

MILILANI TOWN ASSOCIATION
ANNUAL MEETING

TIME AND PLACE

The 51st Annual Meeting of the members of the Mililani Town Association was held on Wednesday, March 20, 2019 at 7:00 p.m. in Mililani Recreation Center III located at 95-281 Kaloapau Street, Mililani, Hawaii.

CALL TO ORDER

President Bob Barrett 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 3,011.

ROLL CALL

Silent roll call noted 8 directors were present:

DIRECTORS PRESENT

Bob Barrett	Michelle Kidani	Josie Hart Ka'anehe
Glenn Yoshimori	Will Kane	Michael Magaoay
Val Okimoto	Noriko Salangdron	

DIRECTORS ABSENT

Neil Takeda

GUEST

Richard S. Ekimoto, Esq., Ekimoto & Morris, LLLC

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 14, 2019.

INTRODUCTION

Chair Bob Barrett introduced the Board of Directors and Officers for the past year: Michelle Kidani, Vice President; Josie Hart Ka'anehe, Secretary; Glenn Yoshimori, Treasurer; Will Kane, Director; Michael Magaoay, Director, Val Okimoto, Director; and Noriko Salangdron, Director. Chair Bob Barrett also introduced Richard Ekimoto, Legal Counsel Representative of Ekimoto & Morris LLC; 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; Darryl Barbadillo, Landscaping Manager; Kaleo Perreira, Aquatics Manager; Jessica Maclachlan, Food and Beverage Manager; Caryn Tangalin, HR Manager and Roy Tashiro, Maintenance Manager.

CONDUCT OF BUSINESS

Chair Bob Barrett 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 Bob Barrett stated that the minutes of the previous Annual Meeting held on March 21, 2018 is provided. There being no corrections or objections; the minutes were approved as distributed.

REPORT OF OFFICERS

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

- Completed updated 5-year Reserve Study
- Completed member survey
- Updated Design Committee Rules
- Completed first all-online swim registration
- Became a Tree City USA
- Planned and held 50th Anniversary concert/fireworks show and implemented year long theme at events and in newsletter
- Maintained the operations within the budget
- Rec. 4 roof redone
- Rec. 5 roof redone
- Rec. 2 pool converted to saline
- Pickleball courts expanded at Rec. 3 and tennis courts resurfaced
- Waena Walkway lights installed
- Rec. 4 Splash Park contract awarded, construction to start this fiscal year
- Website upgrade in final stage
- Ravine Park Orchard planted
- Kapanoe Park converted irrigation loop to “smart” system (WeatherTrack system)
- Lanikuhana Ave./Kamehameha Hwy. landscaping upgrade in progress
- Permitting in progress for Rec. 3 Sports Complex

FINANCIAL REPORT

Treasurer, Glenn Yoshimori reported the Revenue and Expenses as of February 28, 2019 as follows:

OPERATING FUND

REVENUES	\$8,073,274.04
EXPENSES	(\$7,973,997.86)
OUTSTANDING ACCOUNTS PAYABLES	\$131,310.43
OUTSTANDING ACCOUNTS RECEIVABLES	\$788,634.28
(Delinquent Maintenance Assessments, Late Fees and Legal Fees)	

RESERVE FUND

FY2018-19 CONTRIBUTIONS TO RESERVE FUND	\$869,903.88
INVESTMENT RESERVE ACCOUNT BALANCE	\$10,189,424.00
(Bank of Hawaii)	

YTD RRP and CIP EXPENSES	\$370,691.94
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Chair Bob Barrett 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, 2020

Chair Bob Barrett 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, 2020, 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 \$983,680 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 Bank of Hawaii) 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, 2020, 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.

APPROVAL OF TRANSFER OF
PROPERTY TO DOE

Chair Bob Barrett moved to approve the proposed transfer of property to the State Department of Education: (a) Lot 2755-C that bisects the Mililani High School campus; and (b) the property fronting Mililani High School along Meheula Parkway, including the land where driveways into Mililani High School are located. The motion was seconded.

After the motion was discussed, the meeting was recessed, subject to call of the Chair by unanimous consent at 7:18 p.m. Chair Bob Barrett reconvened the meeting at 7:30 p.m.

The motion passed with 2,465.75 votes in favor and 165.25 votes against.

RESOLUTION RETENTION OF A BOARD OF NINE DIRECTORS

Chair Bob Barrett 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, 2020 to March 31, 2021."

Since there were no objections, the resolution was adopted.

EXPLANATION OF SYSTEM

Secretary, Josie Hart Ka'anehe 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 Merriman River Group, 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; each for a 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, by last name, as follows: Roger Babcock, Josie Hart Ka'anehe, Will Kane, Ronald Kaopuiki, Marilyn Lee and Stefanie Sakamoto Lee.

ELECTION RESULTS: Secretary, Josie Hart Ka'anehe announced the following election results:

	<u>Number of Votes</u>	<u>% of Total Ballots Cast</u>
Will Kane	1,887	52.53%
Roger Babcock	1,827	50.86%
Josie Hart Ka'anehe	1,751	48.75%
Marilyn Lee	1,706	47.49%
Stefanie Sakamoto Lee	1,302	36.25%
Ronald Kaopuiki	913	25.42%
Total Valid Ballots		3,592

The two (2) directors elected to each serve a three (3) year term of office are Will Kane and Roger Babcock.

The third seat has not been filled by the mail-in ballots received by the Association since no other candidates received more than 50% of the votes. The Board will meet to discuss how to fill the vacancy because only two directors received a majority of votes cast.

CONGRATULATIONS

Chair Bob Barrett congratulated the elected directors and thanked all the candidates for their participation. He announced to the newly elected directors 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 Administrative Office 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 next fiscal year.

HOMEOWNERS' FORUM

Chair Bob Barrett opened the floor to MTA homeowners. Various homeowners addressed the Board.

ANNOUNCEMENTS

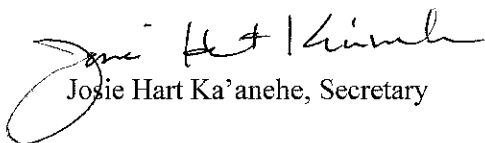
Directors Organizational Meeting

Chair Bob Barrett reminded all directors that an organizational meeting of the Board of Directors would be held in the Administrative Office Conference Room following adjournment of this meeting.

ADJOURNMENT

There being no further business to come before the members attending the 51st Annual Meeting of the Mililani Town Association, the meeting was adjourned at 7:48 p.m.

RESPECTFULLY SUBMITTED,



Jodie Hart Ka'anehe, Secretary

JHK/sk