222), Krista & Rick Siler (2186, 2191, 2202), Ellsworth & Irene Henderson (2223), Rick & Sue Joy (8A), Rika Kent (3B), Harvey & Connie Fox (8B), Ken & Jeness King (2164), Jane & Ray Johnson (2235), Gordy & Sharon Pease (1201), Jim Drehle (4A), Jay and Suzy Wakefield (1184), Steve Jaquess (2192, 2203), Carrie Thomas (1144, 2132), Don & Jackie Guest (1211, 2254), Angela Themes (1235), Kevin Donnelly (2252).

Approval of minutes - March 20, 2009 Board meeting. **MOTION** by Dale Matlock to approve the minutes, seconded by Barbara Kyte. Motion carried unanimously.

Affirm Prior Board Decisions - Motions were read by President Kent:

March 23, 2009 - Motion to purchase new fire hoses for approximately \$1,600.
Passed unanimously.

August 14, 2009 - Motion to purchase Adirondack chairs and wooden bench for \$623.00.
Passed unanimously.

September 24, 2009 - Motion to hire Walter Sanders, a Florida attorney, to collect \$7198 from a delinquent owner. Fee 33% plus expenses. Passed unanimously.

November 11, 2009 - Motion to purchase new clothes dryer for \$625.00. Passed unanimously.

MOTION by Dale Matlock to affirm prior Board decisions; seconded by Barbara Kyte. Motion carried unanimously

George Williams (2134) comments that we should assure that our new chairs, and especially the bench, are better secured and protected from the elements.

Treasurer's Report - Ellyn Dooley reviewed the financial summary's latest figures for the year to date through September 2009. Income stands at \$597,558, with expenses of \$583,405, leaving the AOAO with a surplus of \$14,153.

Delinquencies Report - Stolmeir has had foreclosure filed against his two units. He has informed 'Beeper' Cruz that he will be sending checks for \$3000 on each unit, and has faxed her copies of the checks. No rents were collected and paid to the AOAO by his rental agent in October to offset his balance. The impact of his payment does not forestall the foreclosure process.

Zamzow has a lien recorded on that unit, the foreclosure complaint filed, leaving a debt of \$8,670. Attempts have been made three times to serve papers, necessitating the next step of certified mail. An auction could be ordered by the court. The IRS is currently receiving any rental income.

Stephan Jennings' unit is in foreclosure and collection of delinquency is in the hands of a Florida attorney.

Emerick (1154) is set up to have Castle collect rents to pass on to the AOAO. Auction of the property has been cancelled three times. Current status is unknown.

Carlsberg's unit (1174) has sold and the full balance of \$6,586 has been recovered by the AOAO.

Lloyd Mitchell's unit (1163) is 120 days delinquent for a total of \$2,578.

Total delinquencies total is \$35,152.80

George Williams (2134) questioned why the sum total of delinquencies was allowed to reach such an amount, and were our delinquency policies changed in any way, and have they been followed? Explanation given to him by Ellyn and Jeff Kent is that we have to follow certain procedures within the law, which can be a time consuming process.

MOTION is made by Barbara Kyte to accept the treasurer's report. Second by Dale Matlock. Motion passed unanimously.

Internet Access Report - Ellyn Dooley explains that a 'hot spot' has been established at the AOAO office for owners and guests use, after investigating several options and receiving

feedback from owners. Cheryl Andresen was chair of the committee. A suggestion to get a shade to ward off the afternoon sun is under consideration. Updated Internet Access Committee report was given by Barbara Kyte.

Betsy Thompson (2133) would like to see the internet 'hot spot' made handicapped-accessible; a topic the Board will approach in future meetings.

Signage Report - Jeff Kent reports that parking stalls in the Cottages #1 & #2 parking lot has been posted for those units' sole use, to try to prevent surfers from filling the spaces with their vehicles. Various signs have been placed around the complex to dissuade walkers from taking shortcuts across our grounds, disturbing owners and causing possible damage to our plantings. Other signage is needed to direct people to the beaches or to certain buildings. Bob Hagler is researching proper wording and posting regulations for signs to use in our parking lots for better vehicle control. Property boundaries need to be verified for all AOAO signage.

Betsy Thompson (2133) asks for long-term parking signs to be posted in the lot near Building #13 designating spaces for that specific use, allowing nearby spaces to be used by that building's residents and renters. It is also pointed out that the fading Kepuhi Beach Resort sign at the upper parking lot needs a touch-up, plus more protection from weathering.

NEW BUSINESS

President's Report - President Kent reports that the state of the AOAO is strong and getting stronger. Past months have seen some excellent outcomes, some tragedies. The new roofs have worked flawlessly in a wetter than normal year. The Auditor's Report showed no irregularities.

The updated Reserve Study, required under law, had not been done since 2006. The new study brought a full site visit by the inspector and provides the AOAO with a twenty-year horizon, a review of our assets and replacement costs. State law says we need to have 50% in reserve to cover costs - our reserves are 87.4% funded.

The condition of our grounds is great and improving. Some situations within the crew need to be addressed.

Connie Fox (8B) inquires if the smoking policy has changed for our workers, and it has not.

Jay Wakefield (1184), has heard that Ke Nani Kai has set aside \$77,000 for road repair. It is not a reserve item, but the Board will check into it. Jim Drehle (4A) says it would require a special assessment within the AOAO to fund such a project.

Jeff Kent names certain owner volunteers who have assisted with various projects and repairs, thanking them as well as all owners who have pitched in to help.

Arbitration Report - Jeff described the arbitration with MPL as intense against the daily aggressiveness and belligerence of our foe. Their historical neglect of the former hotel lot, plus the closure of the swimming pool on February 3, 2009 led the AOA to file suit in the Maui County Circuit Court. We then asked MPL to consider going into arbitration with us, which they accepted. This seemed a good alternative to a long and costly court trial. To date, our legal costs are around \$99,000, with a projected tally of \$115,000 by year's end.

Betsy Thompson (2133) asked Jeff if that total also included all airfares, cab fares, meals, hotels, and miscellaneous expenses for him and the witnesses. Jeff's reply was that he had personally paid for all of those expenses himself with full expectations of being reimbursed upon the legal settlement with MPL.

Jay Wakefield (1184) asked how the AOA will collect if the settlement is in our favor, and Jeff is confident that a ruling is enforceable by the Maui County Circuit Court.

Treasurer's Report - Ellyn covered the projected budget for the remainder of 2009, the total Revenues estimated to be \$804,991.00 and total Operating Expenses being \$753,571.00, total Reserve Expense of \$11,765.00, leaving the AOA with a surplus of \$39,655. These figures were arrived at by budgeting conservatively, with high estimated costs on expenses and estimating low revenues.

Possible back charges may arise from MPL on the cross-easement when the court's ruling settles our case.

Jim Drehle (4A) asks how cross-easement costs were budgeted, and Ellyn explains that the past charges were the only reference point for now with a modest projected increase.

In the Budget Committee Report for the AOA Proposed 2010 Budget, total Revenues are estimated to be \$801,204.00, total Operating Expense to be \$744,455.00, with total Reserve Expense totaling \$8,500.00, leaving a surplus of \$48,249.00.

Barbara Kyte makes a **MOTION** to approve the projected budget. Seconded by Ellyn Dooley. Motion carried unanimously.

Buildings Report - presented by Dale Matlock as follows:

STAIRWAYS

Replaced on Buildings #15, 20 & 23

To be replaced on Buildings #16 (2), 22 & 25

Some longer stairways have been stabilized in the center with 4"X4" posts on concrete footings. This installation procedure will prevent sagging as the stairs age. Affected buildings are #18, 19, 20, 21, 22, 23, & 25.

Stairways will also be repaired and repainted as needed.

LANAI SUPPORT POSTS - These 4"X4" posts supporting the upper lanais will be replaced as needed, with three replacements now on the to-do list.

DRY ROT will be identified and repaired as necessary. For instance, the bracing on the window awnings is beginning to show signs of dry rot and some have been replaced already.

PAINTING OF BUILDINGS, LANAIS, LOUVERS -

Louvers on buildings are old and in various stages of degradation. Require stripping of old paint layers, drying, filling or treating with wood preserver before priming and painting of final coat. Recently quoted price of 4"X8' redwood louver material is \$54.40 each, which nets only two louver slats. Other sources will be researched for special mill prices.

Six lanais left to be painted will complete the current painting cycle, as well as the doors on some units. The new painting cycle will be started late Spring to early Summer.

KICKPLATES have been installed on all doors.

BEEES, RODENTS & PESTS are always an ongoing problem but careful observation has kept these infestations and intrusions at bay.

RAIN GUTTERS & EAVES on Buildings #15, 17 & 18 will be addressed to eliminate the accumulation of plant debris.

LIGHTING on second levels of all buildings, except for Building #13, have been fitted with economical ten-watt bulbs.

BUILDING #16 had a new washing machine and dryer installed in the laundry room, and the Board has approved purchase of a new dryer for placement in Building #24, which should see delivery on or about 11/24.

CARPETING ON UPPER LANDINGS of buildings needs cleaning or replacement and Mike is looking into our options.

BAMBOO PRIVACY PANELS for Cottages are being researched. A sample roll is now in the office, and in December an experimental installation will be done on Cottage #5B.

Leland Sprague (2222) reported his door is sticking.

Betsy Thompson asks that a dramatic approach be taken to trim the kiawe tree in front of Building #13 which has branches that are near the roof. She also requests

that a future policy for tree plantings be initiated to prevent the planting of trees that will encroach upon the eaves or rooftops.

Colleen Vadheim (1231) asks why we are storing MPL's chairs in our courtyard. Mike Jennings is asked to look into relocating them as a beautification move.

Connie Fox (8B) asks for a repeat of the bamboo privacy panel segment of the report.

Suzy Wakefield (1184) asks that the laundry room doors be repositioned or refitted to make the slider locks be more easily operated, and to prevent them from banging noisily in the wind.

Grounds Report was presented by Dale Matlock in Bob Hagler's absence as follows:

POLE LIGHT repaired near work shed

TRAFFIC BARRIER PIPE installed in sidewalk to Cottages #1 & 2

MOTION SENSORS installed in BBQ areas and the same treatment for the work shed & cart area is a work in progress.

WATER BOILER ENCLOSURES will have lattice work repaired as needed and the four corner posts will be placed on concrete footings to prevent wood-to-soil contact, lengthening the useful life of the posts.

CONSERVATION REMINDER SIGNS have been placed in the laundry rooms to help us with water and electricity conservation.

CONCRETE WORK will be undertaken in the coming months to repair three lanais, and uneven and cracked sidewalks will be corrected.

TREE TRIMMING will be ongoing as scheduled, and the kiawe tree at Building #13 will be cut back upon Dauphine's next visit to the grounds.

IRRIGATION SYSTEM will be continually upgraded, in particular areas near the cottages, and fertilization of lawns and beds will be scheduled.

SHOP AREA cleanup will continue, and it has been requested by Mike that a roof extension be built to cover the concrete slab area.

PARKING LOTS will have lines repainted as needed, and a weed control program to eliminate weeds growing in the cracks of the asphalt will be followed.

LATH ON FENCE between Cottages #1 & 2 has been painted tan.

COLEUS has been planted in various beds around the complex, the most notable & noticeable being the curved bed along the sidewalk between Buildings #14 & 15. A curved bed on the opposite side of the walkway is planned to make a colorful entryway. Old and sickly plants around the grounds are being replaced gradually. Bob Hagler's program to have more color and plant diversity will be followed.

Jeff Kent adds to the report by commenting that the brown spots on the lawn are being caused by the herds of deer grazing at night, and not by a faulty irrigation system. Sprinkler heads have been changed or redirected to insure coverage.

The bush to be planted between Buildings #18 and 19 has been picked up from the nursery and will be in the ground in a few days.

Betsy Thompson (2133) requests that lighting be improved as a deterrent against crime. The Board will review current lighting and look into other security measures, such as security cameras and changing work hours of security personnel.

George Williams (2134) asked why we have excess amounts of some materials sitting outside the work shed, including wooden roof shingles and plastic pipes. The Board will look into this. Mike Jennings and others suggest the shingles be used on a roof extension over the concrete pad at the shed.

A Fire Safety Report was given by Dale Matlock in Bob Hagler's absence:

FIRE HOSES have been replaced, either because of condition or because they were missing, with another 400 feet to be ordered at the recommendation of the local Fire Department.

FIRE HOSE BOXES have been brought up to date with nozzles, fire hydrant wrenches, warning whistles and instruction sheets for use in case of fire. The fire hose box for Cottages #1 & 2 was rebuilt and outfitted with equipment, with all hose box doors being repaired to function more easily. All fire hydrants are marked with blue reflector tape.

FIRE EXTINGUISHERS located on the outside of all buildings are inspected yearly by Valley Isle Fire Equipment and are up-to-date. All fire equipment on the grounds are checked on a continual basis by Mike and our Security personnel.

FIRE DRILLS - four have been held in the last nine months. Safety issues are reviewed by the Board monthly in Buildings & Grounds Reports.

FIRE SAFETY MAPS will be laminated and placed in each unit to facilitate locations of fire hydrants and fire hose boxes. Emergency instructions will detail fire safety equipment operation.

Jeff Kent reports that the Lanai Committee will have a questionnaire in the New Year to poll owners about their ideas for amending the current rules on lanai content.

George Williams (2134) believes that we should build our own pool, with that prospect remaining in the mix of any future planning.

Barbara Kyte reports that a full account of the Pool Committee will be given at the Homeowner's Meeting on 11/14/09.

Jeff Kent reported that the next Board meeting will be on April 12, 2010, and the next homeowner's meeting will be held November 13, 2010.

Other New Business

Homeowner's Forum

Krista Siler (2191) believes that the new burner kits installed in the barbecues are ineffective, being too far from the grates, not generating enough heat, and seemingly missing the intermediate grate that holds the lava rock. Others commenting feel that we bought kits that don't produce enough BTUs. Michael Comstedt gave his opinion, that if the grills are heated sufficiently and coated with olive oil before grilling food, they will work properly. He also suggests that the heat be left on afterwards for a short time to burn off any grease that may be deposited on the burners or grill tops, which in the long run is economical. The Board will review this complaint.

Connie Fox (8A) requests that dead plants around the barbecues be removed.

Jim Drehle (4A) submitted a request signed by seven cottage owners asking that the Board consider their request to revisit the issue of moving the six screens covering the large window louvers from the interior to the exterior. Jim has names of one bedroom unit owners who have also expressed an interest in doing so. Jeff Kent assures him the item will get a full review by the Board.

Fred Thompson (2133) comments that his wife, Betsy, was denied permission to install a chair lift on the stairway to their unit, requiring her to rent a house off-property because of her inability to walk up the stairs. Jeff Kent indicated the lift had been approved (August '09), along with a short list of legally required items to proceed, pending submission of the proper information and permits, etc. but there had been no follow through by Betsy. Jeff showed the hard copy of the approval to Fred and Betsy. Betsy's contends that all information had been sent.

Betsy Thompson (2133) comments that we need find the arsonist of her golf cart and that a reward fund has been set up at Bank of Hawaii. Detective Santiago has a couple of follow ups remaining on the case, but anyone should offer information if they hear of anything that might offer some insight.

Barbara Kyte made a MOTION to adjourn the meeting, seconded by Ellyn Dooley. Motion carried unanimously.

Respectfully submitted by,

Dale Matlock, Board Secretary
Kepuhi Beach Resort aka
West Moloka'i Resort Condominium AOAO