

MINUTES OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF DIRECTORS
OF MAKAHA VALLEY PLANTATION
MARCH 13, 1999

CALL TO ORDER

The Organizational Meeting of the Board of Directors of Makaha Valley Plantation was called to order by the Chair at 1:06 p.m.

ESTABLISH A QUORUM

A quorum was established.

Members Present: Bette Larrabee Dale Fajardo
 David Duke Alvin Silva
 Bobbie Castro

Present by Invitation: Jim Coupland, Management Executive, Hawaiiana Management Co., Ltd.
 Charla Trevenen, Recording Secretary

ELECTION OF OFFICERS

There being no objections, the following Board members were elected as Officers of the Board:

President:	Bette Larrabee	Vice President:	Dale Fajardo
Secretary:	Alvin Silva	Treasurer:	David Duke

DATE, TIME AND PLACE OF NEXT MEETING

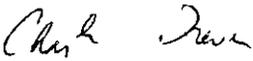
The next Board of Directors' meeting was scheduled for Thursday, March 25, 1999, at the Satellite City Hall at 7:00 p.m.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 1:09 p.m.

Respectfully submitted:

Approved:


Charla Trevenen
Recording Secretary


Alvin Silva
Secretary

MINUTES OF THE ANNUAL MEETING
OF THE ASSOCIATION OF APARTMENT OWNERS
OF MAKAHA VALLEY PLANTATION
MAKAHA GOLF CLUB
MARCH 13, 1999

DETERMINATION OF QUORUM

A quorum was established with 55.7549 percent of the owners represented in person or by proxy.

CALL TO ORDER

The 1999 Annual Meeting of the Association of Apartment Owners of Makaha Valley Plantation was called to order at 10:07 a.m. by the Chair Bette Larrabee.

PROOF OF NOTICE OF MEETING

A notice of this annual meeting was sent to all owners of record on February 11, 1999. A copy of this notice has been made a part of the annual meeting file.

INTRODUCTION OF BOARD MEMBERS AND GUESTS

Owners were welcomed to the annual meeting and the Board of Directors and invited guests were introduced:

Board Members: Bette Larrabee, President
 Dale Fajardo, Vice President
 Alvin Silva, Secretary
 David Duke, Treasurer
 Bobbie Castro, Director

By Invitation: Peggy Hoots, Resident Manager
 Tom Horner, Insurance Factors
 John Morris, Attorney for the Association
 Jim Coupland, Management Executive, Hawaiiana Management Co., Ltd.
 Charla Trevenen, Recording Secretary
 Trudy Benigno, Annie Kekoolani, Denise Sasaki, and Luana Farias, Tally Clerks
 Charlene Oshiro and Lois Borge, Office Assistants
 Bob Tucker, Burns International Security
 Pete Mere, Maintenance Supervisor – Burns International Security
 Jeffrey M. Smith, President, Engineering Forensics Hawaii

PARLIAMENTARY AUTHORITY

In accordance with the Bylaws, Article II, Section 11, the meeting was conducted under the most recent edition of Robert's Rules of Order, Newly Revised. There being no objections, the meeting was conducted using the proposed meeting rules. A copy of the rules was made a part of the annual meeting file and kept in the offices of Hawaiiana Management Company, Ltd.

APPROVAL OF MINUTES OF PRECEDING ANNUAL MEETING

The minutes of the March 14, 1998 annual meeting were distributed to the owners along with the 30-Day Annual Meeting Notice. There being no objections, the minutes were approved as written.

REPORTS OF OFFICERS

- A. President's Report. The Chair thanked the owners for attending the annual meeting. The Chair also thanked Peggy Hoots for making the arrangements for today's annual meeting.

The Chair stated that the Board met eleven times in 1998. There were many projects that were realized in 1998. There was a professional study of the various projects done, but the Association could not afford to do all the projects that were recommended at this time. The owners approved a loan for the various projects. It was decided to 'bite the bullet' to do permanent repairs to the project. There are owners who complain about not being kept updated, but the Board has had eleven meetings this past year, where all the owners are invited to attend. There were four newsletters sent to all owners. The close circuit equipment is used constantly to update owners.

The Board has used the help of professional people who are called upon when problems arise; such as, the insurance agent, contractors for specific work, attorney for legal work, etc. It has been distressing this past year to have some vocal objections to what the Board is trying to accomplish for the Association. The Board reviews the various projects and calls upon the professionals to resolve the problems.

In closing, the Chair asked the owners to advise their renters to make sure that they follow the house rules and pick up their trash. The residents need to take more pride in the project, including the renters. The Chair thanked the owners for attending today's meeting.

- B. Vice President Report. Vice President Dale Fajardo thanked the owners for attending the annual meeting. Mr. Fajardo reviewed the strategic plans for the project. Some of the major decisions made last year were as follows: 1) Amend the By-laws and House Rules. Two of the fourteen amendments were approved by the owners. The remaining eleven amendments remain outstanding and he asked the owners to do their share to read the amendments and to send their responses to the Makaha Valley Plantation office, 2) Outsource. The management, staff and security were outsourced, 3) Finances. The delinquencies improved with the collection process set by the Board, 4) Physical Plant. Jeff Smith will address the plans for the project, 5) Roof. The roof project is being worked on.
- C. Secretary's Report. Secretary Alvin Silva stated that the minutes of the Board meetings are being taken by the Management Executive Jim Coupland; consultants and professionals are being used for their expertise. The projects that are decided take time and the Board wants to make sure that the jobs are done correctly.

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- D. Treasurer's Report. Treasurer David Duke reported that in March 1998, the Board proposed a set of goals for Makaha Valley Plantation. That mission statement says: "The mission of the Makaha Valley Plantation Association of Apartment Owners is to preserve and enhance the value of the Association property; to promote a healthy, comfortable and peaceful lifestyle; and to build unity among all residents."

During the past year, Mr. Duke has worked with the Board to ensure that they not only work towards the goals set out, but to do so in the most efficient way possible.

Since the last annual meeting, the Board has implemented several major changes, which have not only saved the Association large amounts of money but also improved the ability to improve the appearance of the project. Those changes are as follows: 1) The reorganization and outsourcing of the office and maintenance staff, resulting in a cost savings of approximately \$50,000.00, 2) The Board contracted with Hawaiiana Management Company, Ltd. for full service management. The Board now has a professional property manager working with the resident manager and the Board. This has not only been a great benefit to the Association but it also allowed the Board to get out of the day to day management of the Association, 3) The Board continues with their policy of going out for bids before awarding new contracts. This has resulted in additional cost savings for the project, and 4) The reserves increased by over \$100,000.00 in 1998. Currently, the reserves stand at \$830,000.00, the highest level the project has ever had in the reserves. The maintenance of the reserves is not only essential to ensure that there is money for future repairs, but the State of Hawaii mandates that the Association maintains a reserve account for major repairs and maintenance of the project.

Mr. Duke stated that 18 months ago, he proposed to the Board that they commission a feasibility study to determine what needed to be done to restore the infrastructure of the project. The Board agreed with his recommendation and the result was a comprehensive study of all areas of the project and what needed to be done. The Board was shocked by the results of the study and although the cost was overwhelming, the Board unanimously agreed that something had to be done immediately to start solving the problems of the project. Many hours was spent in reviewing the results of the feasibility study, determining the priorities and formulating a strategy for the implementation of the plans. All of this work was done because the Board is committed to making the project one of the best places in Hawaii to live. After the decisions were made, the Board needed the approval of the owners to apply for a loan. The owners showed their support by an overwhelming majority.

Mr. Duke stated that one of the highlights of his term as Treasurer has been the success in obtaining a \$3.68 million loan from American Savings Bank to enable the start of making the repairs to the project. It took eight months and hundreds of hours of his time approaching a number of banks and working with a number of people to justify the need for the loan. However, the Board was successful in their efforts and the renovations will begin in April. One of Mr. Duke's favorite statements is "If you can dream it, you can do it." Mr. Duke truly believes that with the continued support of the owners, the best days of Makaha Valley Plantation are ahead - not just dreaming, but doing it.

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Cumulative voting was not permitted.

There being no objections, the meeting was recessed at 11:00 a.m. for the purpose of casting and counting the ballots.

There being no objections, the meeting was called back to order at 11:13 a.m. There being no objections, the Chair declared the voting polls closed. There being no objections, the meeting continued.

SPECIAL REPORT

Jeffrey Smith of Engineering Forensics Hawaii, gave an overview of the various repair work the Board has planned for Makaha Valley Plantation. Some of the major projects are the replacement of all roofs on all buildings; selective replacement of the dry rot and sidings problems; painting of the entire side of each building; repairs to the foundation; work on the French drains; paving of the critical areas around the project; and landscaping work. The specifications were sent to various contractors and bids are to be received by Friday, March 19, 1999. The Board will review the unopened bids on March 20, 1999. It is estimated that it will take about twelve months to do the projects. The work will be done in groups to avoid any disruption to the residents.

RESULTS OF THE ELECTION. The Head Teller announced the results of the election, as follows:

Dale Fajardo	40.7276%	Two Years
Alvin Silva	39.8294%	Two Years
Belinda Jacobs	12.9831%	

The Chair thanked the tellers for their inspection of the election and re-read the results of the election. The top two candidates receiving the highest percentage of votes were elected to serve on the Board.

NEW BUSINESS

A. Resolution on Assessments. The following resolution was moved for adoption:

"RESOLVED, by the owners of Makaha Valley Plantation, Association of Apartment Owners, that the amount by which members' assessment in 1999 exceeds the total payments of the Association for maintenance, repairs and other expenses and capital expenditures of the Association as the Board of Directors has appropriately paid or determined payable, shall be applied against the year 2000 regular member assessments."

There being no objections, the resolution was adopted.

B. Approval of Property Management Contract. In accordance with Article V, Section 2 of the Bylaws, approval of the property management contract is required by a majority of the owners. The Board has recommended approval of the property management contract with Hawaiiana

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Management Company.

There being no objections, the Property Management Contract was approved.

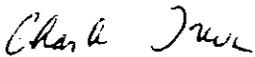
- C. ByLaws and Declaration Amendments. The Association Attorney John Morris gave an explanation of the 14 By-Laws and Declaration amendments that were sent to the owners for review and approval. To date, 2 of the 14 amendments have been approved. The Chair asked the owners present, that if they have not sent in their votes, to please do so.
- D. Budget. In response to a question from the floor, Attorney John Morris explained the review and approval process of the budget according to the project's documents, as well as the State law. The Board is elected by the owners. The Board, in turn, has a fiduciary responsibility to act in accordance with the project's documents and State law.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:45 p.m. An owners' forum took place at this time.

Respectfully submitted:

Approved:



Charla Trevenen
Recording Secretary



Alvin Silva
Secretary

OWNERS' FORUM

The chair recognized individual owners for a maximum of 2 minutes for each speech and gave preference to those individuals who have not had a chance to speak.

Owner Les Rhea (195A) questioned the amount of the bank loan the Association received for the repairs and maintenance of the project. Treasurer David Duke explained that the various banks would not approve a loan for the original amount that the Board sought for the various projects that needed to be completed. The Board was finally able to obtain the approval for a 3.68 million dollar loan.

Owner Ms. Hartwell (126A) asked how long the owners will have to wait for the new House Rules to be distributed, which cover the rules and regulations of pets and supervision of children. The Board has been working on the revised house rules and will distribute them accordingly. Owners are responsible for picking up after their pets. The supervision of the children is the responsibility of the parents. The Fair Housing Act covers the number of children in a household. All tenants must register with the office staff and the staff is only aware of the residents who actually sign in with the office staff.

Owner Tena James (159A) thanked the Board for working hard and securing the necessary loan for the renovations of the project. She stated that she is concerned about the increases in maintenance fees for the past two years, the conditions of the lanais, and the increase of the number of pets around the project.

Owner Roy Miyamoto (65B) was concerned about the amount of time it took to evict a drug distributor from the project and the solar hot water.

Owner Rosalie Ortiz (82B) stated that she is an animal lover and follows the rules by taking her pet outside of the property and picking up after her pet. She feels that others are not doing their share in picking up after their pets. Ms. Ortiz also feels that the rental agents are just renting units to get their fee and do not take pride in the type of tenants they rent to in the project. Ms. Ortiz is opposed to having to take her pet outside the gate for a walk. She thanks Peggy Hoots for doing a good job for the project.

Owner Belinda Jacobs (119C) stated that there should be a nominating committee for owners who are interested in serving on the Board. She also noted that the Board should consider a Web Page, at a cost of \$45 a month, as a way of communicating. She further stated that the Diamond head side of the property had little foliage along the bank that was cut back. She is concerned, that should heavy rains occur, there may be flooding. In response to the cut back of the foliage, the fire marshal previously cited the project due to the possibility of brush fires in the area. The possibility of growing other types of plants was suggested.

Owner Patricia Patterson (72A) thanked Peggy Hoots, the security/maintenance staff, and the Board for their work. She asked Management Executive Jim Coupland about his responsibilities. Mr. Coupland responded by saying that since taking over full management, he is responsible for managing the project, working with the Board, working with the resident manager and does the contract negotiations. Ms. Patterson was concerned about the Oceanic bill, especially for those units that are left vacant. Treasurer

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Duke stated that there are alternatives the Board is working on; maintain the agreement as it stands now at a savings of \$60,000; go with just the standard service, reducing the cost to the Association; or have the individual owners pay for their own cable selection.

Ms. Patterson asked about the discontinuance of the music on the close circuit TV. Treasurer David Duke explained that it was costing the Association \$9.50 per unit per month. The Board did not feel that this expense should be continued.

Ms. Patterson agrees with having a nominating committee for owners who wish to run for the Board.

Ms. Patterson thanked the Board for opening the back gate from 5:00 - 9:00 p.m. The Board will continue to monitor its usage to see if the opening of the back gate takes away some of the traffic from the main gate.

Owner Debbie Buono (129C) stated that owners should respect those owners who have pets. Ms. Buono stated that the maintenance fees are out of control and feels that it is due to the negligence of some of the past Board of Directors. She asked if a claim of gross negligence can be filed against those Board members who are responsible. Mr. Tom Horner, Insurance agent for the Association, stated that the Board is covered by the Directors and Officers insurance policy. A claim can be made, but the process of proving if the claim is legitimate or not will need to be determined. Ms. Buono asked if the maintenance fees will remain the same. Treasurer David Duke stated that there is no way of predicting if it will remain the same or not. The loan will have to be paid down and the reserves need to be maintained in accordance with State law. It is the hope of the Board to try to keep maintenance fees as low as possible.

Ms. Buono thanked the Board for their work.

Owner James Survance (3C) thanked Peggy Hoots and the security guards for their work. They handle the personal grievances in a timely manner. Mr. Survance asked that the walk-in traffic be regulated and that there be better lighting for better vision outside the main gate.

Owner Ruth Mason (58B) appreciates what the present Board is doing and feels that the present Board is the best Board that Makaha Valley Plantation has ever had. Ms. Mason thanked the Board for their work.

Owner Juliet Anderson (3A) asked if the maintenance fee increase was based on the Association obtaining the 6 million dollar loan. Treasurer David Duke explained that the budget was based on a loan repayment of \$48,000 a month, plus replenishment of the reserves, which is required by State law. The budget was worked on prior to obtaining the approval of the loan from the bank. This is normally done every year at a particular time, because of the need to approve the budget and to notify the owners accordingly.

Owner Evelyn Houser (29) thanked Peggy Hoots and her staff for their work. Ms. Houser also thanked the Board and Management Executive Jim Coupland for their work.

The Owner's Forum adjourned at 1:00 p.m.