

MILILANI TOWN ASSOCIATION
ANNUAL MEETING

TIME AND PLACE

The 46th Annual Meeting of the members of the Mililani Town Association was held on Wednesday, March 19, 2014 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 2,171.

ROLL CALL

Silent roll call noted 9 directors were present:

DIRECTORS PRESENT

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

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 January 13, 2014.

INTRODUCTION

Chair Will Kane introduced the Board of Directors and Committee Chairs for the past year: Bob Barrett, Vice President and Management & Personnel Committee Chair; Roger Babcock, Secretary and Building & Grounds Committee Chair; Glenn Yoshimori, Treasurer and Audit & Finance Committee Chair; Josie Hart Ka'anehe, Member Relations Committee Chair; Michelle Kidani, Director; Neil Takeda, Director; Rodney Park, Director; and Michael Magaoay, 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; Lynelle Tamashiro, Controller; Laurie Usui, Member Services Manager; Katherine Cueva, Covenants and Design Manager; Danny Cardona, Common Area Manager; Kaleo Perreira, Aquatics Manager; Carol Shimabuku, HR Specialist; and Michael Keller, Safety Officer.

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 20, 2013 are provided. There being no corrections or objections; the minutes were approved as distributed.

REPORT OF OFFICERS

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

Accounting: New Controller, Lynelle Tamashiro, CPA; in the process of converting current accounting system to the new software system, Jenark. Legal fees were significantly reduced by managing collections on delinquent accounts in-house.

Aquatics: Swim lessons are more popular than ever.

Common Area: New Common Area Manager, Danny Cardona.

Recreation Center 2 renovation was completed. Design phase has been completed for five open-air barbeque pavilions at Recreation Center 7. Internet Café selling Starbucks coffee is also in progress at Recreation Center 7.

Covenants and Design: The Design department reviewed 3,600 applications this past year and streamlined the review process. New homeowners are serving on the Design Committee.

Member Services and Events: More events, averaging 2-3 a month. Reoccurring events have improved, such as Eat the Street, and new events are being offered.

FINANCIAL REPORT

Treasurer, Glenn Yoshimori reported the Revenue and Expenses as of February 28, 2014 as follows:

OPERATING FUND

REVENUES	\$7,303,246.68
EXPENSES	\$(6,424,614.93)
OUTSTANDING ACCOUNTS PAYABLES	\$22,822.00
OUTSTANDING ACCOUNTS RECEIVABLES	\$666,498.67
TRUSTEE ACCOUNT*	\$27,685.00

RESERVE FUND

FY2013-14 CONTRIBUTIONS TO RESERVE FUND	\$707,666.63
INVESTMENT RESERVE ACCOUNT BALANCE	\$14,927,636.17
YTD RRP and CIP EXPENSES	\$1,659,863.81

*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, 2015

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, 2015, 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 \$800,950 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, 2015, 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 REGARDING
COLLECTION OF RENT FROM
TENANTS OF DELINQUENT
OWNERS

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

An owner's failure to pay maintenance assessments and special assessments (together, "assessments") undermines the financial stability of the association and imposes an unfair burden on the owners who are paying their assessments;

Article VI, Section 6.02 of the Declaration of Covenants, Conditions and Restrictions for Mililani Town (the "Declaration") requires the Board of Directors of the Mililani Town Association ("Association") to collect assessments from a delinquent owner using every reasonable means; The Board has determined that collection of rent from tenants in the community is a reasonable means of collecting delinquent assessments because the assessments pay for the services which the tenants receive; and

Section 421J-10.6 of the Hawaii Revised Statutes authorizes the Board, with the approval of the owners, to collect rent from the tenants, as well as the rental agents, of a delinquent owner, to reimburse the Association for the owner's unpaid assessments;

NOW THEREFORE, the Board of Directors of the Mililani Town Association adopts the following resolution to comply with Section 421J-10.6 of the Hawaii Revised Statutes:

RESOLVED:

1. If an owner is renting the unit to a tenant and fails to pay the unit's assessments within thirty (30) days after the payment is due, the board of directors may send a written demand to the tenant, or to the owner's rental agent, to pay the tenant's rent directly to the Association. Each month, the Board may demand an amount sufficient to pay the amount the owner owes to the Association, provided the Board will not demand more in any one month than the tenant actually owes in rent for that month.
2. Before demanding any rent from the tenant, or from the owner's rental agent, the Board shall give the owner written notice that the Board intends to collect the rent from the tenant, or from the owner's rental agent. The notice shall be sent to the owner by first-class and certified

mail at the owner's address shown on the records of the Association and shall:

- State the exact amount the Association claims is owed by the owner; and
- Indicate that the Board intends to collect that amount from the tenant's rent, together with any other amounts that become due and remain unpaid.

3. An owner may ask the Board to agree to a payment plan with the owner instead of collecting rent from the tenant, but the Board shall not necessarily be required to accept a payment plan.

4. Demanding rent from an owner's tenant or rental agent shall NOT be deemed to prevent the Board from proceeding with foreclosure or any other means of collecting the owner's delinquent assessment.

5. The collection of rent from an owner's tenant or rental agent shall be subject to the restrictions stated in Subsections 421J-10.6(e) and (f) of the law.

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, 2014 to March 31, 2015." Since there were no objections, the resolution was adopted.

EXPLANATION OF SYSTEM

Chair Will Kane 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 1-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 Babcock, Bob Barrett, Roy Dela Cruz, Earl D. Hunter, Michelle N. Kidani, Michael Y. Magaoay, Richard E. McCabe, Dan McNair, and Mei Linn "Mato" Park.

ELECTION RESULTS

Chair Will Kane announced the following election results:

Babcock, Roger*	2427	18.45%
Kidani, Michelle N.*	2334	17.74%

Barrett, Bob*	1961	14.91%
Magaoay, Michael Y.*	1941	14.75%
Park, Mei Linn "Mato"	1221	9.28%
Dela Cruz, Roy	1081	8.22%
McCabe, Richard E.	864	6.57%
Hunter, Earl D.	666	5.06%
McNair, Dan	661	5.02%
Total Registered Voters	13,156	
Ballots Cast	3,738	
Voter Turnout	28.41%	

The three (3) directors elected to serve three (3) years term of office are Roger Babcock, Michelle N. Kidani, and Bob Barrett.

The one (1) director elected to serve one (1) year term of office is Michael Y. Magaoay.

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

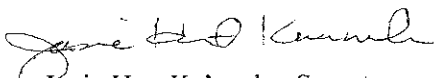
Directors Organizational Meeting

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 46th Annual Meeting of the Mililani Town Association, the meeting was adjourned at 7:27 p.m.

RESPECTFULLY SUBMITTED,


 Josie Hart Ka'anehe, Secretary

JHK/lu