

**MAKENA SURF AOA
BOARD OF DIRECTORS MEETING
Tuesday, July 25, 2017**

Time: 8:00 a.m. (PDT)

Place: Riverhouse Inn – Bend, Oregon

Directors Present:

Mr. Donald Baron, President
Mr. Dick Clotfelter, Secretary
Mr. Paul Imwalle, Treasurer
Mrs. Betty Kay Anderson
Mrs. Dusty Pence
Mr. Mark Joseph
Mr. Paul Kepler

Management:

Mrs. Ann Shipman, General Manager
Ms. Enza Froio, Recording Secretary, Aloha Office Services (Via
Teleconference)

Owners Present:

Mr. and Mrs. Frank, E106

Call to Order: President Baron called the meeting to order at 8:30 a.m. (PDT)

Proof of Notice: President Baron verified that meeting notices were posted on property in two (2) places and emailed to all Board members on July 5, 2017.

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

Approval of Minutes:

The February 23, 2017 Board of Directors meeting minutes were presented for approval.

Motion: *To approve the minutes of the Board of Directors meeting dated February 23, 2017, as presented. (Pence/Kepler)*

CARRIED unanimously.

The February 25, 2017 Annual meeting minutes were presented for approval as to form and content. Mrs. Coreen Joseph was added to “Owners Present”. Two (2) grammatical corrections were noted.

Motion: *To approve the minutes of the Annual meeting dated February 25, 2017 as to form and content, as amended. (Pence/Clotfelter)*

CARRIED unanimously.

The February 25, 2017 Board of Directors Organizational meeting minutes were presented for approval.

Motion: *To approve the minutes of the Board of Directors Organizational meeting dated February 25, 2017, as presented. (Pence/Anderson)*

CARRIED unanimously.

RATIFICATION OF MOTIONS

Motion: *To ratify the 5/5/17 email approval to do the fascia painting by Wailea Interiors & Remodeling. (Anderson/Clotfelter)*

CARRIED unanimously.

President Baron noted that the approved cost includes the removal of old caulking and the application of new caulking. In response to Mr. Kepler's inquiry, it was clarified that the gutters were not removed in the process because this would have been challenging and have caused multiple problems. Ms. Shipman will provide pictures of the project's progress.

Motion: *To ratify the 6/20/17 teleconference approval to change fiscal and payroll managers and;*

To give notice July 1, 2017 to Management Consultants Hawaii to terminate their services on July 31, 2017 and;

To accept the contracts with Carbanaro CPAs and Pro Service and have Carbanaro CPAs take over fiscal management and Pro Service take over payroll for Makena Surf AOA beginning August 1, 2017. Carbanaro's first term date to be 8-1-2017 through 12-31-2018 and Pro Service through July 31, 2017.

(Anderson/Joseph)

CARRIED unanimously.

REPORTS OF OFFICERS AND MANAGEMENT

President's Report

Tennis Court Contract

Motion: *To immediately cancel the tennis court contract by letter from General Manager Ann Shipman based on Frank Salvador's failure to perform the services he promised to Makena Surf. (Anderson/Pence)*

CARRIED unanimously.

Mr. Salvador will continue to conduct the clinics on property twice per week and to be paid for this service by Destination Residences.

Motion: *To permit paid lessons for tennis at the request of owners or guests subject to no solicitation rules. (Joseph/Imwalle)*

Motion **CARRIED**.

In Favor: Clotfelter, Imwalle, Joseph, Kepler

Opposed: Anderson, Pence, Baron

Glass Railings on A Building

Mrs. Anderson provided history on this topic. There were two (2) issues with glass railings, both of which involved Building A. Mrs. Anderson represented to the Board that when glass railings were installed for the four (4) older buildings, owners were told the Association would not install glass railings on Buildings C and A until a safety issue presented itself at those buildings. Two (2) of the A Building owners want the glass railings installed now; however, there is not an apparent existing safety issue. The other remaining owner in A Building has requested that the glass railings not be installed at all.

It is the Board's responsibility to maintain a uniform appearance of the buildings. The Board agreed to table the requests in order for President Baron and Mrs. Shipman to inspect the railings for the ocean side of A buildings to determine if there is a safety issue.

Treasurer's Report

Treasurer Imwalle presented his report. The June financials were just received yesterday. Revenue is on track. There were some over budget items such as Building Maintenance (\$7,400 over due to dryer vents) and Sewer (related to E building pump).

Treasurer Imwalle discussed incompetency issues with Management Consultants Hawaii (MCH). He stated that he would have felt irresponsible should the Association have continued with MCH. The Board had voiced its' concerns but the owner of MCH provided minimal response.

Carbanaro CPAs will prepare the Association's July financials. Upon receipt, Treasurer Imwalle will provide the Board with a report and comments.

President Baron reviewed the Association's financials as of June 30, 2017 as follows:

- Year-to-date operating loss of \$7,329.
- Year-to-date expenses are over budget by about \$3,277.
- The Reserves as of 6-30-2017 is \$1,435,857.00

MANAGER'S REPORT

Mrs. Shipman provided a written report to the Board of Directors.

The Board reviewed various graphs depicting the use of the electrical charging stations. Thus far \$1,300 has been taken in as a result. The Board previously agreed that the installation of a second charging station would be subject to owner demand. The Board agreed, that based on usage thus far, a second station is not necessary. At this point, a second station would be strictly for convenience. The existing station can handle six (6) vehicles. Mrs. Anderson suggested that the second EV station be reduced from a double to a single station. Mrs. Pence recommends the Board seek owners' guidance on how to move forward with the potential installation of a second EV station at the next Annual Owners Meeting.

Mrs. Shipman continued with her report and highlighted the following items:

- The gutter project is progressing well. Maui Plumbing has cleaned the downspouts at B building and will continue to do so with the remaining buildings. It was determined that a small amount of water remains behind the gutters after a heavy rain. 808 Gutters will install counter flashings to alleviate this issue.
- Construction projects are progressing well.
- The high-risk component inspections will be scheduled in August and September for an actual cost of \$145 per unit. Hawaii Inspection Group will provide a report with photos. Mrs. Shipman will send the report to the units that need attention. Owner(s) will be allowed time to repair the necessary items and will be charged if done by the AOA.

Sharon Smith and Don Barbieri joined the call at 10:33 a.m.

Sharon Smith discussed issues related to the importance of a happy workforce and highlighted the following items:

- Employees should be seen as the greatest assets.
- Wages are not keeping up with expenses.
- There are pitfalls and hidden costs of an unproductive or unhappy workforce.
- Providing a work environment conducive to success plus a wage that affords the employee to live equals optimal performance, reduced turnover, and increased work performance.

Mrs. Pence will further discuss this topic in the next few months and make a recommendation to the Board. Mrs. Pence will also further discuss the topic with Mrs. Smith.

Don Barbieri commented that in 30 years he has not seen a better-run operation at Makena Surf. He acknowledged Mrs. Shipman for doing a great job. He would like for Makena Surf to be known for its culture and ohana and the respect owners have for one another.

COMMITTEE REPORTS

Landscape

A written report dated June 6, 2017, as prepared by Elizabeth Erickson, Landscape Consultant, was provided to the Board of Directors.

Mrs. Anderson highlighted the following items:

- The area around the entry gates looks beautiful.
- The previously approved five (5) trees on the property perimeter were removed.
- Per the motion approved at the February 2017 Board Meeting, Ms. Erickson consulted professionals regarding the potential replacement of Monkeypod trees with Shower trees and received a unanimous answer that the removal of mature beautiful Monkeypod trees would be a “crime”; and that Shower trees are equally “messy” trees.
- Mrs. Shipman received a second professional opinion regarding the appearance of the red Hibiscus along the perimeter and learned that the Monkeypod roots are taking up all the space in the dirt, which is negatively impacting the health of the Hibiscus. Efforts have been made to alleviate the issue. For example, the irrigation has been repaired the full length of the property; and the crew is washing the leaves every couple of weeks to prevent accumulation of salt. The Board further discussed potential solutions and unanimously agreed that the Landscape Committee will proceed with the planting of a purple and yellow flowered vine on the inside of the property fence to fill in the area. The purple flowered vine will be the same as that by E106. The Hibiscus will be removed in 100-foot segments and vine will be planted in its place, starting with an area behind “A” Building because it is particularly bad. The process will be evaluated after six (6) months.

Security

Mr. Kepler reported that one (1) security issue occurred in April involving a “peeping tom” lurking around his unit and who was determined to be an individual renting the unit above. Security was alerted. This is the first incident where a renter has been involved and brought up the question of the role of the security staff in such a case. The Board agreed that security staff needs to take charge of calling 911.

Mr. Kepler stated that he replaced his unit doorbell with a “Ring” video doorbell that creates a video of persons who come to the door. The “Ring” doorbell provided a video recording of the “peeping tom”, which was sufficient evidence for the police; however, the “peeping tom” was let back on property.

The Police Department in Kihei had assured Mrs. Kepler that a report would be filed but is not returning her calls. Mr. Kepler feels Makena Surf should follow up with the Police Department as well. The Board agreed. President Baron and Mrs. Shipman will follow up with the Police Department to ensure a report is received.

Mr. Kepler recommends that all owners replace their doorbell with a “Ring” doorbell. He will present details at the next Board meeting as well as the Annual Meeting.

Construction & Maintenance

Mr. Joseph reported that there are six (6) construction remodels in the pipeline as follows: B102, B303, C207, B204, E301, and E304.

Lanai Specifications

The recent heavy rainy season caused some damage to the lanais. The committee reviewed the lanai specifications in the construction guidelines and recommends updates as follows:

- Defining exactly which products to use and ensuring that contractors properly use the products.
- Increasing the weight of the copper.

The committee also considered how to outsource some of the lanai inspection and transfer liability to a third party. An inspection interval was defined and is close to being finalized. Four (4) inspection intervals during a lanai tear out are proposed: after the lanai is torn out; after the gutters, piping and new walls are installed; and two (2) water tests (after the membrane is installed and after the lanai flooring is installed). This inspection process is being tested.

Motion: *That the Board, knowing that there will be additional changes to the lanai specifications, approves the changes to the Construction Guidelines delivered to the Board meeting today, subject to a final acceptance vote by the Board at the November meeting. And that individual owners must allow and will be billed for the lanai inspection by an AOA approved inspector. (Anderson/Joseph)*

CARRIED unanimously.

Mr. Kepler recommends the inspector pay for any damages that could result. President Baron noted that after consulting with three (3) different inspectors for architectural work on the lanais, no one would take on the liability if there was any damage incurred after the approval of that particular lanai.

Motion: *To pay \$1,500 to Wailea Interiors for helping the Construction Committee and Don Baron in drawing up the lanai guidelines and then turn over to Earl Kono to finish the specifications. (Kepler/Anderson)*

CARRIED unanimously.

Unit E304

Motion: *To approve the increase in ceiling height in the dining room only south of the Kitchen area in living room, from 18" to 24" into the common area above E304, subject to owner agreeing in writing to accept responsibility for any incremental costs (as determined at the sole discretion of the AOA manager) for maintaining or replacing equipment or roofing over this area due to reduced clearances. (Joseph/Pence)*

Motion **FAILED**.

In Favor: Joseph

Opposed: Anderson, Clotfelter, Imwalle, Kepler, Pence, Baron

Roofing Survey

Motion: *To authorize the General Manager to engage a licensed and knowledgeable roofing professional to conduct a detailed roofing survey including scuppers, flashing and underlayment of all buildings in order to assess condition and estimate remaining life of roofs. (Joseph/Pence)*

CARRIED unanimously.

Remodeling Guidelines

About three (3) years ago the Board agreed to allow hard surface flooring if additional sound requirements were met and approval received. The intention was to omit the bedrooms, but this detail was left out of the motion.

Motion: *To clarify/add to the Construction Guidelines that bedrooms cannot, under any circumstance, have hard surfaces. (Anderson/Clotfelter)*

Motion **CARRIED**.

Opposed: Joseph

Committee Members

The Board agreed to have only one (1) chairperson per committee. President Baron appointed chairpersons as follows:

- Mark Joseph – Construction Committee Chair
- Paul Kepler – Security Committee Chair

Newsletter

Mrs. Pence requested each Board member to write a brief statement for inclusion in the column “What Do You Do on Maui to Make You Happy”.

Mrs. Pence noted that there is overlap with the committee reports. She recommends that the Treasurer’s Report and the Construction Committee reports be included in every newsletter. She requests that all reports be sent to Mrs. Shipman first.

She further requested content for newsletter.

UNFINISHED BUSINESS

FEMA

Mrs. Anderson provided history on the issue related to F109 and F110 lying nine (9) inches below the post-Katrina FEMA flood line, which has caused the Associations tens

of thousands of dollars per year in insurance costs. Two (2) owners have refused to participate in solving the problem. Risks as a result of this issue are related to insurance, bank borrowing problems, and possibly Maui County denying building permits to owners and/or the AOA.

Motion: *To retract the \$70,000 offer made to Units F109 and F110 in regards to the FEMA issue. (Pence/Clotfelter)*

CARRIED unanimously.

Mrs. Frank suggested that the Board research the possibility of the AOA forming a “hui” to purchase the two (2) units, to make the necessary changes to the units, and to then sell the units. The Board will discuss this item at a future meeting.

This item will remain on the agenda.

Fitness Center

President Baron reported receipt of a quote not to exceed \$60,000 (all inclusive) for the fitness center. The Board agreed to table this item to the November meeting to obtain additional quotes. In addition, this item will be placed on the agenda of the next Board Meeting.

Pool Access

Mr. Joseph raised concern about compliance with pool safety standards.

Motion: *To authorize the General Manager to spend up to \$2,000 to repair all pool gates, including removal of locks; replacement of hinges and closures; and a reach-over latch. (Clotfelter/Pence)*

CARRIED unanimously.

Mrs. Frank stated that the intention was to prevent persons coming up from the beach and inappropriately using Makena Surf’s facilities.

Motion: *To authorize the General Manager to change common area locks to keyless locks for a cost not to exceed \$4,500. (Joseph/Pence)*

CARRIED unanimously.

Compensation Philosophy and Employee Incentives

As discussed by Dusty Pence.

Pavers Update

Mrs. Anderson requested a report on the maintenance of the pavers.

Mrs. Shipman stated that Paul and Kawika worked together in the beginning stages to pressure wash and brush, to apply the bleach, and to allow for drying. About one-half of a day is required to clean and one-quarter of a day to bleach and the next day for the sand replacement. Buildings A, B, C are complete and the walkway down to A is complete. F and G buildings are in process. The project should be completed in about six (6) weeks.

President Baron noted that the total approximate expense for cleaning and resurfacing of pavers thus far is \$24,000 (\$18,000 in labor and \$6,000 in materials). The cleaning and resurfacing of pavers should last about two (2) years.

Insurance

President Baron stated that this year's insurance quote is slightly higher than last year. He discussed units affected by flood/water damage. After all figures are received, President Baron will direct Dave Merchant to write a letter to Atlas Insurance.

Mrs. Anderson requested Mrs. Shipman to create a report on each leak that includes the following information: what happened, who was called on the claim, who did the repairs, and the cost and how much was covered by each of the two insurances, the AOA, and the individual owners.

Parking

Mrs. Shipman provided a diagram with proposed parking spaces. Currently, there are 153 spaces.

Motion: *To accept Ann Shipman's recommendation regarding proposed parking for covered vehicle storage. (Kepler/Joseph)*

Motion **WITHDRAWN**.

Mrs. Shipman will make discussed revisions to the parking spaces for further review at the November Board of Directors Meeting.

Motion: *That Owners under construction are not permitted a stored vehicle space for the duration of the construction project. (Joseph/Kepler)*

CARRIED unanimously.

NEW BUSINESS

Kayak Policy Update

Motion: *That the General Manager shall be responsible to make changes to the storage locations of kayaks whenever deemed necessary. (Anderson/Pence)*

CARRIED unanimously.

Responsibilities of a Makena Surf Board Member

This item will remain on the agenda.

F207 Request for a Basketball Hoop on a Tennis Court

Mr. Joseph stated that a survey regarding the installation of a basketball hoop on a tennis court was sent to owners by the owner of F208. Of the approximate 80 owners who received the survey, there were 42 responses as follows:

- 33 – Yes, a great addition.
- 4 – I don't mind.
- 5 – I don't want it.

Mr. Joseph stated that there is a general desire for a community activity/recreation. The Board agreed to further discuss additional recreation amenities (including those other than basketball) at the November Board Meeting and to place this item on the agenda of the next Annual Meeting.

Entry Gates

Mrs. Anderson provided an update on the issue of a decorative update to the entry gates. Per President Baron's suggestion, Mrs. Anderson approached Bill Hunt. Mr. Hunt suggested a more complex approach including changing the logo. The Board agreed to not make any changes to the logo. The Board agreed that Mrs. Anderson will provide a design to Mr. Hunt and to request Mr. Hunt to make a template for review at the November meeting.

DATE OF NEXT MEETING

The next Board of Directors Meeting is scheduled for November 8, 2017.

ADJOURNMENT

Motion: *To adjourn the meeting at 3:47 p.m. (PDT)
(Anderson/Clotfelter)*

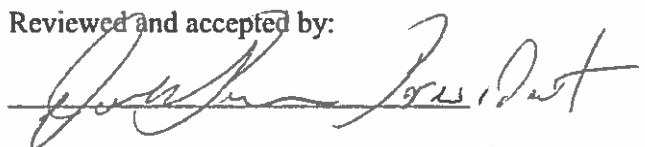
CARRIED unanimously.

Respectfully submitted,
Enza Froio
Aloha Office Services
Recording Secretary

Reviewed and accepted by:



Reviewed and accepted by:



Ann Shipman
General Manager, Makena Surf AOA

Donald Baron
President, Makena Surf AOA

**MAKENA SURF AOA
BOARD OF DIRECTORS MEETING
MOTIONS
July 25, 2017**

Motion: *To approve the minutes of the Board of Directors meeting dated February 23, 2017, as presented. (Pence/Kepler)*

CARRIED unanimously.

Motion: *To approve the minutes of the Annual meeting dated February 25, 2017 as to form and content, as amended. (Pence/Clotfelter)*

CARRIED unanimously.

Motion: *To approve the minutes of the Board of Directors Organizational meeting dated February 25, 2017, as presented. (Pence/Anderson)*

CARRIED unanimously.

Motion: *To ratify the 5/5/17 email approval to do the fascia painting by Wailea Interiors & Remodeling. (Anderson/Clotfelter)*

CARRIED unanimously.

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(Anderson/Joseph)

CARRIED unanimously.

Motion: *To immediately cancel the tennis court contract by letter from General Manager Ann Shipman based on Frank Salvador's failure to perform the services he promised to Makena Surf. (Anderson/Pence)*

CARRIED unanimously.

Motion: *To permit paid lessons for tennis at the request of owners or guests subject to no solicitation rules. (Joseph/Imwalle)*

Motion **CARRIED**.

In Favor: Clotfelter, Imwalle, Joseph, Kepler

Opposed: Anderson, Pence, Baron

Motion: *That the Board, knowing that there will be additional changes to the lanai specifications, approves the changes to the Construction Guidelines delivered to the Board meeting today, subject to a final acceptance vote by the Board at the November meeting. And that owners must allow and pay for the lanai inspection by an AOA approved inspector. (Anderson/Joseph)*

CARRIED unanimously.

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CARRIED unanimously.

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Motion **FAILED**.

In Favor: Joseph

Opposed: Anderson, Clotfelter, Imwalle, Kepler, Pence, Baron

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CARRIED unanimously.

Motion: *To clarify/add to the Construction Guidelines that bedrooms cannot, under any circumstance, have hard surfaces. (Anderson/Clotfelter)*

Motion **CARRIED**.
Opposed: Joseph

Motion: *To retract the \$70,000 offer made to Units F109 and F110 in regards to the FEMA issue. (Pence/Clotfelter)*

CARRIED unanimously.

Motion: *To authorize the General Manager to spend up to \$2,000 to repair all pool gates, including removal of locks; replacement of hinges and closures; and a reach-over latch. (Clotfelter/Pence)*

CARRIED unanimously.

Motion: *To authorize the General Manager to change common area locks to combination locks for a cost not to exceed \$4,500. (Joseph/Pence)*

CARRIED unanimously.

Motion: *To accept Ann Shipman's recommendation regarding proposed parking for covered vehicle storage. (Kepler/Joseph)*

Motion **WITHDRAWN**.

Motion: *That Owners under construction are not permitted a stored vehicle space for the duration of the construction project. (Joseph/Kepler)*

CARRIED unanimously.

Motion: *That the General Manager shall be responsible to make changes to the storage locations of kayaks whenever deemed necessary. (Anderson/Pence)*

CARRIED unanimously.

Motion: *To adjourn the meeting at 3:47 p.m. (PDT)
(Anderson/Clotfelter)*

CARRIED unanimously.