

**ASSOCIATION OF APARTMENT OWNERS
SANDS OF KAHANA
BOARD OF DIRECTORS MEETING
May 13, 1998**

DIRECTORS PRESENT: Michael Kaplan, Artie Spector, Sandy Boothe, Kazuko Shimaoka, Marcus Baricuatro.

OTHERS PRESENT: Carl Hardin, President, Heritage Properties; Wayne Cober, Vice President, Heritage Properties; Kitty Williamson, Interpreter; Jim Hentz, Heritage Properties; Mike Sullivan, Pat Sullivan, Sullivan Properties; Les Weingard.

OWNERS PRESENT: Joe & Judy Bolan, Dave Boothe.

CALL TO ORDER:

President Michael Kaplan called the Board of Directors Meeting of The Sands of Kahana to order on May 13, 1998 at 3:00 P.M., Hawaii Standard Time. A quorum was established with all of the Board members present.

APPROVAL OF MINUTES:

MOTION: To approve the minutes of the Board of Directors meeting dated March 13, 1998 as circulated. Seconded and carried unanimously. (Boothe/Spector)

FINANCIAL REPORT:

Carl Hardin reported that year-to-date, the Association has a \$14,000 cash surplus. The Building Maintenance Expense is over budget due to many repairs being completed in the first quarter. This expense line item should come within budget as year progresses.

Mr. Hardin stated that the Association is in a strong cash position with a Reserve balance of \$520,000.

MANAGING AGENT'S REPORT:

Front Lobby:

Mr. Cober reported that the fiberglass on the front lobby roof was replaced and portions of the fiberglass are currently being replaced.

Sullivan License Agreement/Proxy Solicitation:

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Mr. Cober stated that Mike Sullivan asked the Board at the last meeting, that Bill Crockett, the Association's attorney, provide additional information regarding his recommended provision prohibiting a licensee under a license agreement with the Association from soliciting proxies for use at annual meeting. Mr. Cober reviewed Mr. Crockett's reasoning on the point.

MOTION:

To continue the Sullivan License Agreement as written and upon the advise of the Association's attorney. Seconded. (Baricuatro/Boothe) In favor: Baricuatro, Boothe, and Spector. Opposed: Shimaoka. Motion Carried

Putting Green:

Mr. Cober stated that Jim Tavares of the Agriculture Extension of the University of Hawaii, inspected the putting green a second time. Based on Mr. Tavares' recommendation, Management suggested the putting green be allowed to grow longer as it should fill in fuller as the growing season approaches. It was noted that the existing grass is the best choice for the putting green, based on the type of sod that is being used and the weather and shade patterns of the building. The grass will go dormant in the winter at which time it will be maintained (cut) higher in an effort to keep the area aesthetically nice.

The Board agreed to follow the recommendations listed above and review this issue again in the fall.

Kahana Ridge:

Mr. Cober stated that per the direction of the Board at the last meeting, Management engaged the services of Joyce Neeley, Neeley & Anderson, an attorney based in Honolulu, to represent the Association on the dust claim against Kahana Ridge. Ms. Neeley also represents several other condominiums in the area on this same matter.

Mr. Cober stated that Ms. Neeley has been advised that when her legal fees approach \$2,500, the Board is to be given the opportunity to review the Association's prospects for settlement, and her recommendations, before continuing any further legal action.

Mr. Cober advised that he has compiled a list of damages that have occurred as a result of the construction at Kahana Ridge. The total reached \$1.7 million of which exterior damages totaled \$708,000 and \$1 million in interior damages.

Lobby Tile:

Mr. Cober reported that the slate which was selected by the Board after the Annual

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Meeting was not available in the size required to make the desired pattern in the lobby. An alternative tile was subsequently selected. Mr. Cober stated that the slate is being shipped from China. Due to unanticipated delays, the slate is expected to arrive at the end of June. Mr. Hentz stated that the concrete work will be done during the day, however, the laying of the slate will be done at night in an effort to reduce the inconvenience to owners and guests.

Mr. Cober asked the Board to consider having the furniture in the tennis lobby reupholstered at a cost not to exceed \$2,000. He stated the frames are in good condition and could be cleaned and repainted in-house. Mrs. Boothe also suggested that the tables in both the front and tennis lobby be replaced and the atrium behind the glass wall be replanted. She presented a proposal from Haiku Landscaping for the atrium work at a cost of \$900.

MOTION:

To reupholster the furniture in the tennis lobby and to re-plant the atrium behind the glass wall at a cost not to exceed \$3,000. Seconded and carried unanimously. (Boothe/Baricuatro)

Sewer pump:

Mr. Cober stated that a catastrophic failure of the electrical system that powers the sewage lift station occurred, which affected the service to Buildings #1 and #2. Emergency repairs were necessary as pumps burned out and sewage backed up in those buildings. Mr. Cober estimated the cost for the repairs to be over \$6,000 (not all invoices have been received).

Mr. Cober stated that Management will file a claim against the Association's Boiler & Machinery insurance. The lift station is now functional and working well.

Property Insurance:

Mr. Cober stated that the Association's property insurance policy expires July 1, 1998. Management has solicited insurance proposals from two other carriers to compare with the current coverage by Thompson Budar. Because the Board will not meet again before the current insurance policy expires, Mr. Cober asked for authorization to place the Association's insurance with Thompson Budar, unless one of the other proposals submits a competitive price. Management will disburse all information to the Board for review and a phone vote will be taken on where to place the coverage. Further, that Management also be allowed to secure the premium financing as done in the past.

There was discussion on the premium financing and the 9.25% interest rate that the

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Association is charged. Mr. Hardin stated that the premium is approximately \$100,000 per year. The premium financing program allows the Association to maintain a good cash flow.

**MOTION: To authorize Management to place the Association's insurance policy with the most cost effective insurance company and to secure premium financing for same. Seconded and carried unanimously.
(Boothe/Shimaoka)**

Silk Plants/Enhancement:

Mrs. Boothe stated that a new shipment of silk plants has been received to replace the ones that were damaged during the spalling repairs. She suggested that additional silk ground cover plants be ordered and placed in areas that are still sparse. Mr. Hentz stated that a minimal cost would be approximately \$1,200 and noted that the replacement process is an on-going project.

**MOTION:
To authorize \$1,200 from the Operating Budget, for the purchase of additional silk ground cover plants. Seconded and carried unanimously.
(Boothe/Baricuatro)**

NEXT MEETING DATE:

The next Board meeting will be held telephonically on Friday, August 21, 1998, time to be announced.

ADJOURNMENT:

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

The meeting adjourned at 4:20 P.M.

Respectfully submitted,

Laurie "Lola" Ledbetter Recording Secretary

**Minutes were transcribed from cassette tapes. Recording Secretary not present at the meeting.