

**The Island at Hidden Harbour
Board of Directors Meeting**

**October 18, 2008 – 9am
Meeting Minutes**

Board members in attendance: Lou Engle, Marie Henderson, Kitty O'Hara, Tom Murrill, Carol Ann Bianco; Mark Hannahs was present for the first half of the meeting.

Lou called the meeting to order 9:05 am in the Sales Office on the Island.

Active/On-Going Project Status:

South Pool:

Due to water leakage on the side wall of this pool, it has not been painted yet. It was decided to put this water investigation effort on hold for now.

Lanai painting:

Barbara's status report indicated the painters should be finished the front of the Lanai building this weekend except for unit hallways that are being saved for windy days. They expect to move to the rear of the building the week of 10/20/08.

North Pool house – wood repair:

Lou advised Triangle Builders completed the repairs to this building. All rotten wood has been replaced; the finished work looks good.

Sinkhole repairs:

Barbara's status report advised Triangle Builders completed all sinkhole repairs in the parking lot area as well as the one between Bermuda and Cayman by the dock. There are a few remaining minor issues thought to be associated with the sprinkler system in the areas along the boardwalk. These will be addressed in the spring of 2009.

Tennis Court re-surface:

Marie advised the first new layer is complete. The old birdbath and tree root damage has been repaired or dug out as needed. The final surface layer and painting will take place based on surface curing and weather conditions. A question was raised if new nets were included. This will be investigated.

Barbara's report alerted us that two sidewalk slabs were damaged by the asphalt trucks. These repairs are outside the scope of the Sport Systems contract. Bids will be obtained for these repairs in the spring.

Marie also recommended a trench be dug along the fence to allow water to drain off the court surface. Again this will be addressed in the spring.

Classic projects:

350 and 352 Maui:

Lou advised the awning bolts were backed out and a transparent caulk was inserted. Then they were re-secured and re-caulked again. This was done on both rear deck units. It was suggested if similar problems arise in the future, the unit owners should be held responsible for these repairs since the awnings are not owned by the association.

Lanai—3rd floor rear decks—caulk:

Barbara's report indicated Mike McDonald/Classic Exteriors inspected the caulking on these decks; he was accompanied by Lou and Barbara. Mike agreed there were a few areas where the caulk cracked and agreed to remove the old and reapply. He used a caulk with more elasticity but the same quality as per the contract. Lou indicated the caulk is a 50 year product. Lou also noted many sliding door tracks had not been cleaned to the point the weep holes were closed, thus preventing water to properly drain. This owner action item will be included in the next mailing sent to all owners.

Cayman south stair tower:

Barbara advised Classic obtained the required OC permit and plans to start repair work on Monday 10/20/08. OCREM will observe the opened stair tower for rotten wood prior to any repairs made here. Carol Ann and Tom agreed to join in this visual inspection.

Old Classic invoice:

The board reviewed an outstanding invoice submitted by Classic for work on unit 328 Dominica. Due to subsequent problems with this repair job and other work efforts, the board felt it appropriate to pay less than the full amount. Mark made a motion to pay the agreed upon adjusted amount; Marie seconded it. All present agreed with to this motion.

112-Bermuda:

Several vendors recommended the same solution to the musty odor present under this owners unit. It was decided to accept the bid from Joe Giannotta to reinstall the vapor barrier and re-attach the insulation in the crawl space under this unit.

Finances:

Several board members had earlier expressed concern with the financial numbers reported to the owners during the annual meeting, esp. those showing we've overspent our income this year. Mark explained our accounting is done on an accrual basis. So while we have money, it's a matter of structure and terminology. Mark noted our accountants (Moore & Co.) are concerned since we essentially pulled forward the painting expense for the Lanai building into this year's operating expenses.

Other discussion centered on the various accounting codes used for some expenses. For instance, what is the distinction between repair and maintenance? Mark agreed to pursue this with Bob Moore to see if we can/should modify the chart of account classifications we use starting with next years recordings.

During this discussion, the landscape bid from Dunning Hardscapes to further improve the property was reviewed. While completing these items should reduce our cleaning needs (remove the stones in some areas), this project is considered a discretionary expense. The board agreed to put this work off until early next year.

Further, the Reserve Fund line item of a balance due amount from the Operating fund is money we are replacing back to ourselves. This condition is a result of paying off the line of credit initially used to finance the major repairs done in 2007. Lastly, the board discussed the Reserve Fund study and determined there is no need to formally re-study it again at this time. We know we are officially under-funded due to the repayment situation. Instead, we will adjust the reserve fund targets with inflation rates to keep the projected values in line with our future needs.

Also much of the Reserve Fund monies are currently tied up in CDs so we were not liquid enough to handle the tennis court expense from those accounts. In November, we will look carefully at our forecasted reserve fund projects before we roll over a few of the CDs nearing maturity.

Owner Guidelines/Action Items:

How to handle owner dryer vent cleaning requirement:

Barbara/OCREM provided the names of 3 companies who are known to perform this type of service. Mark suggested another vendor he and several other Maui owners used recently. We will include these suggested vendors to the owners in our next newsletter. If owners have a maintenance contract with a HVAC service company, they are also a source of this type of service. The board discussed a need for a paper trail of compliance and agreed we will ask owners to notify OCREM when their vent cleaning is complete. July 1 was the target date agreed to for all owners to complete this effort

Owner Memo-“To-Do” items:

Carol Ann shared a preliminary draft of a memo to all owners spelling out the required and recommended owner unit action items. Suggestions were made to include a few other topics. Carol Ann will update this memo and share with the board for concurrence before it is mailed out.

Need to clean out sliding door tracks, esp. on 3rd floor units:

One item to be added to the owner “to-do” job aid is the need to clean out the sliding door tracks. This is especially important on the 3rd floor rear decks as they do not have any permanent roof coverage to keep these tracks from becoming clogged with dirt and debris. Also, some of the buildings have the screen door track on the outside of the unit. By not keeping this track clean and the weep holes open to allow drainage, water can back up and overflow into the owner unit.

HVAC replacement systems—guidelines for owners:

Thus far investigation on the required height of replacement heat pump units has resulted in different answers depending on who is asked the question. We decided to solicit the HHV board for their thoughts and recommendations. Carol Ann will pursue.

New Business/Bids:

Cayman re-carpet in 2009:

The 3 bids received earlier were again reviewed. Keenwick's cost is significantly higher than the other 2. Also concern was expressed with their installation methods. We have observed many seams; small pieces and glued areas pulling away from the walls.

The action plan decided at this time is to

- a) determine the square footage in the remaining bids;
- b) determine how they will layout the new carpet installation—aka a template, seam placement, etc.
- c) re-examine the references of these vendors, esp. to determine if the commercial work listed was exterior installations.

Briefly discussed was the need to examine the exposed wood flooring when this project is started. If any areas are failing, we need to be prepared to replace those to keep the overall project flow moving.

Lastly, we need OCREM to check out the price and availability of the “goo” used to protect the wood flooring. Determination of the quantity needed and a vendor (Moore Painting?) to apply this surface coat at the appropriate time in the sequence of events.

Lighting contract:

At this time, the only new bid received is from Frick Electric. Atlantic Electric requested additional time to familiarize themselves with the scope of the property needs. Atlantic Lighting's re-bid has not been received to date.

The board then discussed alternate methods to accomplish these tasks i.e. inspect for lights out and replacement of those. We've now heard a boom truck might not be required for the parking lot lights; instead a 16-18' ladder could accomplish this task. Suggestions made were possibly to have a handyman do this work. Also, we want to see how OCREM could participate, possibly in sourcing and storing spare light bulbs. We would consider month to month arrangements; a kick out clause in 30-60 days or a contract no longer than a one year. Lastly, we decided to investigate how HHV handles this work. Carol Ann will also pursue this question with their board.

Winter heat inspections:

--Owner units:

The board agreed we need to again this year have a vendor check owner units for proper winterization efforts. These include minimum heat settings, water turned off, hot water tank off, and the exterior heaters turned on in the 2nd and 3rd floor storage closets of several buildings (bay facing). We decided two inspections would be sufficient this time--mid January and mid-February. We would allow a week to complete the inspection and then require a report of findings be provided to us by the end of the month. Carol Ann will work with OCREM to obtain bids. It was recommended the bidding vendors show proof of insurance and bonding in their responses.

--Property winterization:

A bid was received from By the Sea Plumbing to again winterize the exterior water lines on The Island property. This same vendor did the work last year and we had no problems over last winter season. Marie made a motion to accept the bid from By the Sea Plumbing. Tom seconded it and all present approved it.

--Pool rooms:

Carol Ann shared that OCREM obtained a bid from Atlantic Electric to install heat tapes on the 3 fresh water pipes in the pool rooms. A new GFI outlet also needs to be installed in one room. This effort will allow us to remove the space heaters that were used in the past and hopefully be less expensive to run. All agreed with this plan.

Landscaping:

Marie reviewed her meeting yesterday with Sposato Lawn Service as our contract for ground maintenance, turf-grass nutrient management and tree/shrub pest management expire the end of this year. Another bid was received from Dunning Hardscapes and Landscaping. It was decided to continue using Sposato as the vendor so long as they step up to address the concerns reviewed in Friday's meeting.

Marie will take the lead on this and will negotiate the final contract. She will be the liaison with Sposato, while keeping OCREM involved also. Contract elements to negotiate include the ability to cancel without cause and that mowing will not occur before 8am. We need to remove the cost of the irrigation start up/shut down work as we now have another vendor for this. Marie advised she will not sign the new contract until the end of the year.

Cleaning contract:

Specs for a new cleaning service contract included the following recommendations:

- vacuum carpet once a month between May through September
- clean property 2 days a week during season (May—September)
- clean property every other week in off season (October through April*)
 - * frequency subject to change

Lou said he would be lead on this contract negotiation. Carol Ann will send the original spec sheet we developed for 2007 to the board for suggestions; she will update the document as needed.

Pool contract for 2009—revise scope? Re-bid when?

We will ask OCREM to obtain new bids in the January to February time frame. Future contracts need to be inclusive of all charges; this was not the case this past year.

Wi-Fi

Kitty offered to investigate vendors and cost/service options for this service.

Items from the floor: Carol Ann confirmed the date of our next meeting as 11/15.

Lou made a motion which Marie seconded to adjourn the meeting at 12:30pm.

Respectfully submitted,
Carol Ann Bianco, Secretary