

**ASSOCIATION OF APARTMENT OWNERS OF
KAI MAKANI
ANNUAL MEETING
SATURDAY, FEBRUARY 2, 2019**

DETERMINATION OF QUORUM

Owners comprising 69.55% are present in person or represented by proxy, thus constituting a quorum.

CALL TO ORDER

President Ken Travers called the Annual Meeting of the Association of Apartment Owners of Kai Makani to order on Saturday, February 2, 2019 at 10:02 a.m., Hawaii Standard Time on property.

PROOF OF NOTICE OF MEETING

In accordance with Association Bylaws, notice was sent to all owners of record on January 3, 2019. The Certificate of Mailing will be filed with the meeting records.

ROLL CALL

Board members present: Ken Travers, President; Ken Doolin, Treasurer; David Lovejoy, Secretary; Alan Breese, Charles McDonald Directors.

Others present: Mike Fahnert, Site Manager; Lysa Tracy (Association Manager) and Maile Wright, Management Consultants Hawaii; Kristin Rocco, Recording Secretary, Aloha Office Services.

Owners present: Registered with Management Consultants Hawaii.

CONDUCT OF BUSINESS

In accordance with Hawaii Revised Statutes and the Association governing documents, this meeting will be conducted under the most recent edition of Robert's Rules of Order.

APPROVAL OF PREVIOUS ANNUAL MEETING MINUTES

The minutes of the 2018 Annual Meeting were provided in the meeting packets and were made available upon check-in. Hearing no corrections, the minutes are approved as distributed.

PRESIDENT'S REPORT

President Ken Travers presented his report. He thanked owners for their support this past year. He acknowledged individual owners' direct help and participation and in particular, Jay Hewitt for his assistance with the speed bump installation, Sue Fahnert for helping with the revitalization of the site manager position, Max and Leslie Parrott for repairing the bender boards around the lava rocks, and Ken Doolin for always going above and beyond as a distinguished community Samaritan and Board Director. Mr. Ken Doolin received a standing ovation for his efforts and contributions to the Association.

Future projects on the Board's agenda include:

- Common Solar - Over 50% of the ownership voted in favor of solar for common areas. The project will be able to proceed when MECO approves the pending application. Once approved, installation itself should take approximately one (1) week.
- Existing Solar - The existing individual solar panels, for heating water for each

apartment, are 12 years old and some have had leaks, requiring repair. Owners are reminded to have regular service to their panels every 1-2 years.

- Armstrong Builders Settlement – The deteriorating moldings of the entry doors were replaced at no charge to the AOA. The steps to the second floor on the front were not evenly spaced and were repaired at no charge to the AOA. In addition, there was a significant financial settlement.
- Entry lanais, and any back lanais which have not been covered by owners with tile or stone, will be re-painted. All exposed building wood surfaces will also be painted. Bids are being evaluated at this time and work is expected to start soon.
- Roof repair and clouding windows (broken seals) are projects for which the Board is obtaining bids. It has been difficult to obtain bids, presumably because of the very low unemployment rate, coupled with several major building projects on island. We are expecting the repairs to be started in the near future.
- Management Company – Last year the Association switched from Hawaiiana to Management Consultants Hawaii (MCH); the major reason being that MCH is a smaller company and based on Maui. Now, MCH has been sold to Associa, which is a much larger company not based on Maui. Because of this, the Association is changing management companies to a smaller, local provider.
- It is required that all owners carry an HO6 policy that will cover the \$10,000 deductible for the Association's insurance policy for damage within individual apartments. The new requirement of \$10,000 in coverage was increased on 01/01/2019 from the previous \$5,000 in coverage.
- Short-Term Rentals are not allowed on the property. The fine for operating a short-term rental is \$2,500 for the first offense, and the incident will now be reported to the County of Maui for investigation and County implementation of fines up to \$20,000 plus \$10,000 per day the unlicensed rental continues to operate.
- Parking – Due to issues with parking enforcement, new parking permits will be issued. All owners and vendors will need to register current vehicles and bicycles by the end of August.
- A speed bump was installed at each of the two front entrances to Kai Makani Loop to test their impact on speeding on property. There has been a lot of feedback from owners, both positive and negative. The Board is considering the feedback in order to decide how to proceed.
- Smoking – The parking lot is the only common area where smoking is allowed. Smoking is allowed in the units, which includes the back lanai. To make the property non-smoking would require a Bylaws change with 67% voting in favor of the measure. The Board is considering sending ballots to owners to either make the entire property non-smoking, or to restrict smoking on the back lanais.

President Ken Travers thanked each Board Member for their contributions and expertise.

President Ken Travers gave a special thanks to the new Site Manager, Mike Fahnert, for rejuvenating, streamlining, and bringing technological expertise to the position.

TREASURER'S REPORT

Treasurer Ken Doolin reviewed the Association's financials as of year-end 2018 as follows:

- Operating account, \$210,045.82
- Total reserves, \$937,251.36
- Expenses for 2019 were \$769,323.26 versus a budget of \$772,316.00.

COMMITTEE REPORTS

Neighborhood Watch: Mr. David Lovejoy stated that there has been an increased police presence, including patrols, on the property. On February 13th a walkthrough will be conducted with an officer to assess the property's security risks. Please call 911 for emergency situations.

ELECTION OF DIRECTORS

The Association Bylaws specifies that the affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, each of whom shall be an owner of record. There shall not be more than one (1) representative on the Board of Directors from any one (1) apartment.

There are three (3) vacancies on the Board, each for a two (2) year term. All three (3) directors whose terms are expiring have expressed their willingness to serve for another term. These individuals are Alan Breese, Charles McDonald, and David Lovejoy.

President Ken Travers called for further nominations from the floor. Hearing none, the nominations are closed.

Motion: *To elect the nominees Alan Breese, Charles McDonald, and David Lovejoy by acclamation.
(Slosberg, 26-K202/Schuman 26-201)*

CARRIED unanimously.

NEW BUSINESS

Resolution of Assessments

RESOLVED, by the owners of the Association of Apartment Owners of Kai Makani Beach Villas, that the amount by which each member's assessments in the 2019 fiscal year 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 the 2020 regular member assessments in accordance with IRS Revenue Ruling 70-604.

Hearing no objection, the resolution is adopted.

2019 Annual Meeting Minutes

RESOLVED, to authorize the Board of Directors to approve the February 2, 2019 Annual Meeting minutes as to form and content to expedite distribution to owners.

Hearing no objection, the resolution is adopted.

Selection of Auditor

RESOLVED, to authorize the Board of Directors to select an auditor to perform an audit, unannounced verification of cash and prepare the tax returns for the Association for the fiscal year ending December 31, 2019.

Hearing no objection, the resolution is adopted.

Ratification of Board Actions

RESOLVED, to ratify the actions of the Board of Directors during the fiscal year 2018.

Hearing no objection, the resolution is adopted.

ADJOURNMENT

Hearing no further business to come before the Board, the meeting is adjourned at 11:03 a.m.

OWNER'S FORUM

President Ken Travers invited owners to discuss any issues or areas of concern. There was a general discussion between those for and against the speed bumps; what to consider for a non-smoking ballot proposal; banisters in need of re-painting; the potential use of well-water on the property for landscaping; and how to gain compliance with the cardboard recycling rules.

Respectfully submitted,

Kristin Rocco
Aloha Office Services
Recording Secretary