

**ASSOCIATION OF APARTMENT OWNERS  
SANDS OF KAHANA  
ANNUAL HOMEOWNERS MEETING  
February 12, 2000**

**DIRECTORS PRESENT:** Michael Kaplan, Marcus Baricuatro, Kazuko Shimaoka; Sandy Boothe.

**DIRECTORS ABSENT:** Artie Spector.

**OTHERS PRESENT:** Carl Hardin, President, Heritage Properties; Wayne Cober, Vice President; Heritage Properties; Louis DeCastro, Heritage Properties; Kitty Williamson, Interpreter; Laurie Ledbetter, Recording Secretary; Jim Hentz, Heritage Properties; Pat Sullivan, Mike Sullivan, Sullivan Properties; Les .

**OWNERS PRESENT:** Nat Grasso, Judy & Joe Bolan, Martha Sauder.

**CALL TO ORDER:**

President Michael Kaplan welcomed all of the homeowners to the Annual Homeowners Meeting of the Association of Apartment Owners of the Sands of Kahana and called the meeting to order on Saturday, February 12, 2000 at 9:10 A.M., in the Meeting Room of the Sands of Kahana, 4299 Lower Honoapiilani Rd., Lahaina, Hawaii.

**ESTABLISHMENT OF QUORUM:**

President Kaplan announced that a quorum was established with 82.68% of the ownership represented either in person or by proxy.

**CERTIFICATION OF MAILING:**

President Kaplan certified that Proof of Notice of the Annual Meeting of the Association of Apartment Owners of Sands of Kahana, to be held on Saturday, February 12, 2000 at 9:00 A.M., on property, was mailed to all owners of record with accompany proxy on January 20, 2000.

**SECRETARY'S REPORT:**

**MOTION:** To approve the minutes of the Annual Homeowners Meeting dated February 13, 1999 as circulated. Seconded and carried unanimously.  
(Baricuatro/Boothe)

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**FINANCIAL REPORT:**

Carl Hardin reviewed the unaudited Annual Financial Statement for the year ending December 31, 1999. The Association completed the year with a deficit of \$1,500.

Based upon the Board's approval of various capital projects for 2000, (the Board) agreed to pay off the \$650,000 loan with Bank of Hawaii in an effort to save the interest for the next 5-7 months, at which time the Association plans to borrow approximately \$1.3 million for same. As a result, the balance in the Restricted Reserve Funds on 12/31/99 was \$658,000, rather than the \$1.3 million previously anticipated.

Mr. Hardin stated uncontrollable increases over the past year included significant increases in Water and Sewer fees.

**BUILDING/POWERWASH:**

President Kaplan expressed concern with the position of attorney Joyce Neeley, Neeley & Anderson (Association's legal counsel on the Kahana Ridge dust claim), to postpone power washing the building until the above issue is resolved. Specifically, the potential damage the dirt may cause to the building paint.

President Kaplan asked Management to contact Ms. Neeley immediately and relay the Board's concerns with respect to this issue. Further, to request Ms. Neeley submit a written clarification on her position to the Board, for further consideration.

**FRONT DESK RENOVATION:**

Mr. Hardin stated discussions are currently underway with United Airlines to relocate their ticket office from the Kaanapali Beach Hotel to the front desk of the Sands of Kahana. Pending the outcome of the negotiations, the renovation of the front desk will commence and will include the reconfiguration and modernization (computer system/requirements) of the entire area.

The Board asked Management to give this project a high priority so the work can be completed as soon as possible.

**WATER INTRUSION/BUILDINGS:**

Judy Bolan expressed concern with the flooding which occurs in Building 2 during heavy rains. Management noted the flooding is due to the elevation of the building which is lower than sea level, and compounded by the volume of water from Kahana Falls (across the street) which flows directly into the south side of the property. Mr. Hentz stated additional pumps were purchased, and are used

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when the flooding occurs, as well sand bags. He anticipated the County of Maui will discuss address these drainage issues when Phase III of the Lower Road improvements are done.

President Kaplan asked Mr. Hentz to send a letter to the County of Maui specifically outlining the flooding problems that currently exist, and request this issue be corrected when Phase III commences, and to follow up with Mrs. Bolan and other owners present at this meeting with respect to any response that is received from the County.

**ELECTION OF DIRECTORS:**

Mr. Hardin announced there are 3 positions to be filled on the Board, all for 2-year terms, for the expiring terms of Kazuko Shimaoka, Marcus Baricuatro, and Artie Spector.

President Kaplan asked for nominations from the floor. Sandy Boothe nominated Kazuko Shimaoka, Artie Spector, and Marcus Baricuatro. Joe Bolan nominated Mike Sullivan.

**MOTION: To close the nominations. Seconded and carried unanimously.  
(Baricuatro/Boothe)**

**INSPECTOR OF THE ELECTION:**

President Kaplan appointed Judy Bolan as Inspector of the Election to assist Management in the tabulation of the ballots.

Mr. Hardin explained the voting procedures. The meeting recessed at 9:30 A.M. for voting and reconvened at 9:43 A.M.

**ELECTION RESULTS:**

President Kaplan announced the new Directors to the Board. They are: Kazuko Shimaoka, Artie Spector and Marcus Baricuatro.

**NEW BUSINESS:**

**STANDARD MOTIONS:**

**MOTION: To instruct the Board of Directors to hold an Organizational Meeting immediately following the Annual Meeting for the purpose of electing Officers of the Association to serve until the next Annual Meeting.**

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**MOTION:** The Association of Apartment Owners of the Sands of Kahana hereby directs that any Association income which exceeds expenses for the fiscal year ending December 31, 2000 be "rolled forward" and applied to the Operating Expenses of the Association for the fiscal year ending December 31, 2001 in accordance with IRS Revenue Ruling 70-604.

**MOTION:** To approve reimbursement of the Directors out of pocket travel expenses to attend duly called meeting of the Association in an amount not to exceed \$500 per meeting.  
Seconded and carried unanimously. (Boothe/Baricuatro)

**OWNERS FORUM:**

The following items were discussed under the Owners Forum portion of the meeting:

**Planned capital improvements during the next year:**

- 1) Elevator replacement - Mr. Hardin stated the equipment purchase contract was signed with Montgomery Kone to replace all of the existing elevator systems beginning in May, 2000 (the time/building schedule has not yet been established). The work will require each building to be shut down for approximately 8 weeks with one building being shut down at a time. Additional personnel will be hired to provide bell service to assist owners and guests during this time. Management is currently reviewing additional methods in which to minimize the impact, i.e., communication systems from the floors to the bell station, a lift for smaller items, etc.

Mr. Hardin stated the entire project time can potentially be reduced, from 8 weeks to 5 weeks (per building), however, at an additional cost of \$60,000. He reviewed the differences of the 4 bids solicited from elevator contractors for this project. Discussion included: 1) Analyze the time schedule based on the occupancy in each month; 2) Research the additional cost if the project were completed in 4 weeks versus 5 weeks; 3) Obtain the cost for a temporary 2nd elevator to be installed while the project is being done.

The Board asked Management to negotiate the following with Montgomery Kone: 1) Reduce the completion time as much as possible; 2) Include a penalty clause to ensure the project is completed no later than 8 weeks.

Once the time/building schedule is finalized, all owners and rental agents will be properly noticed well in advance, as well as periodical updates.

- 2) The roof replacement will be completed by July, 2000.

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- 3) The floors are tentatively scheduled to be re-tiled beginning September, 2000, in conjunction with the completion of the elevator replacement in each building.
- 4) The parking lots and curbs will be re-painted in November, 2000.
- 5) The barbecues will be renovated and converted to gas within the next 60 days. Each barbecue will include two grills.

**SIGNAGE:**

There was discussion on the location and number of open house signs used by owners and Realtors. Mr. Hardin stated the current policy of the Association is that no real estate signs are allowed on the property. However, there are numerous signs being placed along the street, which is in violation of County of Maui sign ordinance. He noted that although the County of Maui owns the lawn area in front of the property, however, the Association has the obligation to maintain it and comply with all ordinances.

Mrs. Bolan suggested, and the Board agreed, to re-institute the policy wherein, owners and Realtors may post open house signs in one central location at the entrance of the property, and hang small (open house) unit number signs on a board located in the front lobby.

The Board asked owners and Realtors to immediately discontinue placing open house signs in front of, or across the street from the entrance.

**NEXT ANNUAL MEETING:**

The next Annual Meeting will be held on Saturday, February 17, 2001.

**ADJOURNMENT:**

**MOTION: To adjourn the meeting. Seconded and carried unanimously.  
(Boothe/Baricuatro)**

**The meeting adjourned at 10:17 A.M.**

Respectfully submitted,



Laurie "Lola" Ledbetter  
Recording Secretary