

MILILANI TOWN ASSOCIATION

ANNUAL MEETING

TIME AND PLACE The 44th Annual Meeting of the members of the Mililani Town Association was held on Wednesday, March 21, 2012 at 7:00 P.M. in Mililani Recreation Center III located at 95-281 Kaloapau Street, Mililani, Hawaii.

CALL TO ORDER President Will Kane called the meeting to order at 7:00 P.M. It was determined that there were more than 100 votes represented in person and by proxy; therefore, a quorum was established pursuant to Article 1, Section 3, Paragraph (d) of the By-Laws. Total votes present were 2,391.

ROLL CALL Silent roll call noted 6 directors were present:

DIRECTORS PRESENT Will Kane Josie Ka'anehe
Eric Matsumoto Dennis Ihara
Michelle Kidani Bob Barrett

DIRECTORS ABSENT Glenn Yoshimori, Roger Babcock, Farouk Wang.

APPROVAL OF THE AGENDA The agenda was amended to have Josie Ka'anehe deliver the Treasurer's report, Michelle Kidani to announce the election results and to add a Homeowner Forum as item XII.

PROOF OF NOTICE OF MEETING In accordance with Section 3(c) of Article I of the By-Laws, notice of this Annual Meeting was sent to all owners of record on February 1, 2012.

INTRODUCTION Chair Kane introduced the directors and committee chairperson for the past year: Eric Matsumoto, Vice President, Chairman of the Management & Personnel and Government Affairs Committee; Michelle Kidani, Director; Josie Ka'anehe, Member Relations Committee Chair; Dennis Ihara, Director; Bob Barrett, Director. Chairman also introduced Lance Fujisaki, Legal Counsel Representative of Anderson Lahne & Fujisaki and Steve Gelber of Gelber, Gelber & Ingersoll; and the Management staff of the Association; David O'Neal, General Manager; Laurie Usui, Administrative Manager; Mei Linn Park, Member Activities Manager; Dianne Hara, Accounting Manager; Katherine Cueva, Covenant and Design Manager and Guy Makimoto, Common Area Manager.

GUESTS None.

CONDUCT OF BUSINESS

Chair Kane explained that the most recent edition of Robert’s Rules of Order, Newly Revised, would be the governing authority for the Annual Meeting in any instance not covered by any State Laws, the Declaration, or the Association’s Bylaws. Since there were no objections, these rules were adopted.

APPROVAL OF PREVIOUS ANNUAL MEETING

Chair Kane stated that the minutes of the previous Annual Meeting held on March 16, 2011 are provided. There being no corrections or objections; the minutes are approved as distributed. There were no objections, thus the minutes were adopted.

REPORT OF OFFICERS

Chair Kane reported that Committee Reports were included in the agenda material for reference. Chair Kane highlighted the following items: Building & Grounds: Recreation Center 2 renovation, Recreation Center 7 basketball/volleyball court flooring, Recreation Center 3/Admin Office new landscaping, free AED training for homeowners in May; Member Relations: Revamping of design application, eliminating design fees starting April 1, 2012, increase in special events- for example, Eat the Street Mililani, Movie by the Pool, Make a Difference Day and Mother’s Day and Holiday Craft Fair; Management & Personnel: Hall Rentals-eliminating overnight camping for busy summer months, a lottery system will be implemented starting this May and increase customer service training to staff; Audit & Finance: Online bill payment and completion of the 2012-2013 fiscal budget. Chair Kane also wanted to thank Mr. Dennis Ihara for his many hours of support and dedication to the board.

FINANCIAL REPORT

Director, Josie Ka’anehe reported the Revenue and Expenses as of Feb. 29, 2012 as follows:

REVENUES RECEIVED	\$	6,861,917.65
OPERATING EXPENSES		(5,790,162.49)
FY2011-12 RESERVE FUND BALANCE		<u>1,524,756.47</u>
BALANCE		<u>2,596,511.63</u>
OUTSTANDING ACCOUNTS PAYABLES		--
OUTSTANDING ACCOUNTS RECEIVABLES		477,548.73
TRUSTEE ACCOUNT		50,879.64
YTD RRP and CIP EXPENSES		597,482.10
<u>RESERVE ACCOUNT STATUS</u>		
INVESTMENT RESERVE ACCOUNT	\$	18,315,846.66

*NOTE: Trustee Accounts (Facility Security Deposits) are rental deposits to be returned to Renters upon completion of their rental agreement. Such funds are kept in a non-interest bearing account.

Chair Kane stated the report would be entered into the minutes and placed on file subject to audit.

EXCESS FUNDS ROLLROVER
RESOLUTION

Chair Kane moved for adoption of this resolution that
WHEREAS:

1. The homeowners/members of Mililani Town Association (the "Association") are assessed quarterly membership assessments that include *both* amounts to cover the operating expenses *and* capital contributions to fund capital reserves for the repair, replacement, and improvement of the common areas and facilities of the Association.
2. In order to defray part of the operating expenses and minimize increases in membership assessments, the Association has historically engaged in activities that provide certain "alternate sources of income," including leasing certain common areas for cell phone antennae; and the Association has applied the net revenues from such alternate sources against the expenses of the Association in providing membership services.
3. For purposes of funding its capital reserves for repairs, replacements, and capital improvements, the Association has in prior years, pursuant to resolutions adopted by the members, collected amounts from membership assessments *in excess of* what was projected as necessary to cover the operating expenses of the Association left over after application of the net revenues from the Association's alternate sources of income. This practice was based on the direction of the members that such amounts that were not needed for operating expenses in the current or next succeeding year would be treated as capital contributions to the Association's capital reserves ("Member Capital Contributions").
4. The members of the Association adopted these annual resolutions on the understanding that such resolutions were required for certain tax compliance purposes (so that the excess membership revenues would not be subject to tax) and also to confirm the advance intention and direction of the members that the Member Capital Contributions would be treated in any event as capital contributions and held by the Association subject to the rules and restrictions governing the Association's capital reserves.
5. The Board has established certain special accounts

and adopted certain special rules and restrictions limiting expenditure of the Association's capital reserves only for repairs, replacements, and capital improvements, and the Board has deposited and continues to hold the Member Capital Contributions in the special segregated accounts that have been set up in respect of the Association's capital reserves.

6. Starting with the Association's fiscal year ended March 31, 2010, the Association has elected to be treated as a qualifying homeowner association under Section 528 of the Internal Revenue Code of 1986. Although all membership assessments collected during any tax year for which this election is in effect will now be treated as "exempt function income," the members of the Association desire to ratify and confirm their prior resolutions that the amounts of the Member Capital Contributions in each prior year were intended and approved by the members as special assessments and capital contributions to the Association's reserves, and also to evidence the members' resolution and determination concerning the members' capital contributions to the Association's capital reserves during upcoming fiscal year (April 1, 2012 through March 31, 2013).

NOW, THEREFORE, BE IT RESOLVED THAT:

A. The members hereby ratify and reconfirm the previous resolutions duly adopted by the members of the Association's *prior to* the commencement of each fiscal year to treat as special assessments and contributions to the capital reserves of the Association the amounts of the Member Capital Contributions in all prior years, computed as set forth above.

B. The quarterly membership assessments for the fiscal year ending March 31, 2013, shall be \$102.00, inclusive of the portion that the members hereby resolve to contribute as a capital contribution to the capital reserves of the Association. In aggregate, based on the annual budget for the upcoming fiscal year, the members anticipate contributing and hereby resolve to contribute a minimum of \$793,734 to the capital reserves of the Association out of the members' quarterly membership assessments.

C. The members further resolve that, in the event that membership assessments exceed the net expenses of providing membership services for the upcoming fiscal year (after application of any alternate sources of income) by more than the \$793,734 any such excess shall be contributed to the Association's capital reserves, which shall also be treated as special assessments and as capital contributions to the Association's capital

reserves, and which shall be deposited into one of the Association's special segregated bank accounts for the Association's capital reserves (currently at First Hawaiian Bank and Mutual of Omaha Bank) and held by the Board in accordance with the rules and restrictions governing the Association's capital reserve funds.

RETENTION NINE DIRECTORS

Chair Kane moved for adoption of this resolution, by the Mililani Town Association that: "A Board of Directors consisting of nine (9) directors shall be retained for the fiscal year April 1, 2012 to March 31, 2013." Since there were no objections, the resolution was adopted.

EXPLANATION OF SYSTEM

Director, Michelle Kidani explained that the system of voting is within the Association's By-laws, that the election of directors shall be by ballot. Homeowners were given an opportunity to vote on the candidates of their choice by mail-in ballots. These mail-in ballots were tallied electronically by Election Consulting Services, an independent ballot-counting company. At MTA's request, the League of Women Voters was engaged to be the Election Tellers by overseeing the tallying procedures. The League of Women Voters validated that the ballot-counting followed appropriate tallying procedures and confirmed the final election results. There were three (3) vacancies on the Board that needed to be filled. The Directors elected would each serve a three (3) year term.

The following individuals submitted their resumes in advance to the Association as candidates for the Board of Directors positions; their names appeared on the printed ballots in alphabetical order as follows: Melvin K. Apana, Randy Driver, Eric Matsumoto, Charles L. Remington, Neil Takeda and Farouk D.G. Wang.

ELECTION RESULTS

Director, Michelle Kidani announced the following election results:

Melvin K. Apana	1182 votes	12.70%
Randy Driver	484 votes	5.20%
Eric Matsumoto	2356 votes	25.31%
Charles L. Remington	1668 votes	17.92%
Neil Takeda	1708 votes	18.35%
Farouk D.G Wang	1911 votes	20.53 %
Total Registered Voters	15,656	
Ballots Cast	3,574	
Voter Turnout	22.82%	

The three (3) directors elected to serve a three (3) year term of office are Eric Matsumoto, Farouk D.G. Wang and Neil Takeda.

CONGRATULATIONS

Chair Kane congratulated the elected directors and thanked all the candidates for their participation. He announced to the newly elected and the directors who were continuing their term of office that there would be a Board of Directors organizational meeting immediately following this Annual Meeting in the Recreation Center III's Conference Room. The purpose of this meeting is to elect the corporation's officers and to establish the meeting schedule of the Board for the coming fiscal year.

HOMEOWNERS' FORUM

Chair Kane opened the meeting up to our Members. Homeowner, Melvin Apana congratulated Dave O'Neal and Staff for a successful Eat the Street Mililani. He commented that it was a big improvement from last year's event.

ANNOUNCEMENTS


Directors Organizational Meeting

Chair Kane reminded all directors that an organizational meeting of the Board of Directors would be held in the Recreation Center III's Conference Room following adjournment of this meeting.

ADJOURNMENT

There being no further business to come before the members attending the 44th Annual Meeting of the Mililani Town Association, the meeting was adjourned at 7:25 P.M.

RESPECTFULLY SUBMITTED,


Michelle Kidani, Acting Secretary

MK/lu