

MILILANI TOWN ASSOCIATION
ANNUAL MEETING

TIME AND PLACE

The 45th Annual Meeting of the members of the Mililani Town Association was held on Wednesday, March 20, 2013 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 1,917.

ROLL CALL

Silent roll call noted 9 directors were present:

DIRECTORS PRESENT

Will Kane	Michelle Kidani	Glenn Yoshimori
Farouk Wang	Bob Barrett	Josie Hart Ka'anehe
Roger Babcock	Neil Takeda	Rodney Park

APPROVAL OF THE AGENDA

The agenda was approved as circulated.

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, 2013.

INTRODUCTION

Chair Will Kane introduced the Board of Directors and Committee Chairs for the past year: Michelle Kidani, Vice President and Management & Personnel Committee Chair; Glenn Yoshimori, Secretary; Farouk Wang, Treasurer and Audit & Finance Committee Chair; Bob Barrett, Building & Grounds Committee Chair; Josie Hart Ka'anehe, Member Relations Committee Chair; Roger Babcock, Director; Neil Takeda, Director; and Rodney Park, Director. Chair Will Kane also introduced Richard Ekimoto, Legal Counsel Representative of Ekimoto & Morris LLC and Steve Gelber of Gelber, Gelber & Ingersoll; and the management staff of the Association; David O'Neal, General Manager; Laurie Usui, Member Services Manager; Katherine Cueva, Covenants and Design Manager; Mei Linn Park, Member Activities Manager; Guy Makimoto, Common Area Manager; Carol Shimabuku, HR Specialist; Michael Keller, Safety Officer; and Michael Kan, IT Administrator.

GUESTS

None.

CONDUCT OF BUSINESS

Chair Will 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 By-Laws. Since there were no objections, these rules were adopted.

APPROVAL OF PREVIOUS ANNUAL MEETING

Chair Will Kane stated that the minutes of the previous Annual Meeting held on March 21, 2012 are provided. There being no corrections or objections; the minutes were approved as distributed.

REPORT OF OFFICERS

Chair Will Kane reported that Committee Reports were included in the agenda material for reference. Chair Will Kane highlighted the following items:

Accounting: Hired outside firm to perform an analysis of the Accounting Department, created the Controller position; Common Area: Recreation Center 2 construction is underway, tennis court resurfacing, Recreation Center 5 drainage improvements which are helping to eliminate mosquitos, Recreation Center 7 gym floor and A/C in family room; Covenants and Design: new paint board, covenant inspections map in the monthly newsletter; Member Activities: no major accidents or drownings in our pools, more events, Keiki Night, ballroom dancing, volleyball clinic, better events, Eat the Street and Movie by the Pool; Member Services: Recreation Center 7 business office, newsletter in-house.

FINANCIAL REPORT

Treasurer, Farouk Wang reported the Revenue and Expenses as of February 28, 2013 as follows:

REVENUES	\$7,192,608.25
EXPENSES	\$(7,295,606.83)
FY2012-13 TO RESERVE FUND	<u>\$1,320,742.05</u>
BALANCE:	<u>\$1,217,743.47</u>
OUTSTANDING ACCOUNTS PAYABLES	\$-
OUTSTANDING ACCOUNTS RECEIVABLES	\$534,148.53
TRUSTEE ACCOUNT*	\$31,550.00
YTD RRP and CIP EXPENSES	\$1,233,817.60
<u>RESERVE ACCOUNT STATUS</u>	
INVESTMENT RESERVE ACCOUNTS	\$16,456,846.31

*NOTE: Trustee Account consists of Facility Rental Security Deposits held in trust by M.T.A. and returned to the renters upon completion of their rental agreements. Any damages and penalties resulting from such rentals are deducted from the respective renter's deposit, transferred to forfeited security deposit income and the balance (if any) is returned to the renter.

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

RESOLUTION RESPECTING
CAPITAL CONTRIBUTIONS FOR
THE FISCAL YEAR ENDING
MARCH 31, 2014

Chair Will Kane moved for adoption of this resolution that
WHEREAS:

1. Mililani Town Association (the "Association") is a homeowners association that has elected to be treated as a qualifying homeowners association under Section 528 of the Internal Revenue Code of 1986, and, as a result, the membership dues, fees, and assessments collected by the Association during any tax year for which such election is in effect are treated as "exempt function income" and not subject to tax.
2. Aside from collecting membership assessments, the Association has also historically engaged in activities that provide "alternate sources of income" that are taxable, including leasing certain common areas for cell phone antennae. The Association has used these alternate sources of income in order to defray part of the Association's operating expenses and thereby minimize the assessments charged members.
3. The quarterly amounts assessed the homeowners/members of Association include both amounts estimated to cover operating expenses and capital contributions to fund capital reserves for the repair, replacement, and improvement of the common areas and facilities of the Association.
4. As a historical matter, to the extent that, after application of the Association's alternate sources of income to pay operating expenses, the aggregate amount of the quarterly assessments collected from members to pay operating expenses might exceed the Association's actual operating expenses in the current and the next succeeding year, the members of the Association have by resolution, in advance of each year, designated that any such excess amount would also constitute and be treated as additional contributions to the Association's capital reserves.
5. With regard to the funds contributed to the Association's reserves, 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 holds the members' capital contributions in such special segregated reserve accounts.

NOW, THEREFORE, IN THE FOREGOING
CIRCUMSTANCES, BE IT RESOLVED THAT:

- A. The members acknowledge that, as in prior years, the quarterly membership assessments for the fiscal year ending March 31, 2014, include amounts allocable to the Association's capital reserves. The members hereby resolve to contribute such amounts as capital contributions to the capital reserves of the Association. In aggregate, based on the annual budget for the upcoming fiscal year, the members hereby resolve to contribute a minimum of \$772,000 to the capital reserves of the Association out of the

members' quarterly membership assessments, which amount shall be deposited and held in 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.

B. The members further resolve that, to the extent that the remaining amount of the membership assessments collected in the fiscal year ended March 31, 2014, turn out to exceed the net expenses of providing membership services for such fiscal year (after application of any alternate sources of income), any such excess shall also be contributed to the Association's capital reserves and shall be treated as special assessments and capital contributions to the Association's capital reserves, and shall also be deposited into one of the Association's special segregated bank accounts for the Association's capital reserves and also held in accordance with the rules and restrictions governing the Association's capital reserve funds.

Since there were no objections, the resolution was adopted.

RESOLUTION FOR ADOPTION
OF POLICY FOR TERMINATION
OF ACCESS AND PRIVILEGES

Chair Will Kane moved for adoption of this resolution that
OBJECTIVE: To adopt a policy for the termination of access to recreation centers by, and privileges to, delinquent owners.

WHEREAS, Article II, Section 3 of the By-Laws provides the Board of Directors ("Board") of Mililani Town Association ("Association") with the authority to manage and operate the affairs of the Association; and

WHEREAS, Article VI, Sections 6.02 and 6.03, of the Declaration of the Covenants, Conditions and Restrictions for Mililani Town ("Declaration") authorizes the Board to impose maintenance and special assessments against owners; and

WHEREAS, the Declaration provide the Association with authority to take such action as may be necessary or appropriate to enforce the project documents; and

WHEREAS, from time to time Owners fail to pay assessments and fail to respond to the demands of the Association to bring their accounts current; and

WHEREAS, effective June 28, 2012, Chapter 421J of the Hawai'i Revised Statutes, § 421J-10.5(e), provides, in part, that, "In conjunction with or as an alternative to foreclosure proceedings under subsection (a), where a unit is owner-occupied, the association may authorize its managing agent or board, after sixty days written notice to the unit owner of the unit's share of the assessments, to terminate the delinquent unit's access to the common areas and cease supplying a delinquent unit with any and all services normally supplied or paid for by the association"; and

WHEREAS, §421J-10.5(f) provides that, "Before the board or managing agent may take the actions permitted under subsection

(e), the board shall adopt a written policy providing for such actions and have the policy approved by a majority vote of the unit owners, as provided in the association documents, who are present in person or by proxy or as otherwise permitted by the association documents, at an annual or special meeting of the association or by the written consent of a voting interest equal to a quorum of the unit owners unless the association documents already permit the process”; and

NOW THEREFORE, BE IT RESOLVED THAT THE ASSOCIATION adopts the following policy for termination of access to recreation centers and privileges in accordance with §421J-10.5(e) and (f) of the Hawai`i Revised Statutes:

Policy on Termination of Access and Privileges

1. In accordance with Section 421J-10.5(e) and (f) of the Hawai`i Revised Statutes and the procedures set forth below, the Board of Directors (“Board”) of Mililani Town Association (“Association”) may, in its discretion, terminate delinquent unit owners’ access to the Association’s Recreation Centers (“Access”) and cease supplying delinquent unit owners with any and all privileges and/or services normally supplied or paid for by the Association (“Privileges”).

2. Prior to taking any action under this Policy, the Board shall give to the delinquent unit owner 60 days written notice of its intent to terminate Access and/or Privileges.

3. The Board may not use this remedy if the unit is not owner-occupied.

4. Any terminated Access and/or Privileges shall be restored upon payment of all delinquent assessments, but need not be restored until payment in full is received.

5. The Board of Directors may adopt rules to effectuate the purpose of this Policy and to implement its provisions.

Since there were no objections, the resolution was adopted.

RESOLUTION RETENTION OF A BOARD OF NINE DIRECTORS

Chair Will 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, 2013 to March 31, 2014.” Since there were no objections, the resolution was adopted.

EXPLANATION OF SYSTEM

Secretary, Glenn Yoshimori 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 RBM Consulting, LLC, 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 four (4) vacancies on the Board that needed to be filled. The top three vote-getters would receive the 3-year terms, and the fourth highest vote-getter would receive the 2-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: Roger D. Ancheta, Sabrina Gustafson, Josie Hart Ka'anehe, Will Kane, Jeffrey P. Kim, Michael Y. Magaoay, Rodney S. Park, Buenaflor "Ben" Robles Jr., Dane K. Wicker, and Glenn Yoshimori.

ELECTION RESULTS

Secretary, Glenn Yoshimori announced the following election results:

Roger D. Ancheta	904	6.68%
Sabrina Gustafson	1135	8.38%
Josie Hart Ka'anehe	2359	17.42%
Will Kane	2129	15.72%
Jeffrey P. Kim	783	5.78%
Michael Y. Magaoay	1252	9.25%
Rodney S. Park	1697	12.53%
Buenaflor "Ben" Robles Jr.	532	3.93%
Dane K. Wicker	808	5.97%
Glenn Yoshimori	1940	14.33%

Total Registered Voters	13,539
Ballots Cast	3,847
Voter Turnout	28.41%

The three (3) directors elected to serve three (3) years term of office are Josie Hart Ka'anehe, Will Kane and Glenn Yoshimori. The one (1) director elected to serve two (2) years term of office is Rodney Park.

CONGRATULATIONS

Chair Will 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 Will Kane opened the floor to MTA homeowners. Various homeowners addressed the Board.

ANNOUNCEMENTS

Directors Organizational Meeting


Chair Will 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 45th Annual Meeting of the Mililani Town Association, the meeting was adjourned at 7:25 p.m.

RESPECTFULLY SUBMITTED,


Josie Hart Ka'anehe, Secretary

JHK/lu