

ASSOCIATION OF APARTMENT OWNERS

MAKAHA VALLEY PLANTATION

MINUTES - Board of Directors Meeting

Date: June 23, 1992

Place: Makaha Terrace, Sheraton Makaha Resort

Present: Charles Houtchens, Blythe Thomas, Virginia Eskola, Dick O'Donnell

Excused Tom Youngblood

By Invitation: Marie Calder-Clayton, Management Executive:
Emerald Souza, Assistant Manager:
Hope Cospier - Administrative Assistant:
Lt. David Roesler - Security:
Betty Thomas - 181A: Ruth Swinney - 118A:
M/M Abel Castro - 24C: David Holskil - 178C:
M/M Cliff Weber - 163A: Owen Finsted - 84A:
Herb Barnett - 62C: Robert Schlegel - 157A:
Steve Waud - 19C: Bob Eskola - 87C:
Tom Powers - 88A:

A quorum being present, President Houtchens called the meeting to order at 7:00 PM.

The Minutes of the meeting of May 26 were approved unanimously as distributed.

Correspondence

There was no correspondence.

Reports of the Officers

Reports of President Houtchens, Secretary Thomas, Treasurer Eskola and Security Lieutenant Roesler are attached.

Unfinished Business

1) Ratification of Telephone Vote re Golf Carts - Moved by Dick O'Donnell that Makaha Valley Plantation accept the offer of Golf Concepts for 10 golf carts at the cost of \$41,104.60 and that these be leased through GECC Financial at the rate of \$801.92 per month for a total of 60 months. Carried unanimously.

2) Ratification of Telephone Vote re Landscaping - that we not honor the bid for deep-root feeding at \$20,000 but occasionally spend an additional \$1000 per month to renew plantings, and that we use lau'a fern. Carried unanimously.

3) Change of House Rules - following House Rules changed (previously voted on, but not added to the House Rules). Moved by Charles Houtchens that under Section B-7 under "\$50 fines" - add the following: "Any time police are called to assist with a disturbance" and "climbing on or over fences". In addition we will remove discriminatory paragraphs three and four under section "c" - Occupancy. Carried unanimously.

4) Availability of Awnings - Awnings are now available, and prices for these awnings were distributed to the owners present. These will also be delivered to all owners on property and owners of vacation units. Owners may order these through the Front Office.

5) Ratify Telephone Vote re Sewer Damage Unit 103-A - that we spend approximately \$1300 to reimburse owners of 103-A for damage caused when sewer backed up since insurance deductible is \$1000. Carried Unanimously.

New Business

1) Accident-Free Days Winner for April was Hope Cosper

2) Repairs for Walk-In Gate - Proposal of Seal Masters for repairs to back gate, addition of two speed bumps on Ala Mahiku Drive, and extension of existing speed bump at the Front Gate. Since a sign is on order advising drivers that there is no exit by the back gate, it was decided that additional speed bumps on Ala Mahiku were not, at present, needed. Moved by Charles Houtchens that the one speed bump at the front gate should be removed and the second bump should be extended at a cost of \$450, and that repairs be done at the back gate at a cost of \$950. Carried unanimously.

3) Fun 'N' Sun Pool Fence - It is necessary to enclose this pool area before it can be made secure with a gate lock. A quote of \$4296 had been received from Pacific Fencing. Moved by Dick O'donnell that we accept the bid of Pacific Fencing for \$4296 to enclose two sides of the Fun 'N' Sun Pool. Carried unanimously.

4) Ms Swinney advised she had noted dry rot wood on the stairwell handrails. Ms Swinney was appointed as chairman of the Building Committee and Ms Roberta Castro was appointed as her assistant to attempt to find out where this problem exists and advise the Board for necessary repair.

Next meeting will be held on Tuesday, July 28th, 1992, in the Makua Room, Sheraton Makaha Resort & Country Club at 7:00 PM.

The meeting was adjourned at 8:52 PM.

W. Blythe Thomas, Secretary

Report of the President

Rudy at Oceanic Cablevision reports only two or three parts are still to be received, and our TV Bulletin Board should be installed prior to the July meeting.

The letter regarding parking which was tabled in the May meeting until June will be tabled until further notice.

The parking lot regarding the 32 additional stalls which was tabled until the June meeting will be tabled until further notice as we do not yet have sufficient information.

I would like to thank Laura Nobles of Better Homes and Gardens Hale Koa Realty for all the positive comments and the beautiful write-up she gave the Plantation in the "Hot Properties" column of the Sunday Honolulu Star-Bulletin and Advertiser a couple of weeks ago. That kind of advertising can certainly do us no harm.

Parking receipts for the month of May was \$4500.00.

Mr. Thomas just handed me a note which says - Good News - Board of Water Supply has voted to keep the rates the same, killing the new rate to go into effect July 1. Thank you for that good news, Blythe.

Charles Houtchens, President.

Report of the Secretary

On June 15th, I was selected as the only member of a Board of Directors to attend a task force to attempt to draft an outline for a Condo Reserve Manual. This manual, when completed, will give Boards of Directors, Attorneys and Managing Agents an outline on which to base the required reserves for a condominium association.

In addition to myself, there were 7 representatives of Managing Agents from the largest, Chaney Brooks and Hawaiiiana, to the Marco Polo which has their own General Manager. Two attorneys who specialize in condominium law, one realtor, one CPA, one loan officer, two Condominium Specialists with the Real Estate Commission and two members of the Real Estate Research and Education Center also attended. Representative Mazie Hirono and Senator Mike Crozier made a short appearance. The meeting was conducted by Cynthia Yee, Real Estate Commission Condominium Education Manager.

The original Reserve Law was passed in the 1991 Legislature. Unfortunately, some poorly managed condominiums made a big fuss, and a revision of the law has been passed in the 1992

Legislature. As of June 15th, the bill had neither been signed nor vetoed by the Governor. This bill, House Bill 3960, HD1, SD1, CD1, has extended the finalizing date of 1997 to 2000. This is not a serious situation, but the most distressing part is that the bill changes the amounts to be put into reserves be amended to a minimum of 50% instead of 100%. This, of course, means that if a problem occurs, there will be only 50% of the money required to fund it. The other 50% would have to come from special assessment, and special assessment is the thing which the original bill was meant to overcome. The members of the task force agreed wholeheartedly that any association which does not go for 100% reserve funding is not doing right by its association.

Associations which are not fully funded will have to make this disclosure. It was agreed that Boards of Directors must put aside their personal feelings and realize that an increase in maintenance fees is far more acceptable than assessments, no matter what the reason. Any Board of Directors which does not increase its maintenance fees to ensure full funding is doing a disservice to its members. Boards will not be allowed to exceed their budgets by more than 20%.

In addition to the removal of special assessments, this bill was also designed to allow owners to achieve equity - that is, everyone pays over the years - special assessments frequently require new owners to pay for something which they have not enjoyed.

Proper studies of required funding are also necessary. The buck stops with the Board !! While Boards will not be held liable for good faith underfunding, deliberate attempts to underfund can result in dire consequences. Funding studies must be done, and it is expected that managing agents who are requested to perform this duty will make an additional charge for the service. A new industry, called the Commercial Reserve Industry, has already opened up in California and Florida where reserve funding laws have been in force for a few years. We understand that one such organization from California has already begun solicitation in Hawaii. Costs of doing reserve studies for a condominium of our size will probably run from \$6000 to \$8000. Although they are not required to do funding studies, auditors will be required to disclose information regarding any condo which, in their opinion, is underfunded.

Like ourselves, many associations are trying to get a jump on this funding - and this is a very good thing. Numerous items which we presently do not have in our funding will probably be included in the upcoming manual. Some of these are for replacement of electrical systems - in high rises this will mean the wiring running through the walls to the units, as well as hall, vestibule, and outside lights. In the case of low rise units, it will be required for the replacement of distribution wiring to the units and for the replacement of street and parking lot lighting. Sprinkler systems will also probably be involved, along with replacement of doors and the outside of buildings. Replacement of vehicles such as association cars, trucks and maintenance vehicles will certainly be inserted. Several times during this meeting, the comment was made that in Hawaii, "Buildings were built to sell - not live in".

Insufficient funding will lead to loss of property value. Insufficient funding may well cause failure to receive loans from mortgage companies and banks. Insufficient funding will, in all

probability, cause cancellation of insurance policies.

I do not envy Ms Yee her job of putting together all the suggestions, comments and obviously necessary items mentioned at this meeting. It is expected that some of the participants in this meeting will be called in, either en masse or individually, for consultation during the initial construction of the manual. When Ms Yee finally gets everything sorted out, she will present a draft to the Real Estate Commission. The Commission members will study the draft making any additions, deletions or changes they feel necessary, and it will then be returned to Ms Yee to reconstruct, publish and furnish copies to the associations.

W. Blythe Thomas, Secretary.

TREASURER'S REPORT

May, 1992

Total Receipts		\$ 110,812.56
Operating Expenses	116,090.57	
Major Improvements	15,127.87	
Total Operating Expenses		131,218.44
Total Operating Surplus/(Deficit)		(5,278.01)
Total Association Cash & Reserves		308,843.84

Significant Variances over budgeted amounts are as follows:

Electricity - 2-month service - variance \$ 1,017.48

Water - 2 month service - variance - \$ 6,533.13

Sewer - 2 month service - variance - \$ 8,006.40

Miscellaneous Repairs & Purchases - purchase drain cleaning snake - variance - \$ 817.49

Pest Control - quarterly service - variance \$ 1,715.00

Major Improvements & Repairs - Remodeling office: additional fence: heat pump payment - variance - \$ 13,627.87

Virginia Eskola, Treasurer.

Report of Security

June 1992

1. The back gate and fence have helped cut down on the foot traffic through the back gate. However, it has caused one problem - we have a lot of dogs that enter the property from the Sheraton side (and I have observed some people also). Once on the property, the dogs find themselves trapped, and cannot find their way off, except through the 707 area. Some of these are pit bulls trained to hunt pigs. A majority of the Security Staff feel that an extension of the fence from the 665 area to Huipu Drive, and some sort of low fence along Huipu Drive would help keep these sometimes wild animals off the property, and make MVP a much safer place to live.

2. Since the addition of the lock on the Quiet Pool gate, there has been less vandalism and the pool has been quieter. It would be a great assistance to Security if the same lock were installed at the Fun 'N' Sun Pool. The fence around the pool would have to be raised. Again, this would be of assistance to Security in keeping out those who do not live here and make the facility more enjoyable for everyone.

3. With the ongoing efforts of the Security and Office staffs, numerous evictions have been made over the past few months. This has made MVP a much quieter place to live. With other evictions pending, MVP is becoming one of the most enjoyable places on O'ahu to live.

David Roesler, Lt.