

**MINUTES OF THE ANNUAL MEETING OF THE
ASSOCIATION OF APARTMENT OWNERS OF
MAKAHA VALLEY PLANTATION
Saturday, March 5, 1994**

DETERMINATION OF QUORUM

Vice President Tom Youngblood announced that 63.2308 percent of the common interest was represented in person or by proxy, thus constituting a quorum. Vice President Youngblood announced that he was chairing this meeting due to the absence of President Cecil Bindel on account of illness.

CALL TO ORDER

The 1994 Annual Meeting of the Association of Apartment Owners of Makaha Valley Plantation was called to order by Vice President Youngblood at 10:10 a.m. at the Makaha Terrace, Sheraton Makaha Resort & County Club.

PROOF OF NOTICE

Vice President Youngblood reported that notice of this Annual Meeting was sent to all owners on January 14, 1994. A copy of this notice will be made a part of the Annual Meeting file.

INTRODUCTION OF BOARD MEMBERS AND GUESTS

Vice President Youngblood welcomed all owners present and introduced the current Board of Directors and invited guests:

Cecil Bindel, President (excused)
Tom Youngblood, Vice President
Wayne Thompson, Secretary
Melody Murphy, Treasurer
Blythe Thomas, Director

Reid Nakamura, Attorney for the Association
Tom Horner, Insurance Factors
Charles Houtchens, Resident Manager
Marie Calder-Clayton, Senior Management Executive, Hawaiiana Management Co.
Steve Glanstein, Registered Parliamentarian

PARLIAMENTARY AUTHORITY

Vice President Youngblood stated that in accordance with the Bylaws, Article II, Section 11, the meeting would be conducted under the most recent edition of Robert's Rules of Order, Newly Revised. The Chairman also noted that rules for the conduct of the Annual Meeting were distributed to all owners prior to the meeting. There being no objection, the rules for conducting the Annual Meeting were adopted.

Vice President Youngblood appointed Cliff Weber (163A) as time keeper for all debates.

APPROVAL OF MINUTES

Vice President Youngblood reported that the minutes of the last Annual Meeting had been approved by a committee consisting of Mr. Castro, Mr. Johnson and Mrs. Swinney and circulated to all owners.

REPORTS OF OFFICERS

- A. **President's Report.** A written copy of the President's Report was distributed prior to the meeting. A copy of the report is appended to these minutes.

- B. **Treasurer's Report.** Treasurer Melody Murphy reported on the financial status of the Association, indicating that as a result of increases in certain fees such as water and sewer, and insurance because of the effects of Hurricane Iniki, the Board, exercising its fiduciary duty to the Association, was forced to implement an assessment in order to maintain a sound financial condition. The Association has met and exceeded its financial goals for the year. A ten-year plan projecting major capital expenditures was created and the Association is on target to meet that plan. The Treasurer thanked the Budget Committee for their hard work.

For the year ending 12/31/93:

Total Cash Receipts	\$	1,616,341
Total Cash Disbursements		<u>1,666,050</u>
Disbursements over Receipts	\$	(49,709)

Cash Balance 12/31/93: \$173,235

Detailed information is available in the financial statements distributed prior to the meeting.

Insurance Coverage

The Chair recognized Tom Horner of Insurance Factors who gave a brief summary of his written report, which had been distributed prior to the meeting. He noted there is a \$25,000 deductible on the entire project. In answer to a question from Mr. Patterson (166A), Mr. Horner indicated there is no earthquake coverage because the premium for that is very expensive.

AUDITOR'S REPORT

Vice President Youngblood reported an audit had been conducted for the 1993 fiscal year by Daniel J. Sullivan, CPA, MBA. A copy of the audit report was made available at the meeting. By unanimous consent, and without objection, the report was adopted.

ELECTION OF DIRECTORS

Section 1 of Article 3 of the project by-laws specifies that the affairs of the Association shall be governed by a Board of Directors composed of 5 persons, each of whom shall be an owner, co-owner, or spouse of an owner of an apartment in the project. There were three vacancies on the Board, each for a 2-year term. Remaining on the Board were: Blythe Thomas and Melody Murphy. Standing for election or re-election were Cecil Bindel (10C), David Duke (2B), Paul Gerard (159A), Jerry Hatt (186A) and Wayne Thompson (130B). Nominated was Charles Andrews (37C). There being no further nominations, Vice President Youngblood declared the nominations closed. The nominees introduced themselves and gave a brief synopsis of their background to the membership, with Bette Larrabee (50A) speaking on behalf of Mr. Bindel, who was absent. Management Executive Marie Calder-Clayton explained the balloting procedure. The election of Directors was conducted by percentage and secret ballot.

SELECTION OF INSPECTORS

Vice President Youngblood appointed Horst Feitz (25C) as chief inspector for the election. Hawaiiana Management Co. personnel acted as tally clerks for the election.

RECESS/RECONVENE

There being no objection, Vice President Youngblood recessed the meeting for voting at 10:45 a.m. and reconvened at 11:02 a.m., declared the polls closed, and the meeting continued while the votes were tallied.

NEW BUSINESS

- A. **Resolution on Assessment.** Vice President Youngblood read the following resolution and asked that it be adopted.

RESOLVED, by the owners of the Association of Apartment Owners of Makaha Valley Plantation, that the amount by which members' assessment in 1994 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 to 1995 regular member assessments.

There being no objection, and by unanimous consent, the resolution was adopted.

- B. **Approval of Property Management Contract.** Vice President Youngblood stated that Section 2 of Article V of the By-Laws specifies that the Board of Directors shall annually appoint a Managing Agent subject to the approval of the majority of the apartment owners. Vice President Youngblood reported the Board had decided to put the contract out to competitive bid, and there was no reason to act on this agenda item at this meeting.
- C. **Discussion Period.** Vice President Youngblood opened the meeting to the floor, and the following matters were discussed:
1. **Attorneys' Fees.** Lynn Hubbard (133A) asked why expenditure for attorneys' fees was so high. Treasurer Melody Murphy responded that legal fees primarily covered foreclosures. The Association was successful on two of the foreclosures and the fees were recovered. The Association did have a contract with its attorneys for the past year. The law firm has dissolved its partnership. Mr. Reid Nakamura, an attorney who had been with the former law firm, has agreed to honor the contract.
 2. **Awnings.** There was an inquiry by Mary White (83A) as to the status of the awnings, and Mr. Houtchens explained the delay is due to an inability to get the required permits. Several owners are aggressively working to accomplish this. Director Thompson outlined problems with the contractor. Additional information can be obtained in the Association's Business Office. Maggie Weber (163A) asked if all owners were going to have to pay for the awnings or just the owners who wanted them. Mr. Houtchens checked the records and reported that 55% of the Association voted in favor of the awnings.
 3. **By-Law Amendments.** Natalie Robinson (83A) asked if the Board acted upon last year's motion to change the By-Laws. Director Thomas responded that the attorneys completed the project about two months ago. The revisions have been sent to the Board for approval, after which they will be sent to each homeowner for approval. An approval vote of 65% of homeowners is necessary to ratify the proposed amendments to the By-Laws.
 4. **Telephone Problems.** Mrs. Gregor (104B) asked if and when the telephone problems were going to be solved. Mr. Houtchens responded that he went to a meeting with the City on the phone situation. They were supposed to upgrade the equipment on the exchange by December 1993, but now it has been moved back to December 1995. Mr. Houtchens reported he is continuing to follow through to resolve the problem, indicating that Charlie Andrews has really been working on the matter.

5. Inadequate Communication. Norman Bruckmann (23B) stated that there are no newsletters or any information sent out to owners. He felt the assessment was instituted in a very poor manner, with no consideration for senior citizens on a fixed income or newly marrieds.
6. Continuing Controversy. Helen Sylvester (19A) expressed concern with the constant controversy and negativity within the Association which adversely affects property values, particularly when she was informed the value of the Makaha Valley Towers was escalating. Vice President Youngblood responded that he is in the mortgage business and there is no indication that the value of the Makaha Valley Tower is escalating.
7. FHA Approval. Mrs. Sokolowsky (122A) asked about budgeting requirements in order to meet FHA criteria. Vice President Youngblood responded that as administrations change the criteria changes. The Rule is 70% owner-occupancy for initial FHA approval. Then, it needs to be sustained at 51%. The Plantation is somewhere around 22%, well below the 51% owner-occupancy ratio. If a condominium development is not on the approved list, a borrower cannot get a loan insured by FHA. They want to see continued increases in owner-occupancy rates. FHA closely scrutinized our financial status when they gave us a temporary reprieve.
8. Peacocks. It was suggested by Ken Pearsall (50C) that something be done about the peacocks since they are not native to the land. Vice President Youngblood indicated the question would be referred to the new board.
9. Foundation Cracks. Mr. Carlson (175A) reported that foundation blocks are cracking in his unit and inquired about maintenance of this item. Mr. Houtchens responded that he is aware of the problem and it will be referred to the new board for action.
10. Security. Mrs. Gregor (104B) noted the security guards are inconsistent as far as announcing visitors ahead of time or remembering that a visitor has been approved. Mr. Houtchens responded that owners are supposed to be called before visitors are allowed in the gate. The Association tries to hire the best security personnel available. These problems can be brought to the Resident Manager's attention at anytime, or, owners can contact anyone on the board.

ELECTION RESULTS

Vice President Youngblood announced the results of the election as follows:

MINUTES OF THE ANNUAL MEETING
AOAO THE MAKAHA VALLEY PLANTATION
March 5, 1994
Page 6

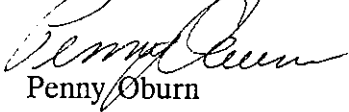
Wayne Thompson	35.9676%	2-year term
David Duke	35.6233%	2-year term
Cecil Bindel	34.3574	2-year term
Charles Andrews	21.3957	
Paul Gerard	19.7703	
Jerry Hatt	17.8019	

Vice President Youngblood congratulated the newly-elected directors.

ADJOURNMENT

There being no further business, Vice President Youngblood adjourned the meeting at 11:40

Respectfully Submitted:



Penny Oburn

Recording Secretary