

**Association of Apartment Owners of Island Surf  
Annual Owners Meeting Minutes  
February 24, 2018**

**Board Members Present**      Debbie Montalvo, President; Cloy Jenkins, Vice President;  
Samantha Krager, Treasurer; and Roger Schleich, Director

**Board Member Present:**      Patty Shepherd, Secretary  
**(By Phone)**

**Other Attendees:**              Carol Gentz, Tracie Sweetman and Kaimana Agor, Destination  
Maui, Inc.; Brian Jones, Resident Manager; Mark Vieth,  
Recording Secretary; and Shannon Sheldon, Attorney

**I.      DECLARATION OF QUORUM**

A quorum was declared with 70.4436% of the owners present in person or represented by proxy.

**II.     CALL TO ORDER**

President Debbie Montalvo called the Association of Apartment Owners of Island Surf Annual Owners Meeting to order at 9:01 a.m. The meeting was held at the Ke Alahele Donald G. Malcolm Center, Kihei, Maui, Hawaii.

**III.    PROOF OF NOTICE**

Destination Maui, Inc. certified Notice of Annual Owners Meeting was sent to all owners of record on December 29, 2017, in accordance with the Association governing documents, and it was posted on property in compliance with Hawaii State Law.

**IV.    INTRODUCTIONS**

The President welcomed the owners. Introductions were made at this time.

**V.     MEETING RULES OF CONDUCT**

The President announced meeting business would be conducted according to the latest edition of Roberts Rules of Order, Newly Revised. A copy of customary meeting rules of order was included with the information distributed to owners at registration.

**VI.    PARLIAMENTARIAN**

Shannon Sheldon was appointed Meeting Parliamentarian.

**VII.   APPROVAL OF MINUTES**

Owners were given a copy of the 2017 Annual Owners Meeting Minutes at registration.

**MOTION:**      To approve the Minutes of the February 25, 2017, Annual Owners Meeting, as

presented.

Bob Wuthrich (508) / Israel Montalvo (512,412) Unanimous Approval

#### VIII. PRESIDENT'S REPORT

President Montalvo submitted a written report dated December 31, 2017, covering financial and property news from the past year. Copies were distributed to owners at registration.

She cited a few highlights, including that the Association has built its total cash from \$244,587 in 2011 to \$1,140,573 at the end of 2017 to handle any expenses, emergencies, long-term projects and future repairs.

She thanked the Resident Manager for handling many projects in-house and for even doing work at night — cleaning the pool and lobby tile, and painting the walkways, for example — to not inconvenience owners and guests. Board members have also contributed hundreds of hours assisting Mr. Jones with projects, including building a new fence around the electrical equipment and installing the new pool heater.

In 2017, board members spent about a week allowing plumbers in to conduct inspections and for Spectrum to change out cable boxes, so that owners would not have to hire people to conduct these tasks.

All of these efforts have helped the Association save money and achieve its excellent financial position.

Last year, the Board negotiated rental fees for three additional roof antennas with T-Mobile to help offset lost rental revenue from Clearwire. Negotiations are currently underway with Sprint for its rooftop antennas.

The President noted that Spectrum can provide additional cable TV boxes into each unit, for each bedroom, at no cost to the Association. Owners must take their existing boxes to Spectrum and make arrangements by February 26, 2018. Owners can talk to Mr. Jones for more information.

#### IX. TREASURER'S REPORT

The Treasurer updated owners on the financial status of the Association as of December 31, 2017. A written report was submitted. Income and Expenses were reviewed, with variances both over and under budget noted and explained.

Total Revenues were \$8,370 above budget through December 31, 2017. Total Operating Expenses were \$40,585 below budget projections, with significant savings in Repairs & Maintenance and lower than expected electricity fees. The Operating Surplus was \$48,955 compared to Budget. The balance in the Reserves was \$1,008,297. Cash in the Operating Fund was \$132,075 and in Petty Cash \$200. Total funds, as of December 31, 2017, were \$1,140,573.

#### X. RESIDENT MANAGER'S REPORT

Mr. Jones submitted a written report detailing work completed in 2017 and jobs in progress.

Projects completed include inspecting the backflow preventer, fire suppression system and fire alarms; inspecting the roof and conducting repairs throughout; installing dryer vent cleanouts and clearing stacks of debris; sealing and re-stripping the parking areas; upgrading (by MECO) electric equipment in the rear parking lot; installing ball valves on water supply risers in each stack; installing plumbing drain cleanouts in each drain stack on the ground level; scouring underground lateral plumbing drain lines; upgrading the backflow preventer, which was installed on building's water supply with new gate valves; and painting the ground floor sidewalk.

Work in progress includes chiller repairs, repairing the lobby glass and the Sprint cable upgrade.

Mr. Jones praised Board members for the significant time and effort they put into taking care of the building, whether it's trying to save owners money or physically working with him on projects.

Mr. Jones answered questions owners had.

#### XI. MANAGING AGENT'S REPORT

Ms. Gentz introduced herself. She recognized the Board of Directors and Mr. Jones for their excellent work.

She submitted a written report updating the owners on administrative matters, insurance, Association insurance policies, and what the Association's insurance does not cover.

The information distributed to owners at registration includes a Summary of Insurance prepared by John H. Connors Insurance.

Common area insurance coverage does not extend into the individual units, with the exception of flooring, drapes and appliances that originally came with the units ("as built"). The Board requires individual owners to purchase HO6 insurance coverage (or equivalent), with a minimum of \$5,000 for property casualty and \$300,000 for liability and provide proof to the Association. It is the owners' responsibility to determine if they need additional insurance for upgrades and the contents of their units.

Ms. Gentz answered questions owners had.

#### XII. ELECTION OF DIRECTORS

A five-member Board of Directors governs the Association. With the terms of Directors Debbie Montalvo, Cloy Jenkins and Samantha Krager expiring, there are three vacancies on the Board for two-year terms; and with the appointment of Patty Shepherd expiring, there is one vacancy on the Board for a one-year term. The following owners have expressed an interest in serving on the Board, and their names have been placed on the ballot, as follows: Matt Keller, Debbie Montalvo, Cloy Jenkins and Samantha Krager. The President called for

nominations from the floor. Hearing none, the President declared nominations closed. The candidates introduced themselves.

Two volunteers, Gerri DeBeer (206) and Bryan Kortis (505), were appointed to serve as inspectors of election to assist in tabulating the votes. Ms. Gentz explained the election process, with the three candidates receiving the most votes being appointed to two-year terms, and the candidate receiving the least votes being appointed to a one-year term.

There was a recess to cast, collect and tabulate the votes at 9:41 a.m. Meeting business resumed at 10:12 a.m.

### XIII. ELECTION RESULTS

The President announced that Debbie Montalvo, Cloy Jenkins and Samantha Krager were elected to two-year terms, and Matt Keller was elected to a one-year term on the Board.

The newly elected Board of Directors will hold a short Organizational Meeting after the Annual Meeting to elect officers and set future Meeting dates.

### XIV. NEW BUSINESS

#### A. Annual Resolutions

MOTION: To destroy all ballots and proxies after 30 days.

Gerri DeBeer (206) / Carole Lindsey (309) Unanimous Approval

MOTION: Resolved by the members of the Association of Apartment Owners of Island Surf, that the amount by which members' assessments in 2018 exceed the total expenses of the Association shall be applied against 2019 Operating Expenses.

Gerri DeBeer (206) / Bryan Kortis (505) Unanimous Approval

#### B. Waiver of Earthquake Insurance

The President informed owners that the Association does not currently carry earthquake insurance due to the expense and relatively low risk of a damaging earthquake. Based on the value of the building, the coverage has a 5 percent deductible and would cost \$24,000.

### XV. NEXT ANNUAL OWNERS MEETING

The next Annual Owners Meeting will be held on February 23, 2019.

### XVI. ADJOURNMENT

The meeting was duly adjourned at 10:20 a.m.

Respectfully submitted,  
Louise Rockett  
Transcriptionist

Approved for distribution by