

Meeting Minutes

**Kihei Commercial Condominium II AOUO Association
2021 Annual Membership Meeting
Tuesday, December 7, 2021
Via Zoom Video Conference**

**Registration: 9:45 a.m.
Meeting: 10:00 a.m. (Hawaii time)**

1. Call to Order at 10:02 am

2. Introductions

Kokua Realty: Keoni, Ed, Eric, and Ashly

Owners:

- Kate Stapleton, District Manager of Extra Space Management Inc, Building A
- Mary Laetner, Unit 311, Maui Builders on behalf of John Bews
- Bob Campbell, owns Ohana Property Holdings, LLC, Units B114, B115, B116
- Bernie Welk, Ohukai Properties, Units B211, B212, B225, B226
- JSMCA owns 32 units: Harold Levy, Tyler Mattox, Peter Cheng, Jarod Gordon, and Jason Neiger

3. Determination of Quorum – 82% of Owners Required

Quorum established – 82% of owners in attendance and by proxy.

4. Proof of Notice of Meeting

Keoni certified that a notice of the annual meeting of the Kihei Commercial Condo II Association was physically mailed and emailed to each owner of record and filed with office of Kokua Realty on 11/9/2021 – formal initial email and reminders sent out subsequent.

5. Approval of Prior Meeting Minutes

First meeting since COVID so there was no meeting held during that period. Typically meeting would be held in March, they will be back on schedule for next year with annual meetings. Due to no previous annual meeting, there are no minutes to approve in this meeting.

6. Reports of Officers

a. President's Report

Kokua Realty, LLC appointed as property manager. During COVID, Maui residential real estate market continues to be very active. Commercial sales and leasing within community also continue to be active - encouraging for unit owners. Restaurant and gyms have struggled.

b. Treasurer's Report

Typically, financials would be reviewed for end of year financials for previous year. These financials are for end of December 2020. Last year, income statement total income: \$362,281.67; total expenses: \$337,835.90; balance: \$24,445.77. Board meeting after this one, they will do a final review for budget for next year and hopefully approved to get ready for January next year. Kokua worked hard to keep budget as low as possible and as few increases as possible while still maintaining property and keeping it clean and keeping a handle on illegal dumping issue. Goal is to keep monthly dues down.

Reserve study is a few years old so they will also be looking at this in the board meeting. It is good to update every couple of years and make sure we are setting aside the correct amount for reserves in monthly dues for future health of property. Reserve study will be reviewed and incorporated into budget.

d. Peter Cheng made motion to approve; Bob Campbell seconded the motion. All aye, no one opposed.

e. **Questions:** Bob Campbell asked what reserve account balance was at the end of 2020 and how much were they contributing in their past dues toward reserves? Keoni explained reserve amounts differ for Building A and Buildings B. A & B is around \$500 per month and just building B is around \$5,200 per month. This is broken down pro rata per unit based on square footage of unit. When new budget is approved, they can send out new monthly numbers for January going forward.

Bob Campbell asked what percentage of owners are delinquent. Keoni said it is minimal; he would have to print out accounts receivable and come back to it. Keoni said Kokua has been trying to stay on top of delinquencies. Bob said it is okay to put this number in the budget report. Bob asked whether there have been any issues with buyers obtaining financing because the association's delinquency percentages are high. Keoni said no; any accounts receivables owed get taken care of during escrow and delinquencies comes out of closing at escrow. Keoni is not aware of any financing being held up due to association or reserve issues.

f. All aye, no one opposed. Motion passed to accept treasurer's report.

7. Report of Committees

N/A

8. Election of Board of Directors

There are three unit B directorships to fill and one self-storage (50% so automatically one of Unit A director position); this makes up Board of Directors who will decide president, treasurer, and secretary roles. Proxies have already been sent in. Self-storage is automatically on the board based on their 50% interest. Nomination forms for unit B directors included team from main developer of property that has always been part of Board of Directors and will continue with Jared Gordon, Peter Cheng, Tyler Mattox, who would like to sit on the board. This Board of Directors would have been done at the beginning of the year for all of 2021, but this meeting is where they are formalizing this in writing. Next annual meeting in few months this will be done again, and any proposed changes can be reviewed at that time. According to bylaws and new

board of directors, they will hold brief meeting following this meeting to fill officer positions and to go over any other business of association.

9. Old Business

None since no meeting last year.

10. New Business

Kate Stapleton: Dumpster enclosure that sits between their property and side where gyms are. Enclosure is great, very sturdy, no problems, but any thought on putting swinging doors on enclosure. People see this as a free dumping site, so they end up with mattresses and appliances. No way for them to stop it from happening except to lock doors; it is not working well. Keoni said there are two or three main issues for entire complex: illegal dumping is highest issue to address. Ed and Ashly are working on this; they can come back and look at that specific area. This rolls into other concerns brought up by owners, which is security. Some tenants/owners have asked about installing cameras to see who is illegally dumping. Kokua is exploring this, without getting crazy because security can jump dues up high depending on how much security is requested. Kokua has made some changes in security to lower expense. It is an association thing to make cameras okay for entire complex. Trying to control trash dumping and abandoned cars; strict law for dealing with abandoned cars. Will revisit this point and come up with best solution. Bob Campbell said another option is looking into gating entrances on both ends of the building. They can have a time sensitive gate, so they are open during certain hours, or they have an access code or key card to access complex at night. This would keep people from being able to turn north and south corners unless they have gate access. Keoni said this would be a large capital expenditure that association would have to agree to; meeting is to discuss concerns and initial steps they can take before they get to that point. Bob said owners would be interested in what that expense would be. Gates good for some things, but not other things. Bob thinks this would be a good thing for owners to understand and to discuss in next meeting. Resale building for secured complex vs unsecured is significantly higher.

Harold, JS MCA, said they have had success at a few of their properties installing remote security cameras that are monitored after hours. There is a loudspeaker that they can address trespassers or whoever else is coming on site and advise authorities were called. Has been effective. Up front cost to install cameras and monthly fee for monitoring. This is another option to evaluate and decide if it is worth it. Alpha Surveillance is the company they use; have good relationship with them and they are growing. Service has been good. Kate said they use a similar service nationwide and it is very effective. She would need to get detail on who the company is that they use. Keoni said they could get costs from that company. Keoni said security is a continued topic. Rotating through four or five security companies on Maui is continuous. Cost prohibitive to have a full-time guard. Keoni will get costs for the gate versus cameras and will put it on their list to get done for everyone.

Kate said they have a row of parking on either side of their property. They are paid parking spaces that they rent on MTM lease to customers. Particularly on the gym side, they have customers oft hose business who park in those spaces and refuse to move their vehicles. They will be adding more signage and telling people that they are paid spaces that renters should have access to 24 hours/day. Keoni said they can send an owner/tenant update reminding them of this, trash, and other general reminders to work together as a community. Kate said this an ever day

problem that her staff deal with daily. Ashly said onsite manager, Ashley, has only ever notified Ashly once of a vehicle parked along the fire lane, which she immediately had rectified. She is working with the gym and communicates with them regularly on issues like this. Ashly asked that Ashley contact her the moment it happens, and she'd be happy to get involved as she on site just about daily.

Unknown male advised there is a property development project in its preplanning mode to their east where the property owners are looking to put in some commercial lots to be used for contractor purposes and staging, and vehicle equipment storage. Unsure whether this will adversely affect their owned properties. Keoni said Chris Hayes excavator owns vacant 28 acres. Hayes has been working on something there for a long time. Keoni said they know Chris for other projects for installing sewer manholes and excavation; he is easy to talk to if they need an update. Male speaker said tone and tenure of notice was cooperative.

Keoni said there were five or six trees in main parking lot that fell over in last storm. They will try to salvage them; if not, they will be removed. An arborist is currently reviewing. Two for sure will not be able to be saved.

11. Election Results

N/A

12. Next Meeting

Proposed for March 21, 2022, at 11:00 am. Can be changed later, if necessary.

13. Adjournment at 10:34 am.

Motion to adjourn and complete meeting; Peter motioned to adjourn. All approve.

Note: There will be a short organizational meeting of the new Board of Directors following immediately after the adjournment of the Annual Meeting of the Kihei Commercial Condominium II AOUO Association.

KIHEI COMMERCIAL CONDO II ASSOCIATION
Annual Board of Directors Meeting Minutes
December 7, 2021

CALL TO ORDER

Called to order at 10:35 a.m.

INTRODUCTIONS AND ROLL CALL

Kokua Realty: Keoni Fursse, Kokua realty (property manager). Introduce the Board then have everyone in attendance introduce themselves.)

Kate Stapleton – District Manager of Extra Space, Inc.
JS MCA, LLC: Peter Cheng, Jerry Gordon, Tyler Mattox

All Board Members are in person and by proxy, thus constituting a quorum to continue.

CERTIFICATE OF MAILING

Keoni certified that a notice of the Annual Board Meeting of Kihei Commercial Condo II Association was mailed to each Unit Owner on record and filed in the office of Kokua Realty, LLC on November 9, 2021.

APPROVAL OF BOARD MEETING MINUTES

Due to COVID-19 and the Governor’s Mandate, an Annual Meeting and Board Meeting was not held in early 2020 or early 2021 so there are no Minutes to approve.

REPORT OF OFFICERS

A. President’s Report

- a) Water Meter Audit: Kokua Realty is working on another audit to confirm all water meter and submeters to ensure billing is accurate. This is not a small fee; Kokau has had to dig up old blueprints, plans, and plumbers because there were a couple of red flags that popped up in research that they need to get to the bottom of. There are two water meters: self-storage, Kihei ice, and other tenants on submeters. They are auditing to ensure all parties are paying the correct share of their water, so association is not incurring cost or loss of income.
- b) Security: Scope of work streamlined to lower expenses, but still have appropriate amount needed.

B. Treasurer’s Report

Treasurer report already done in annual meeting and passed; item skipped.

TAX RESOLUTION

Roan Hiroese audits financials.

For tax purposes, and to maintain our non-profit status, Keoni read aloud and asked for a motion that the Association adopt the following tax Rollover Resolution:

“RESOLVED, by the Kihei Commercial Condo II Association that the amount by which members assessments as of December 31, 2020, exceed the total expenses of the Association for the purpose of managing, operating, maintaining and replacing the common elements of the property shall be applied against the January 1, 2019, through December 31, 2019, and January 1, 2020, through December 31, 2020, operating expenses as provided by Internal Revenue Service Revenue Ruling 70-604.”

Keoni explained this is usually only one date, but due to COVID and not having two annual meetings like they were supposed to there are two dates. They are formalizing everything so it is recorded in minutes and will get approved at the next annual meeting.

Peter made a motion to approve the resolution and Kate seconded the motion. All aye; no opposed. Resolution is passed.

ELECTION OF OFFICERS

There are three (3) Officer positions to fill.

Proposed:

Jared Gordon	President
Peter Cheng	Treasurer
Kate Stapleton, American GL Pearl Storage	Secretary

There are no other nominations; they are closed.

Peter motioned to accept directors as nominated. Kate seconded the motion.

All ayes; no opposed. Motion is passed.

OLD BUSINESS

None.

NEW BUSINESS

A. Budget for the year under assumption of no increase for security.

Tyler asked what security consists of currently. He said in their experience, a drive by is effectively worthless. They'd have to get lucky to catch someone. Ashly said it is twice an evening; MEPSS' reports are thorough, and they provide photos and note lights on or illegal dumping. They also tag vehicles that are parked overnight. They do random patrols at night. There has been a recent activity of transients sleeping on property. MEPSS reports they are asked to leave without incident. There is an individual who rents at self-storage and parks along the fire lane and has refused to move a few times so security notifies her of that. She gets in contact with

Ashley, and she deals with it on her end. Ashly said a standing guard at night is \$8,000 per month. Ashly does not have any complaints with the current security company and says they are thorough.

Tyler said they have much better success with cameras; they cover the property all night and are motion activated. There is an upfront cost and a monthly cost. This has been a better deterrent than a drive by twice per night. They are all captured on film. He thinks it is worth exploring. Harold has the vendor on file.

Ashly mentioned there is a vendor on Maui Sight You Technologies (?). They have a trailer set up on wheels and is solar powered. It is ideal for islands. Association wouldn't own devices, but monthly subscription covers maintenance, repairs, and insurance. Ashly will send information she has on them. They are unique; Walmart and Home Depot and Lowes have also started to work with them. It has a two-way radio. You can pay for a subscription to have it monitored. Called a lock cop. They also have wall mounted wall copy units. She thinks it was about \$2500 per month to have trailer. Has night vision and can get notifications for after hours. Would be good for trash area. There is an initial cost to get them out at KCC, about \$5-6K and includes first month service. Kate would like to see an annualized cost for both types of services or from a third option if it comes up. Live security is more reactive than proactive. Keoni said they will pull this together.

B. Reserve Study

Keoni said the reserve study is a few years old now; last done in 2017. He recommends having a refreshed reserve study (not full blown) for a lesser cost. This would reset the amount that is recommended to set aside for reserves. Kokua highly recommends that budget aligns with reserve study to take care of property accordingly but also to protect director liability. Ensure things are done in accordance with reserve study.

Tyler? said he is looking at balance sheet from most recent financials (October 2021). There is \$171,000 in cash, only asset. Liabilities are broken down into two line items. He said it looks like they are paying about \$5,500 per month in reserves through 2019 and 2020. His question is how much are in reserves currently. It should be \$60k contributed per year, so about \$120k for the last two years; unsure if any has been used for deferred maintenance or capital expenditures. Keoni can get an estimate to refresh reserve study for BOD to decide whether they want to proceed. Tyler? asking if there are two separate accounts 1) for reserves, 2) not for reserves/operation. Keoni will have to double check; they should be separated and not touched for operations. That is typically what Kokua does, but he will have to check with controller and get back to Board.

Keoni said it would be nice to have the reserve study refreshed and current for the next meeting. Tyler said to get a proposal to get it updated.

Tyler? brought up parking lot restriping to match condo documents and complying with number of trees per stall. This would be an association expense. Probably wouldn't come out of dues; more of a capital expense. Keoni said it would be a capital expenditure thing that they could draw off the reserves.

Keoni said November 2021 income statement was printed showing there are two reserves: A & B at \$5,500 per month and \$5,200 per month for buildings 1, 2, and 3. Ashly will print out balances for each account.

Unknown male asked what the expense line items are between A & B, specifically a \$500 reserve item. What joint responsibilities do the condo project and committee storage have? Keoni said one example is the water and submeters audit, if it needs to be replaced in the future. What items are jointly owned and utilized? Keoni said all common areas shared between buildings A & B specifically that aren't with Buildings 1, 2, and 3. Keoni said the following are joint: Mailboxes, general signage, landscaping, irrigation replacement, concrete sidewalk repair allowance, back flow preventer, water line repairs, sewer line, storm drain cleaning. Keoni said he will make sure updated reserve report is crystal clear on these responsibilities.

Kate motioned to approve operating budget for 2022. Peter seconded. All ayes; no opposed. Motion passed to approve budget.

Unknown male asked Kate for a roofer recommendation. Kate said they have used quite a few over the last six years; mostly done by mainland companies, but they also used Leakmaster. They are based on Oahu, but willing to work Maui. CentiMark is also a good one with locations on Maui.

SET DATE FOR NEXT ANNUAL Board MEETING

Next meeting proposed for March 21, 2022, after the annual meeting.

ADJOURNMENT

Peter adjourned and Kate seconded adjournment. Meeting adjourned at 11:01 a.m.