

**ASSOCIATION OF APARTMENT OWNERS  
SANDS OF KAHANA  
BOARD OF DIRECTORS TELEPHONIC MEETING  
August 15, 1997**

**DIRECTORS PRESENT:** Michael Kaplan, Kazuko Shimaoka, Barney Saunders, Artie Spector.

**OTHERS PRESENT:** Carl Hardin, President, Heritage Properties; Wayne Cober, Vice President of Operations, Heritage Properties; Jim Hentz, General Manager, Sands of Kahana.

**CALL TO ORDER:**

President Michael Kaplan called the Sands of Kahana Board of Directors meeting to order on Friday, August 15, 1997 at 2:08 p.m., via telephone. A quorum was established with four members present.

**APPROVAL OF MINUTES:**

President Kaplan requested additions or corrections to the May 17, 1997 meeting minutes.

**MOTION:**

**To approve the minutes of the May 17, 1997 meeting, as circulated. Seconded and carried unanimously. (Saunders/Shimaoka)**

**FINANCIAL REPORT:**

Carl Hardin reviewed the Financial Statement dated June 30, 1997. Mr. Hardin reported that the Association continues to operate below budget in several areas and there is currently a \$47,000 operating surplus. There were no questions from the directors regarding the Financial Statement.

**MANAGING AGENT REPORT:**

Mr. Cober, Mr. Hardin and Mr. Hentz reviewed the following items:

**SPAULING/PAINT UPDATE:**

Mr. Cober reported that the spauling/painting project is complete. Excessively large areas of delamination on building four pushed the contract over the allotted square footage by 1009 sq. ft. The contractor lowered the per sq. ft. price for the overage and the contract, including extras, was completed at a cost of \$1,281,546.19. The total amount of the borrowing from Bank of Hawaii will be approx. \$1,218,000.00, \$107,000 below the amount approved by the owners.

The irrigation repair and replacement of plants is underway and should be complete in about a month.

**LANDSCAPE:**

Island Plant Company was replaced by Haiku Landscape on June 17, 1997. Haiku has made

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good progress in two months they have been on the job. They have concentrated much of their effort on the irrigation system, of which about 60% was not working properly. They have also improved the putting green, Koi pond and planting beds.

Additional improvements have been prioritized and will be completed as rapidly as manpower and funding allow.

**LANAI 281:**

Mr. Cober reported that letters were sent to the owner of the unit requesting them to correct the drainage problem on their lanai, which was caused by the new tile installed on the lanai. Mr. Cober stated no response had been received from the owner. Kitty Williamson stated that the owners have contacted Island Styles to make the repairs.

Barney Saunders suggested management call the owner to confirm the repairs will be made.

**WATER METER IMPROVEMENTS:**

Mr. Hentz advised the Board that the addition of an irrigation meter for the property is on hold until the issue of the fire sprinkler water connection is resolved. At the present time the County is claiming the connection does not meet code. Grinnell has provided documents indicating it was approved by the County.

Management has taken the position that Grinnell must satisfy the County requirements.

**PROPERTY INSURANCE:**

Mr. Hardin reported that the insurance package was renewed with Thompson-Budar on July 1, 1997. An additional quote was received from Singlehurst Insurance, tile price was competitive with the Budar package, however the flood coverage was only 4 million dollars. The budar package has flood coverage of 50 million.

Mr. Hardin stated that the insurance market continues to improve in Hawaii and management will aggressively market the coverage next year.

**AUDIT OF CONCESSIONAIRES:**

Mr. Hardin reported that some of the information requested from Lahaina Ticket Co. and Terrace Restaurant has been received. Mr. Hardin will review the information and provide a report to the Board in about three weeks.

**GRINNELL:**

Mr. Hentz reported that Grinnell has replaced most of the 1/2" fire sprinkler heads in the units. They are awaiting the delivery of additional heads to complete the units. Grinnell has informed Mr. Hentz that they do not intending to change the heads in the common areas. Management will require Grinnell to change the common area heads after they finish the units.

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**ALLIED FLOOR CLEANING:**

Mr. Cober reported that the additional cleaning of the hallway floors has had a positive impact and request the Board allow Allied to continue with the contract extra. Management will have Allied provide a revised proposal which will be submitted as part of the 1998 budget. The Board approved the continued cleaning.

**POOL GATES:**

The new pool entry gates on ocean side of the pool deck have been installed as approved by the Board.

**POOL LOUNGE CHAIRS:**

Mr. Hardin reported that the replacement lounge chairs for the pool area have been ordered and should arrive in about 4 weeks. Due to the cost of \$300.00 each, only 24 chairs were purchased.

**TREES, UNIT 224:**

Mr. Cober informed the Board that Dr. Jones, owners of unit 224 is requesting that some of the palm trees in front of his unit be removed and others trimmed to improve his view.

Dr. Jones spoke to the Board and reiterated his request. He stated that the view to the South has been completely blocked and the view to the West is also obstructed.

The Directors were sympathetic with Dr. Jones, however they do not believe the removal of trees is a practical solution, in as much as, most of the trees on the property will at one time or another impede someone's view.

They instructed Jim Hentz to meet with Dr. Jones at his unit and determine how much the view can be improved by regular trimming of the trees.

**POTENTIAL LITIGATION:**

Mr. Cober reported that letters have been received from attorneys regarding two incidents on the property, at this time no actions have been tried and the insurance company is handling the matters.

Also, a letter requesting reimbursement of hotel expenses from a guest was reviewed. The guest claims to have injured her foot in the spa. The Association has paid her medical bills and Sullivan Properties has offered a combination of complimentary and discounted nights for a future stay at the property.

The Board reviewed the circumstances and determined that there was no additional compensation warranted. Management will send a letter to the guest explaining the Board's position.

**AUDITOR APPROVAL:**

Mr. Hardin requested approval to again engage James, White and Associates(formerly Thayer,

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James and Black) to conduct the annual audit, unannounced verification of cash and to prepare the tax returns for the Association. There is no change in their fee from last year.

**MOTION:**

**To authorize management to sign an engagement letter with the firm of James, White and Associates as the Association auditors. Seconded and passed unanimously. (Saunders/Shimaoka)**

**GEORGE TICHY LETTER:**

Mr. Tichy sent a letter to the Board regarding reserved parking and the potential of acquiring the fee interest in the land underlying the Sands.

Jim Hentz has provided a satisfactory respond regarding the parking questions.

The Board requested management to contact Pat Sullivan and see if he has had any further discussion with the landowner and report at the next meeting.

**SULLIVAN REPAIR BILLING:**

Sullivan Properties has submitted an invoice for interior repair to unit 345. Management does not believe the expense is the responsibility of the Association. Barney Saunders stated that unit 345 is his unit and he has paid the invoice and is not asking for reimbursement and there is no need for additional discussion.

**LOBBY FLOOR:**

Mr. Cober reported that the carpet in the tennis lobby is in poor condition. Due to the exposure to the elements and heavy traffic the life of the carpet is very short. There are some new types of flooring on the market that will withstand the conditions better. Because none of the Directors are attending the meeting in person and are not able to see the samples it is suggested that this item be deferred until the next meeting.

**DATE OF NEXT MEETING:**

The next meeting of the Board of Directors will be held on November 6, 1997 at 9:00 a.m. at the Sands of Kahana.

**ADJOURNMENT:**

**MOTION:**

**To adjourn the meeting. Seconded and carried unanimously. (Shimaoka/Saunders)**

**The meeting was adjourned at 2:48 p.m.**

Prepared by  
Wayne L. Cober