TO: Koa Lagoon Owners

FROM: AOAO Koa Lagoon Board of Directors

Darrell Pierson

RE: Koa Lagoon Newsletter

This letter is designed to update and review Board actions and the status of work at Koa Lagoon.

President Darrell Pierson continues these goals: To protect, maintain, and enhance the value of the real estate and to improve the quality of life for all homeowners. Board actions are taken to serve the common welfare. The Board has a fiduciary duty to do what is in the best interest of ALL homeowners. The Board is guided by Hawaii State law, Statute 514b, and the KL Bylaws. The officers endeavor to follow the Bylaws in its definition of their respective roles.

**Manhole Project:**  Installation of the manhole, required by the County and recently installed across from the office, has been inspected and approved by County inspectors.

**South Maui Recycled Water Project:** The South Maui Recycled Water Project has proceeded to bring the water line to KL property. Koa Lagoon will have a year to actually hook up. LA has researched and recommended a landscape architect firm to prepare a form for the State Department of Health and applications and forms for the County of Maui. This firm will also develop a landscape irrigation plan and specifications to meet County requirements.

**Replacement/Repair of Wooden Inserts on Walkways:** Edward has started the huge project of replacing the wood inserts in the walkway walls, as he has time in his schedule.

**Oceanic Time Warner Cable/Internet/Phone:** Oceanic Time Warner has completed its work in the units to upgrade cable, Internet, and phone. Our old contract had expired, and LA Bannowsky worked very hard to get the best contract for KL owners. This contract provides a bulk package with bulk- rate charges. The AOAO will be required to pay for cable, Internet, and phone for all 42 units without individual options. The separate mailing on May 7 provides more detail about the Oceanic package. (Correction in Paragraph 4 of the May 7 mailing: Our previous contract provided far fewer benefits at $44.43, plus tax, per month to cover Internet and TV.)

**Water Leakage and Water Leakage Alarm Devices:** Recently a serious leak in the connection to the ice maker in one of the units impacted three units below it with water damage, one of them requiring extensive professional service and much owner labor and inconvenience. This incident demonstrates the reason that owners passed the vote to require all owners to have homeowners’ insurance for liability. The owner had liability insurance to cover damage caused by the leak. The Board recommends that owners purchase water-sensitive devices (flood alerts) to place by ice makers, water heaters, and washing machines. These devices are reasonably priced at a store like Ace. Owners should be aware of the expiration date on the warranty for their water heaters and replace them before a leak develops and perhaps causes water damage to units below.

**Koa Lagoon Insurance Requirements:**  KL Insurance Administrator, Len Cesene, has communicated a reminder that owners should provide an updated Declaration from their insurance company each year, showing the policy is in effect on May 15 of that year, with minimum coverage of $300,000 for liability and $10,000 for property casualty. The KL attorney, having received Minutes of the 2013 Annual Meeting, found the votes requiring that unit owners provide proof of homeowners’ insurance and voting money to reformat our Bylaws to bring them into compliance with HRS 514b to be compliant with State law for passage. These votes passed with 54.709% “yes” votes, excluding quorum proxies.

**Voting by Proxy:** If an owner wants to vote on an agenda item at the Homeowners Meeting and is unable to attend, he/she should ask his named proxy- holder to vote according to his instructions. The AOAO follows the Bylaws for voting by proxy.

**Revision of Koa Lagoon Bylaws:** The KL attorney has completed revision of the Bylaws to make them compatible with HRS 514b. Unfortunately, the State did not allow the user-friendly format developed by George Wannamaker in the last version of the Bylaws with more detailed subheadings and pagination. In the future you will receive a copy of this revision of the Bylaws.

**State Requirement (Act 326) Requiring Transient Accommodation Tax Information:** Recently you received a communication from Maxine Johnson asking you to update the information on short-term rentals of your unit with regard to the Transient Accommodations Tax information, required by Act 326 of the State. Please respond if you have not already done so.

**Plumbing Inspections:** Kelly Ford of Maui Sewer and Drain is continuing his work of inspection/evaluation/possible replacement of the nipple connectors in the plumbing of every unit. (Please see the letter sent on October 1, 2014, regarding this project.) The AOAO is paying for the inspection, but individual owners will need to pay for the replacement of nipple connectors if they are needed, as these items are limited common elements and are the responsibility of the owners. Replacement of defective plumbing is for the common welfare, as leaks can seriously impact units below. Mr. Ford will inspect other plumbing as well and recommend additional work, such as replacing washing machine hoses. The Board is trying to protect other units from water damage. Inspection showed such problems as these: Water shut-off valves are blocked in one unit by the new cabinet so that the valve cannot be turned off. Some shut-off valves are frozen and cannot be turned off. Galvanized nipples were leaking inside the wall of at least two units because threads had rusted away where the nipple connects to the vertical line. Some nipples were so rusty a special tool had to be used. Some new vanity cabinets have blocked the work area; new pipes have to be redirected or rerouted to replace the nipple connectors. The work in some units is more expensive than others because of the condition of the plumbing and the difficulties encountered in the process of replacing sink nipples and water supply valves. The plumbing inspection has motivated four homeowners to replace their water heaters.

**Updated Guidelines for Remodeling/Renovation, Parking, Group Parties, House Rules:** Updated rules/ guidelines for remodeling/renovation, parking, and group parties, as well as House Rules, have been mailed to owners. These documents are designed for the common welfare of all owners. Koa Lagoon continues to have extra parking spaces throughout the year, especially in the north lot, available for rental guests and short-term dinner guests. While owners hosting a dinner party should have no more than one guest car in high season, this restriction is not needed in low season. Additional short-term guest cars in high season and cars for large-group parties should be parked on adjacent streets.

**Assistance Animals Policy:** The policy on Assistance Animals was developed from models provided by the KL attorney.

**Budget and Reserve Spending:** The Board provides direction to the Property Manager. Edward continues to practice prudent spending control for Operations and Maintenance and contributes savings to the Reserve Fund. In the past several years, major reserve plan improvements have been completed without special assessment: 1 ½ - 2 inch asphalt overlay on the entire parking lot, replacement of the elevator with new operating technology and control, painting of building exterior, replacement of pool deck carpet, replacement of 13 roof ventilation fans with centrifugal (reduced energy ) fans, construction of County-mandated sewer cleanout facility.

**Sewer Repiping Project:** A major expense facing KL owners is the replacement of the cast iron sewer pipes, which are approaching forty years old and have a life expectancy of thirty years. A major leak or failure in an internal sewer line could result in a “shut down” of the building by the EPA or the County. The Board wants to avoid a catastrophic failure of sewer pipes and wants to be proactive in addressing this problem. The Board has contacted several firms in the business of repiping to get proposals and information. Much research and planning remain to be done. Planning for funding this project is a major challenge, and the Board will carefully consider the options. The Board will keep owners informed with respect to progress on preliminary engineering, permits, and contractor selection.

Sincerely,

AOAO Koa Lagoon Board of Directors

Darrell Pierson, President