

The Island at Hidden Harbour
Board of Directors Meeting

August 10, 2013 -- 9:30 AM
Meeting Minutes

Board members Mark Hannahs, Marie Henderson, Tom Murrill, Charlie Zellers and Carol Ann Bianco, along with Barbara Taylor, were present in the OC Real Estate Management conference room; Lou Engle joined via conference call. Wayne Keeler did not participate in this meeting. Having a quorum, Lou called the meeting to order at 9:30 am.

Brief Project updates:

The following status was shared in this month's Meeting Agenda; there was no discussion.

- South Pool --deck surface water leak --Resolved
- Drain in south pool deck—low spot/SE corner (delayed to > Labor Day)
- Unit number signage installation -- DONE
- Replace Handicap ramps—both pools -- DONE
- Boardwalk repairs --DONE
- Sidewalk lights – install replacement globes – done?
- Painting – Hawaii – done?

Proposed New Business:

--Painting – next building(s); restart schedule?

The board agreed future painting would be done based on need. It was recommended that Kauai and Maui show the most need for painting at this time, esp. the trim areas. The board asked Barbara to get bids on the work that needs to be done. Once the costs are known, we will decide if it's possible to do one building in the fall or if both buildings need to wait until 2014.

--Exterior Carpet – replacement product for owner needs; next building?

Charlie reported on his investigation to select the new carpet product for future use on the exterior decks and walkways of the buildings; the current carpet has been manufacturer discontinued. He showed a sample of the new indoor/outdoor carpet; it is a good color match to the currently installed product. The new carpet that will be used is Habitat #627—Baltic Blue; it is available from several local carpet suppliers.

Several owners have inquired how to replace their personal deck carpeting, outside of when an entire building is re-carpeted. The board determined this would require a two-step process. First the old carpet must be removed so the deck boards can be inspected and repaired, if necessary. Thus Barbara/OCREM must be notified before the start of a carpet project to set up the decking inspection/repair; it is highly recommended that the owner be there for the inspection. After any needed repairs are made, at association cost, the owner may have the new carpet installed.

The new carpet specs and installation process will be added to the Architectural Guidelines. The new carpet spec will be included in the owner meeting mailing package. A full set of the revised Architectural Guidelines will be included in the Owner Meeting minute's package and also be provided in future resale packages.

--Sprinkler room doors / framing / locks --repairs needed

Barbara discussed her investigation for potential repairs needed of sprinkler room doors, framing and locks. The repairs needed differ from building to building. The board asked Barbara to bid the job out as a full project but to have the cost broken down by building. If we need to fully replace any doors, the OC fire code must be checked to assure **we meet current** code. Once the repair costs are known, we will decide whether to do these repairs now or early next year.

--Guardhouse repairs (both) --need interior rotted wood repaired; add vinyl siding

Barbara shared that the interior plywood walls on both guardhouse structures are rotted. The guardhouses leak like the stair towers did. The board requested bids be obtained to determine the cost to repair both structures. The exterior should be re-sided with vinyl siding after the plywood repairs are made.

--North pool "house" --need interior rotted wood repaired; add vinyl siding

Similar to the guardhouses, the north pool pump room and storage area walls are rotted. The damage is extensive on the interior wall with the foot shower; there isn't any flashing to keep the water away from the building. Some damage also resulted from the earlier leaking backwash pit problem. Both access doors are also suspect. Same as above, the board requested bids to repair the interior rotted plywood walls and to replace the exterior with vinyl siding. These projects will finally eliminate wood shingles from all structures on the property.

Financials:

--Financial Report: June 2013 ended with a Reserve Fund balance of \$381,362.44. As of this report, 2 Reserve Fund projects were delayed by weather; those expenses are yet to be deducted from the Reserve accounts. The Operating Fund ended June with negative net income of \$330.28 although over the full 6 months we are in the black by \$24,516.73. The Operating Fund balance was \$295,750.38 at the end of June. July's reports will be shared with the board next week.

--Vandalism costs:

Over the past few weeks, there have been several incidences of vandalism and/or stupidity that will cost the Association approximately \$1000 to repair. These include a fire in the dumpster near Oahu when hot charcoal was tossed in there, July 4th vandalism damage to the fencing and pool furniture at the south pool, damaged lights on the entrance bridge and carpet damage on the 1st floor of Hawaii. The board agreed in any case where we can determine who is responsible for these costs, the owner will be held liable. The Hawaii owner, who acknowledged her liability, will be billed for the damaged carpet; the money will be escrowed until a replacement carpet project is undertaken.

Similarly, any owner who insists that a water test or some extra cost effort be undertaken to prove they are liable for a leak problem, typically a door or window issue, the owner will be required to sign a letter upfront agreeing to pay for those expenses. If it is later proven that the leak issue is an association liability, the owner will not be billed for the expense.

--Insurance coverage:

Mark explained the reasons for the delay in our master condo insurance policy renewal this year. The delay did provide a slight benefit since the insurance carrier extended the old policy at the old rates during this time delay. Mark noted several factors such as the close proximity of our buildings, and the fact they are frame structures, complicated getting this year's new policy underwritten. After much negotiation, we were able to retain our current coverage for a 6% premium increase. He also cautioned the FEMA Flood Insurance rates are increasing for coastal property, depending on the specific location zoning for the property.

--Review and approve the proposed 2014 budget:

Moore & Co. provided a proposed 2014 budget for the board to review. After some discussion, the board agreed to adjust the funding level in several cost codes. The budget for Painting was increased to \$41k while the Building Repair category was decreased to \$35K. The other cost code changed was to increase the Landscape budget to \$25K. With these adjustments, Mark made a motion to accept the proposed budget; Charlie seconded the motion and all participating board members approved. The final vote to accept the 2014 budget will take place in the Sept. 21 Owner Meeting.

General Business:

---Landscaping:

Tom recapped that major landscape improvements were made at Oahu, Maui and Lanai this year. He expects next year's efforts will focus primarily on the front areas of Kauai, Bermuda, Cayman and probably some tweaking at Aruba. There is an active issue with the plants dying in a planting bed at Dominica; not even weeds are growing there. DM Taylor took a soil sample a few weeks ago; they are still waiting for those results. Comments if the right bushes are being planted and if putting in plants that stay green all year would be better were shared. It was noted a new sinkhole might be starting near the north tot lot; something to keep an eye on going forward.

--401-A—future use options / restrictions:

Lou shared his recent consultation with a lawyer regarding our use options going forward with unit 401-A. The Association Declaration, section 3 (a) Condominium Buildings, limits future use to "...thereafter for any light institutional and/or commercial use accessory to the Condominium's principle uses as may be permitted by applicable zoning and land use laws and regulations". It was further verified that in order to make a change to the above declaration language would require acceptance from 80% of all owners. To change the footprint of the structure requires 100% approval from all owners. Bottom line, the only allowed future use for unit 401-A would be light commercial for Association use. The lawyer had not spoken to the OC Zoning Manager yet to confirm whether the unit ever had an occupancy permit.

A brief review of current, ongoing expenses to the Association for unit 401-A was discussed. We have minimized those ongoing costs as best as possible—taxes and water. The monthly electric power bill shows no usage although we still pay the minimum monthly amount for hook-up and billing. A brief discussion followed on the lack of electrical usage, as we understood the sprinkler box was tied in there. Whether we should cancel the electric service at a future date would require more investigation of other services possibly impacted and if it would be cost effective to do so.

--Review and approve the 2013 Owner Meeting agenda:

Carol Ann shared the proposed agenda for the Sept. 21st Owner Meeting. After several wording changes were shared and noted, Mark made a motion to accept the agenda. Marie seconded the motion and all participating agreed.

Misc. / Owner Items:

--Owner leak repair: The status of leak repairs to one owner unit regarding an association caused water damage situation was discussed. The board agreed to the two changes requested by the owner. Barbara will advise the owner and prepare a memo of understanding before the finish work is started.

At 12:5 pm, with all business addressed, Mark made a motion to close the meeting. Charlie seconded the motion and all participating agreed. The board will next be together at the September 21st Owner Meeting.

Respectfully submitted,
Carol Ann Bianco, Secretary