

**BOARD OF DIRECTORS MEETING OF
KU'AU BAYVIEW AT PAIA HOMEOWNERS ASSOCIATION
October 19, 2004**

I. CALL TO ORDER

President Stephan Bielawski called the meeting to order at 6:38 p.m. The meeting was held at the Paia Community Center Conference Room.

II. DECLARATION OF QUORUM

President Bielawski announced there was a quorum present with the following six directors present: Stephan Bielawski, Robert Pellettieri, Julie Barnes Foley, Michael Ebeling, Gail Burns and Jo Moyes. Director Randy Sarrow was absent.

Also in attendance were the following homeowners: Ann Pitcaithley, June Davis, Bruce and Susan Boucher and Bob Foley.

III. CONDUCT OF BUSINESS

In accordance with Article IV, Section 5 of the Bylaws, an open meeting was held. The meeting was held under the format of Robert's Rules of Order. The meeting was tape recorded and by their continued presence, all in attendance consented to being recorded.

IV. APPROVAL OF MINUTES

Motion: *To approve the minutes as written. (Pellettieri/Ebeling) Motion adopted.*

V. REVIEW OF PAST ACTIONS

Secretary Foley reviewed the votes/actions taken via email vote, email votes being valid under Article IV, Section 2 of the Bylaws. Those actions include:

- Accepting resignation of Randy Sarrow as Vice President and nominating and appointing Robert Pellettieri to that position. Randy will stay on as a director.
- By a majority vote of the board, the picnic was funded by the directors personally.
- Obtaining bids to cut back the vegetation in the retention basin.

V. RETENTION BASIN CONDITION REPORT

Director Moyes reported on the condition of the retention basin. There is a 20 foot hole in the fence on the west side and needs to be repaired as soon as possible. She has spoken with county officials and they will not make any repairs to the fence.

Motion: *To obtain at least two bids for repair of the fence. (Moyes/Burns)*
Motion adopted

As previously discussed, the overgrowth needs to be cleaned up and removed from the retention basin. Director Moyes will check with Brian Ross and see if any bids were received for such work. Posting "No Trespassing" signs should be put up immediately on all perimeters.

VI. DESIGN REVIEW COMMITTEE REPORT

Director/Chairman Ebeling reported that three applications for additions or improvements had been received, two of which had been approved, one is still pending. Any person submitting an application for review will receive written notice within two weeks of receipt of the application. The committee is in the process of evaluating an appropriate schedule for meeting so all requests can be accommodated in a timely manner.

VII. GRIEVANCE COMMITTEE REPORT

Director/Chairman Ebeling reported the committee had received six official grievances regarding yard violations, parking in front of mail box so the mailman could not deliver mail and a dog running at large. Action has been taken on all grievances.

VIII. TREASURER'S/FINANCE COMMITTEE REPORT

Treasurer Pellettieri reported that until an agreement can be finalized with CPA Sharron Counter to handle the bookkeeping of the association, he has been tracking the finances using an Excel spreadsheet. As of September 30, 2004, the ending balance in the account was \$47,129.06. A significant disbursement since that time is the charge for CPA Counter for the audit in the amount of \$1,718.73.

Motion: *To accept the treasurer's report. (Foley/Ebeling) Motion adopted*

Treasurer Pellettieri shared the results of the audit. CPA Counter said the association was generally in good order, but recommended: 1) reconciling the cash accounts to supporting documentation on a monthly basis; 2) discontinuing the use of QuickBooks software to manage the accounting system; 3) creating a separate savings account and transferring funds into the account for major repairs and replacement of common property; 4) maintaining an accurate record of the minutes of board of directors meetings; 5) reviewing the granting to the owners of Lots 43 to 49 the right to reclaim the 11-foot easement along Hana Highway by moving their fences out to the rock wall to ensure compliance with the governing documents; and 6) an independent accounting firm prepare income tax returns.

Motion: *To accept the audit prepared by CPA Sharron Counter. (Moyes/Ebeling) Motion adopted*

Motion: *To seek an opinion letter from Attorney Rowland to determine the validity of reclaiming the 11 foot easement along Hana Highway. (Pellettieri/Foley) Motion adopted*

Treasurer Pellettieri reported that the finance committee is working on the budget for 2005. At the present time, 2005 maintenance fees will be \$25 per month based on the budget. This takes into account having a licensed and bonded professional handling the bookkeeping.

Treasurer Pellettieri advised that the reserve fund is now in its own account and \$19,913 has been transferred to that account. Another \$2,400 will be transferred by year end. The Finance Committee will be meeting to establish investments to enhance the association's funds.

Treasurer Pellettieri reported on the increase of insurance coverage previously approved by a vote of the board. Increasing the coverage to \$3 million will result in an increase in premium of \$1,392 a year.

X. SPEED BUMP COMMITTEE REPORT

Director Moyes reported that a mailing will be sent to all homeowners advising them of a door-to-door campaign to secure 80% of the homeowners' signatures on a petition for speed bumps. The petition will then be presented to the county for processing. At present, there is a two-year waiting period for installation of speed bumps.

Motion: *To support financially by providing postage to the speed bump committee for a mailing notifying homeowners of the door-to-door campaign. (Moyes/Pellettieri). Motion adopted.*

XI. OPEN FLOOR

Ms. Pitcaithley thanked the board for using Strong Roots to do the landscaping. She also inquired how the board chose Sharron Courier to do the audit and also bookkeeping, wondering why the board would choose a CPA to do bookkeeping when a bookkeeper could do the job for less money. She questioned the board on why the annual fees would be more than doubled for the year 2005.

President Bielawski informed Ms. Pitcaithley that the fees would not more than double, and would not even be doubled. They would be going from \$192 annually to \$300 annually, an increase of \$108 a year. President Bielawski also advised Ms. Pitcaithley that the board has a responsibility by law to take care of the assets of the association and find the highest qualified professionals to give the best services to our homeowners. Treasurer Pellettieri answered Ms. Pitcaithley's questions regarding the selection of Sharron Courier by telling her that we started with the yellow pages, received bids from three firms, talked with clients and made our selection based on that criteria.

Ms. Davis thanked the board for their efforts and wondered if perhaps Strong Roots would be able to do some of the retention basin cleaning and they engage them to do regular maintenance over time.

President Bielawski thanked Ms. Davis for her suggestion and told her it would be given consideration.

Ms. Pitcaithley again took the floor asking if she could canvass the owners for emailing purposes as she received two mailings regarding the picnic.

President Bielawski explained that this board would not be using email as a means of communication with the homeowners and only one notice for the picnic was mailed; the other was a delivery to homeowners.

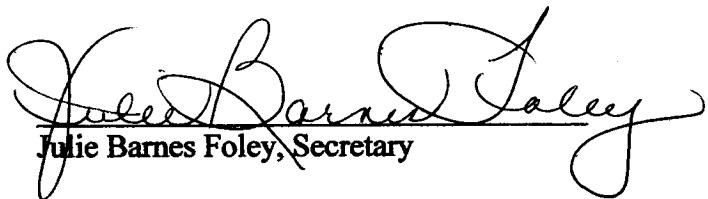
Ms. Pitcaithley said that since the board accepted a website that was constructed by Darlene Brothers that the board should acknowledge Ms. Brothers' laborious efforts.

Ms. Pitcaithley also stated that she thought there should be more due diligence with regard to the design review committee and their actions. Director Ebeling advised Ms. Pitcaithley that all inquires to the design review committee should be made in writing, they will be responded to in writing and all requests will be given the same consideration.

XIV. ADJOURNMENT

There being no further business to bring before the board, President Bielawski adjourned the meeting at 7:10 p.m.

Respectfully submitted,



Julie Barnes Foley, Secretary

These minutes are approved for distribution.



Stephan L. Bielawski, President

KU'AU BAYVIEW AT PAIA HOMEOWNER'S ASSOCIATION**FINANCIALS AS OF :****9/30/2004****Bank of Hawaii Checking Beginning Balance 05/31/2004: \$ 48,668.37**

Expenses	Description	
Check #		
1088	Julie Barnes Foley/Commty. Ctr.	\$ (85.00)
1089	Postmaster/Postage	\$ (74.00)
1090	DCCA Registration	\$ (40.00)
1091	Robert V. Pellettieri/Qtrly Meeting Refreshments	\$ (16.82)
1092	Julie Barnes Foley/Battery & Tape Qtrly Meeting	\$ (10.32)
1093	Mike Pruett/Strong Roots- Landscaping	\$ (468.75)
1094	County of Maui/Commty Ctr.	\$ (85.00)
1095	Michael Ebeling/CAI Membership	\$ (195.00)
1096	Mike Pruett/Strong Roots- Landscaping	\$ (468.75)
1097	Stephan Bielawski/Gavel	\$ (50.00)
1098	Randy Sarrow/Website Reimbursement	\$ (191.78)
1099	Postmaster/Postage	\$ (74.00)
1100	Robert Rowland Attorney/Legal Services	\$ (781.25)
1101	Mike Pruett/Strong Roots- Landscaping	\$ (468.75)
Autowithdrawals		
6/9/2004	Maui Electric	\$ (26.03)
6/21/2004	Bd. Of Water	\$ (86.10)
7/9/2004	Maui Electric	\$ (26.03)
8/9/2004	Maui Electric	\$ (26.03)
8/18/2004	Bd. Of Water	\$ (126.60)
9/9/2004	Maui Electric	\$ (26.04) \$ (3,326.25)
Deposits:		
6/18/2004	Bland Deposit/Lot 65: 2nd half fees	\$ 96.00
7/2/2004	Semi-Annual Fees Deposit	\$ 1,536.00
07/02/2004	Return Deposit/Comty. Ctr.	\$ 75.00
8/23/2004	Return Deposit/Cmmty. Ctr.	\$ 75.00 \$ 1,782.00
Interest Income:		
6/30/2004	Interest	\$ 1.20
7/31/2004	Interest	\$ 1.27
8/31/2004	Interest	\$ 1.27
09/30/04	Interest	\$ 1.20 \$ 4.94
Ending Balance (09/30/2004):		\$ 47,129.06