

CONDOMINIUM REVIEW COMMITTEE
Real Estate Commission
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii
www.hawaii.gov/hirec

MINUTES OF MEETING

The agenda for this meeting was filed with the Office of the Lieutenant Governor as required by Section 92-7(b), Hawaii Revised Statutes.

Date: May 11, 2005

Time: Upon adjournment of the Education Review Committee meeting which follows the Laws and Rules Review Committee meeting scheduled to convene at 9:00 a.m.

Place: Queen Liliuokalani Conference Room
King Kalakaua Building
335 Merchant Street, First Floor
Honolulu, Hawaii

Present: Mitchell Imanaka, Chair, Broker / Honolulu Commissioner
Kathleen Kagawa, Vice Chair, Broker / Honolulu Commissioner
Louis Abrams, Broker / Kauai Commissioner
John Ohama, Broker / Honolulu Commissioner
Iris Okawa, Public / Honolulu Commissioner
Michele Sunahara Loudermilk, Public / Honolulu Commissioner

Calvin Kimura, Supervising Executive Officer
Neil Fujitani, Executive Officer
Cynthia Yee, Senior Condominium Specialist
Cheryl Leong, Condominium Specialist
David Grupen, Condominium Specialist
Diane Choy Fujimura, Senior Real Estate Specialist
Ryan Yamashiro, Real Estate Specialist
Tammy Norton, Recording Secretary

Others: Todd Hirai, Esq., Damon Key Leong Kupchak Hastert, A Law Corporation
Glenn T. Taniguchi, Esq.
Gordon Arakaki, Esq.

Absent: Carol Mae Ball, Broker / Maui Commissioner
Vern Yamanaka, Broker / Hilo Commissioner
Trudy Nishihara, Broker / Honolulu Commissioner

Call to Order: Chair Imanaka called the meeting to order at 10:00 a.m., at which time quorum was established.

Chair's Report: No report was presented.

Condominium Specialist's Report: **Additional Distribution**
The following materials were distributed prior to the start of the meeting:

- 4.d.2) CAI Hawaii Chapter Proposed Supplemental Agreement No. 2
- 4.k. HCR 204
- 6.a.1) SB1132 SD2 HD1 CD1 Comparison Sheet

Chair Imanaka took the agenda out of order at this time.

Minutes:

Upon a motion by Commissioner Okawa, seconded by Commissioner Abrams, it was voted on and unanimously carried to accept the minutes of the April 13, 2005 Condominium Review Committee meeting as circulated.

Condominium
Governance and
Management:

Request for Non-Binding Opinion Concerning Deposit of Funds of Hawaii Association of Apartment Owners §514A-97(c), HRS – First National Bank of Arizona; Douglas Smith, Esq., Todd Y. Hirai, Esq.

Todd Hirai, Esq., Damon Key Leong Kupchak Hastert, was present to represent their client, First National Bank of Arizona (FNBA), a nationally chartered bank, whose principal office is located in Scottsdale, Arizona. Mr. Hirai's client is requesting a non-binding opinion confirming that First National Bank of Arizona will be considered a "financial institution, including federal or community credit union, located in the State and whose deposits are insured by an agency of the United States government" and thereby qualified as a depository for association of apartment owners funds. Mr. Hirai reported that through its Community Association Banc operating division, FNBA provides banking services to residential condominium, cooperative and homeowner associations in 26 states. He further reported that the Community Association Banc takes over the financial management of the homeowner funds and will provide around the clock support of its accounts via internet and phone service. FNBA does not immediately plan to open a branch office in the State of Hawaii, but it is in its long range plans. In the meantime, the associations and its managing companies will be able to drop off deposits in a lockbox facility in the State of Hawaii. Deposits in the lockbox will be retrieved daily and forwarded via a secure courier for deposit into the association's account at the FNBA processing facility in Arizona.

Commissioner Okawa questioned whether FNBA will register as a foreign corporation and remain out of state indefinitely.

Mr. Hirai responded that if this is allowed, yes.

Specialist Yee reported that she made some inquiries about the subject matter with the Department of Commerce and Consumer Affairs' Division of Financial Institutions (DFI). DFI indicated that there are three nationally chartered banks in this State registered with DFI, with branch offices physically located in this State.

SEO Kimura reported that "located in State" refers to having a physical office in the State and that it was the intent of the law to have a physical office in the state.

Mr. Hirai responded that FNBA's long term business plan is to have an office in the State of Hawaii. If it is required to have an office in the State of Hawaii, then it will open an office but not a branch office where AOA's may directly deposit its monies. FNBA intends to register as a Hawaii Foreign Corporation. The

registration will allow them to transact business in Hawaii and be subject to the jurisdiction of the courts of the State of Hawaii.

Upon a motion by Commissioner Okawa, seconded by Commissioner Ohama, it was voted on and unanimously carried to take the matter under advisement and defer the issue to the Commission's May 24, 2005 regular meeting to allow the Commission time to confer with and seek the advise of its Deputy Attorney General.

Program of Work:

Recodification of Chapter 514A – Request for Clarification of Commission's Prefatory Comments to Part VI. Management of Condominiums, Real Estate Commission's Prefatory Comment to Part VI, Page 2 "artificial approach regarding the contents of bylaws" – Glenn T. Taniguchi, Esq.

Mr. Taniguchi expanded on his request that the Commission provide clarification of the "artificial approach regarding the contents of bylaws" as those terms appeared in the Commission's report of December 31, 2003 to the 2004 Legislature. Mr. Taniguchi noted that the information provided to him would be helpful in his ongoing litigation. His clients are currently seeking a declaratory ruling from the courts on the subject matter as it relates to the association bylaws. The clarification of "artificial approach" may or may not help him with his litigation, but would be of assistance to the condominium community in general.

Upon a motion by Commissioner Kagawa, seconded by Commissioner Ohama, it was voted on and unanimously carried to take the matter under advisement and defer the issue to the Commission's May 24, 2005 regular meeting to allow the Commission time to confer with and seek the advise of its Deputy Attorney General.

Condominium
Governance and
Management:

Mediation and Arbitration

Specialist Leong reported on the number of cases handled and amount paid out during fiscal year 2004 and the number of cases handled and amount paid to date for fiscal year 2005 to the following:

Mediation Vendor	FY04		FY05	
	Cases	Paid	Cases	Paid
Mediation Center of the Pacific	9	\$1,850	18	\$3,450
Mediation Services of Maui	14	\$2,200	6	\$800
Kauai Economic Opportunity	3	\$750	1	\$150
West Hawaii Mediation Center	0	0	1	\$250

Commissioner Okawa questioned whether condominium mediation is also handled through private mediation.

SEO Kimura replied in the affirmative adding that it may depend on who is initiating the mediation. Normally an apartment owner will go through a subsidized mediation program.

Commissioner Okawa informed the committee that she favors mediation and discussed the importance of well trained mediators.

Commissioner Okawa's comments were taken into consideration.

Upon a motion by Commissioner Okawa, seconded by Commissioner Abrams, it was voted on and unanimously carried that pursuant to the automatic renewal for successive one year term provision of the existing contracts that the Commission has with the following entities or organization, recommend approval to automatically renew the Commission's Agreement for Consultant Service, for July 1, 2005 through June 30, 2006 subject to the same terms and conditions of the existing Agreements, any applicable administrative approvals, and subject to the availability of the Condominium Education Fund for the following entities or organizations:

- 1) Mediation Center of the Pacific, Inc.
- 2) Mediation Services of Maui, Inc.
- 3) West Hawaii Mediation Services
- 4) Kauai Economic Opportunity, Inc.
- 5) The Island of Hawaii YMCA

AOAO Registrations

Specialist Grupen reported that as of April 30, 2005, 105 AOAOs have successfully registered. There were a total of 60 registrations received online and 49 registrations received either over the counter or through the mail. He further reported that since that date, a total of 102 applications have been received by mail or over the counter and 192 applications received via the internet.

Upon a motion by Commissioner Kagawa, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval to ratify issuance of effective registration dates for Association of Apartment Owners through April 30, 2005 for the 2005-2007 registration. The associations are as follows:

Project Name	Reg Date	Project Name	Reg Date
1037 KAHUAMOKU	7/1/2005	1112 KINAU	7/1/2005
1145 DAVENPORT	7/1/2005	1412 KEWALO	7/1/2005
1617 MILLER ST	7/1/2005	1635 YOUNG	7/1/2005
1718 ANAPUNI	7/1/2005	1814 POKI	7/1/2005
1833 ANAPUNI	7/1/2005	2024 WAIOLA	7/1/2005
2341 DATE STREET	7/1/2005	3346 EAST MANOA ROAD	7/1/2005
3388 SALT LAKE	7/1/2005	400 HOOKAHI STREET	7/1/2005
515 LIHOLIHO STREET	7/1/2005	627 AND 631 HAUSTEN ST	7/1/2005
725 KIHAPAI PLACE	7/1/2005	855 OLOKELE THE	7/1/2005
ALAELOA INC	7/1/2005	ALEWA-LANI ESTATES	7/1/2005
ALII PLANTATION	7/1/2005	ALOHA AINA	7/1/2005
ALOHA LANI	7/1/2005	APAPANE WOODS	7/1/2005
BANYAN COVE	7/1/2005	BIG SURF	7/1/2005
BIRCH & ELM	7/1/2005	CAMBRIDGE THE	7/1/2005
CANDLEWOOD CONDOMINIUM	7/1/2005	COOLIDGE GARDENS	7/1/2005
DEVLAND HALE	7/1/2005	FERN TERRACE	7/1/2005
GARDENS AT WEST MAUI THE	7/1/2005	GOLF VILLAS THE	7/1/2005
HALE HUKI	7/1/2005	HALE KEE KEE CONDO	7/1/2005
HALE MOANA APARTMENTS	7/1/2005	HALE ROYALE	7/1/2005
HARBOR SHORES APARTMENTS	7/1/2005	HASSINGER THE	7/1/2005
HAYDEN COURT	7/1/2005	HERITAGE HOUSE HAWAII-KAI	7/1/2005
HILLSIDE TERRACE IV	7/1/2005	HILO LAGOON CENTRE THE	7/1/2005
HIRO'S LANE	7/1/2005	HOLIDAY APARTMENTS	7/1/2005

HOLIDAY VILLAGE	7/1/2005	HONO KAI	7/1/2005
HONO KOA	7/1/2005	HONOULIULI GARDENS	7/1/2005
IAO GARDENS	7/1/2005	ISLANDS AT MAUNA LANI	7/1/2005
KAHANA BEACH RESORT CONDO	7/1/2005	KAHANA VILLA	7/1/2005
KAIMUKIAN	7/1/2005	KALA KAI MARINA (SEE REG #7)	7/1/2005
KALAMA TOWNHOUSES	7/1/2005	KALAWA GARDENS	7/1/2005
KALUA'AHU GARDENS	7/1/2005	KAMEHAMEHA GARDENS	7/1/2005
KAPILI BUSINESS CENTER	7/1/2005	KAPIOLANI MANOR INC	7/1/2005
KAU'IOKAHALOA IKI	7/1/2005	KAUHIKOA HALE	7/1/2005
KIAHUNA	7/1/2005	KIHEI PACIFIC PLAZA	7/1/2005
KIHEI VILLA	7/1/2005	KINAU REGENT	7/1/2005
KOKEA GARDENS	7/1/2005	KOLO KAI	7/1/2005
KONA SUNSET VILLAS	7/1/2005	KOOLAU VIEWS	7/1/2005
KUAKINI COURT	7/1/2005	KUAKINI PHYSICIANS TOWER	7/1/2005
KUAWA ROAD ESTATES	7/1/2005	KUIAHA PAUWELA CONDOMINIUM	7/1/2005
LANAKILA	7/1/2005	LAULE'A	7/1/2005
LEOLUA REGENT	7/1/2005	MAKIKI HILLSIDE	7/1/2005
MAKIKI REGENT	7/1/2005	MAMUAD OHANA	7/1/2005
MAUI BEACH RESORT	7/1/2005	MAUI REALTY SUITES	7/1/2005
MAUI VISTA	7/1/2005	MENEHUNE SHORES	7/1/2005
MILOWAI-MAALAEA	7/1/2005	NAPILI PUAMALA	7/1/2005
NAPILI SURF	7/1/2005	NOB HILL	7/1/2005
OFFICE CENTRE THE	7/1/2005	POIPU POINT	7/1/2005
POKAI BAY MARINA	7/1/2005	PROMENADE THE	7/1/2005
PUNAHOU PALMS	7/1/2005	PUUWAI PINES	7/1/2005
REGENCY ALA WAI	7/1/2005	SANDS OF KAHANA THE	7/1/2005
TAN APARTMENTS	7/1/2005	VILLAGE GREEN THE	7/1/2005
WAIKIKI JOY HOTEL	7/1/2005	WAIKIKI LANAIS	7/1/2005
WAILEA EKOLU	7/1/2005	WAILEA ELUA	7/1/2005
WAILUKU EXECUTIVE CENTER	7/1/2005		
Total:	105		

Condominium Seminars or Symposium – Evaluation "The Thirty Year Old Building" April 23, 2005, CAI Hawaii

Specialist Leong reported that this was a well received and well attended seminar. The speakers kept everyone's interest and also provided a power point presentation.

Condominium Seminars or Symposium – Community Association Institute - Hawaii Chapter

Specialist Yee reported that in December of 2004, the Commission approved CAI Hawaii's request for additional expenses up to \$1,600 for the nationally noted speaker, Larry Pothast, "One Hour Board Meeting." Specialist Yee requested that the committee consider recommending to the Commission an amendment to the existing contract to provide for the possibility of sponsoring any nationally noted speaker.

Upon a motion by Commissioner Ohama, seconded by Commissioner Loudermilk it was voted on and unanimously carried to amend the existing agreement to allow the Commission to reimburse CAI Hawaii for expenses incurred in arranging for the delivery of a seminar, presentation, or speech by a nationally known expert; the expenses and speaker shall first be approved by the REC, and the reimbursement shall be made in accordance with the existing general contract terms and conditions.

Further, after considering the increased attendance of the condominium community at the sponsored seminars, Commissioner Okawa motioned, seconded by Commissioner Kagawa, it was voted on and unanimously carried to automatically renew the Commission's Agreement for Consultant Service with Community Associations Institute Hawaii Chapter, for July 1, 2005 through June 30, 2006 subject to the same terms and conditions of the existing Agreements, any applicable administrative approvals, and subject to the availability of the Condominium Education Fund.

Condominium Seminars or Symposium – Hawaii Association of Realtors

After considering the role of the **Hawaii Association of Realtors** can play in developing and delivering seminars, upon a motion by Commissioner Ohama, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval to automatically renew the Commission's Agreement for Consultant Service with the Hawaii Association of Realtors, for July 1, 2005 through June 30, 2006 subject to the same terms and conditions of the existing Agreements, any applicable administrative approvals, and subject to the availability of the Condominium Education Fund.

Condominium Related Articles

The article entitled "We Will Fight No More Forever" from the January/February 2005 issue of *Common Ground* was distributed for informational purposes.

Senator Suzanne Chun Oakland Request for Review of Nevada's Common-Interest Ownership Act

Specialist Yee reported that at the request of Senator Chun Oakland she participated in a number of meetings with interested stakeholders on the subject matter of regulating community managers. These meetings may have been the impetus for HCR 204 (2004).

Chair Imanaka noted that this is an important area which we need to be constantly vigilant about.

SEO Kimura reported that there is no guarantee that the auditor will look at Nevada's situation, but in Hawaii, any proposed new regulatory laws require the auditor's review.

Upon a motion by Commissioner Okawa, seconded by Commissioner Ohama, it was voted on and unanimously carried to recommend approval to have staff prepare a response to include, among other information, that the subject matter is significant, important and timely, and that the former Real Estate Commission Chair and the Supervising Executive Officer had a meeting with the Nevada Senator who drafted the bill prior to its introduction on Hawaii's requirements / funding mechanism / education plan / handling of governance problems, in addition, the Senator may want to consider writing a letter to the legislative auditor requesting that its review under HCR 204 include the Nevada's Common-Interest Ownership Act relating to "Regulation of Community Managers" along with other state regulations.

Florida Condominium and Cooperative Education

CAI's website information regarding Florida's Condominium and Cooperative Education program was distributed for informational purposes. Florida has designated CAI as its condominium and cooperative educational provider and will be holding free courses for condominium and cooperative unit owners in Florida during 2004 and 2005.

Condominium
 Project
 Registration:

Condominium Project Registration - Public Reports Issued

Chair Imanaka recused himself from discussion and voting on CPR Numbers 4196, 5408, 5409, 5410, 5411, 5412, 5413, and 5414. Commissioner Loudermilk recused herself from discussion and voting on CPR Number 5635. Upon a motion by Commissioner Abrams, seconded by Commissioner Kagawa, it was voted on and unanimously carried to recommend approval to ratify issuance of effective dates for developer's public reports for the month of April 2005 as follows:

Proj No	Project Name	Project Address	TMK #	Report	Date
5642	"AKAHAI" CONDOMINIUM	LOT 52-A-2 KUHIO HWY HANALEI HI	(4)5-08-008:058	Final	04/27/05
5206	215 NORTH KING ST	215 N KING ST HONOLULU HI 96817	(1)1-05-008:001	Final	04/14/05
5614	2804 NUMANA ROAD	2804 NUMANA RD HONOLULU HI 96819	(1)1-04-017:011	Final	04/11/05
5648	2871 KALIHI STREET	2871 KALIHI ST HONOLULU HI 96819	(1)1-04-010:007	Final	04/22/05
5629	4124 PAI STREET	4124 PAI STREET KOLOA HI	(4)2-03-021:002	Final	04/13/05
5620	4580 KULI ROAD	4580 KULI RD KALAHEO HI 96741	(4)2-04-001:082	Final	04/14/05
5647	6093 & 6093A NALEIALOHA PLACE	6093 NALEIALOHA PL HONOLULU HI 96821	(1)3-08-015:009	Final	04/26/05
5584	625A HALEKOU PLACE	45-625A HALEKOU PLACE KANEHOE HI 96744	(1)4-05-102:009	Final	04/13/05
5574	941 MAUNAWILI CIRCLE	941 MAUNAWILI CIR KAILUA HI 96734	(1)4-02-075:005	Suppl 1	04/01/05
5624	AKAMAI AINA	5373 HAUAALA RD KAPAA HI 96746	(4)4-06-014:109	Final	04/07/05
5531	APOPO HALE	4910 ALIALI RD KAPAA HI 96746	(4)4-06-034:013	Final	04/07/05
5365	COLONY SURF THE	2895 KALAKAUA AVE HONOLULU HI 96815	(1)3-01-032:008	Suppl 1	04/11/05
5549	DAVID RITA'S CONDOMINIUM	OHANA AINA RD KALAHEO HI 96741	(4)2-04-005:168	Final	04/20/05
5632	DRY GULCH FLATS	LOT 1 HAIKU RD KAPAA HI 96746	(4)4-04-004:028	Final	04/11/05
5621	EKAHI ESTATES	4910 NUNU RD KAPAA HI 96746	(4)4-06-015:013	Final	04/19/05
1271	EMERSON COURT	1423 EMERSON ST HONOLULU HI 96813	(1)2-01-039:047	Suppl 3	04/19/05
5509	ESTATE VILLAS AT HAINOA - PH II	HAINOA PL KONA HI 96740	(3)7-02-025:006	Suppl 1	04/06/05
5622	HALE AILANA II	KAMALU RD KAPAA HI 96746	(4)4-02-003:047	Final	04/29/05
5590	HALE HUNA	ALAMIHI RD WAINIHA HI 96714	(4)5-08-012:020	Final	04/11/05
5608	HEKILI CONDOMINIUM	5085 HEKILI RD KAPAA HI 96746	(4)4-06-018:043	Final	04/05/05
4924	HOONANEA CONDOMINIUM RESIDENCE	2235 HOONANEA ST HONOLULU HI 96822	(1)2-08-014:078	Suppl 1	04/05/05
5613	KAI MALU AT WAILEA (PHASE III)	OKOLANI DRIVE KIHEI HI 96753	(2)2-01-008:117	Cont. Final	04/19/05
5616	KAI MALU AT WAILEA (PHASE IV)	OKOLANI DRIVE	(2)2-01-008:117	Prelim	04/19/05

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5546	KALOALUIKI STREAMSIDE	KIHEI HI 96753 2956, 2956A, B & C KALOALUIKI HONOLULU HI 96822	(1)2-09-026:011	Suppl 1	04/25/05
5615	KAWAIHAU/KAHALA CONDOMINIUM	KAWAIHAU ST KAPAA HI 96746	(4)4-06-024:004	Final	04/11/05
5556	KE ALI`I OCEAN VILLAS	KE ALI`I ALANUI KIHEI HI	(2)3-05-020:020	Suppl 1	04/14/05
5353	KEHALANI GARDENS	LOT B OF WAILUKU PROJ C-7 WAILUKU HI	(2)3-05-001:066	Final	04/14/05
5601	KEKAHA KAI	7990 ULILI RD KEKAHA HI 96752	(4)1-03-001:079	Final	04/21/05
5593	KOLOA CREEKSIDE ESTATES	WELIWELI RD KOLOA HI 96756	(4)2-8-009:001	Prelim	04/06/05
4888	KULANA	OLOHENA,HAUIKI & KAAPUNI RDS KAPAA HI 96746	(4)4-03-003:005	Final	04/04/05
5635	LAULE`A AT MAUNA LANI	SOUTH KANAUKU DR KOHALA HI 96743	(3)6-08-022:024	Prelim	04/18/05
5626	LOT 15 CONDOMINIUM	PUNAKEA LP LAHAINA HI 96761	(2)4-07-001:002	Final	04/11/05
4543	MAI'A SPLIT ACRES CONDOMINIUM	3755 WAHA RD KALAHEO HI 96741	(4)2-03-018:002	Suppl 2	04/11/05
5651	MAILI BEACH LANE	87-134 MAIPALAOA RD WAIANAHI HI 96792	(1)8-07-024:064	Final	04/29/05
4196	MAUI OCEAN CLUB	100 NOHEA KAI DR LAHAINA HI 96761	(2)4-04-013:001	Suppl 3	04/21/05
5619	MEA PA`INA CONDOMINIUM	3148 UNAHE ST LIHUE HI 96766	(4)3-06-019:051	Final	04/27/05
5627	MONTECITO/TUSCANY (MONTECITO PHASE 4)	KALENA ST EWA BEACH HI 96706	(1)9-01-010:007	Prelim	04/13/05
5640	MONTECITO/TUSCANY (TUSCANY PHASE I)	KALENA ST EWA BEACH HI 96706	(1)9-01-010:007	Prelim	04/25/05
5533	NEW MOON ESTATES	KIPAPA RD WAIPOULI HI 96746	(4)4-04-002:105	Final	04/06/05
5459	OLOHENA RISE	LOT 38 OLOHENA RD KAWAIHAU HI	(4)4-04-005:001	Suppl 1	04/11/05
5030	POINTE AT WAIKOLOA THE	68-1785 MELIA ST WAIKOLOA HI 96738	(3)6-08-003:023	Cont. Final	04/05/05
2635	PUAKO VIEW	129 PUAKO BEACH DR KAMUELA HI 96743	(3)6-09-006:031	Suppl 1	04/14/05
5417	ROYAL GARDEN AT WAIKIKI	440 OLOHANA STREET HONOLULU HI 96815	(1)2-06-016:039	Suppl 1	04/25/05
5525	SUMMER BREAK	4901 HANAHEI PLANTATION RD PRINCEVILLE HI 96722	(4)5-04-004:045	Final	04/04/05
5637	THE VILLAS AT PUALI (PHASE I)	4261 PUHI RD LIHUE HI 96766	(4)3-03-003:039	Cont. Final	04/27/05
5646	WAIKALUA ROAD ESTATES	45-079 WAIKALUA RD KANEHOE HI 96744	(1)4-05-005:017	Final	04/28/05
5408	WAIPOULI BEACH RESORT (PH I)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/19/05
5409	WAIPOULI BEACH RESORT (PH II)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/04/05
5410	WAIPOULI BEACH RESORT (PH III)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/06/05
5411	WAIPOULI BEACH RESORT (PH IV)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/11/05
5412	WAIPOULI BEACH RESORT (PH V)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/06/05
5413	WAIPOULI BEACH RESORT (PH VI)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/05/05
5414	WAIPOULI BEACH RESORT (PH VII)	4-818 KUHIO HWY KAPAA HI 96746	(4)4-03-008:001	Final	04/05/05
5618	WEST HONALO COURT	79-7336 KUAKINI HWY KEALAKEKUA HI 96750	(3)7-09-017:020	Final	04/27/05
5607	WU ESTATES	LOT 7 MOUNTAIN VIEW HALF ACRES WAILUA HI	(4)4-02-014:034	Final	04/21/05
5617	ZEL-HOKU HALE	45-535 HALEKOU RD KANEHOE HI 96744	(1)4-05-036:001	Final	04/01/05

Preliminary Reports: 5
 Contingent Final Reports: 3
 Final Reports: 36
 Supplementary Reports: 12
 Total: 56

CPR Workshops and Meetings

It was announced that a condominium consultant's forum will be held on June 9, 2005. Condominium Consultants Michael Sakai and Glenn Adachi will be co-chairing the forum and will set the agenda. Commissioners interested in attending are more than welcome to do so.

Case Law

The article entitled "Avoiding the Next Hokulia: The debate over Hawaii's Agricultural Subdivisions" from the April 2005 issue of *Ka Nu Hou* was distributed for informational purposes.

Related Condominium Articles

The following articles from the *Honolulu Advertiser.com* were distributed for informational purposes: "Ohana cesspool fines stun owners" (April 19, 2005), and "Subcontractors vital to a home project, too" (April 15, 2005).

Program of Work:

Recodification of Chapter 514A – SB 1132 SD2 HD1 CD1

Chair Imanaka congratulated the committee and thanked all those who participated with the recodification bill.

Specialist Yee prepared a comparison sheet of what the Commission actually submitted and the final version of the law for the committee's review. Specialist Yee reported some of the differences as follows: association fiscal matters, investment of funds, the issue was returned back to the current law; the Commission did not submit a provision expressly repealing chapter 514A which the bill does, effective July 1, 2006. The repeal may pose some problems for rulemaking in connection with existing registered condominium projects. Specialist Yee further reported that the appropriation for post bill educational activities which the Commission had requested was not included in the CD1 version of SB 1132.

Discussion followed about a number of informal non binding interpretations of selected provisions of SB 1132 SD2 HD1 CD. The discussion included the effective date as July 1, 2006; that the amendments of Section -149 (c) as it appears in the CD 1 version of the bill returns the provisions relating to placement and investment of AOA funds to the current version as set forth in 514A-97(c), HRS; which among other requirements, requires the association and managing agents to deposit the association funds in FDIC insured financial institutions located in the State of Hawaii, trust companies authorized under article 8 of chapter 412, HRS, held by the United States Treasury, or purchased through a securities broker registered with the SEC, with offices in the State of Hawaii and invested only as specified in 514A-97(c), HRS and as of July 1, 2006 as required by section -149 (c) . Where the financial institutions, trust companies and securities brokers invest the funds are governed by other applicable laws regulating the financial institution, trust company, and security brokers and may include investment in out of state financial products as enumerated currently in 514A-97 (c), HRS and in § - 149 (c) to be effective later on July 1, 2006.

SEO Kimura reported that the CD1 version did not include the \$150,000 funding appropriation for educating the condominium community. The challenge is planning a program of education within the Commission's current budget. Any workshops will need to be done in bare bones fashion utilizing public facilities, email, website information, and or work through various organizations to promote education as a team effort.

Commissioner Okawa, on behalf of the Commission, thanked Chair Imanaka, Vice Chair Kagawa and REC Chair Ohama for 5 years of hard work, and noted that although the end product is not perfect it is a tremendous accomplishment.

Legislative Acts and Resolution

SEO Kimura reported that the legislature is in a veto period. The Governor's office has come down with a veto bill list. So far none of the Commission's bills are on the veto list. The Governor's office is requesting the Department's comments for some bills on the list. The Department has also been notified that auditors will be coming in for sunrise review and audit of all the Department's trust funds.

Hawaii Condominium Bulletin – Pioneer Ventures, Inc. dba Fisher & Pioneer Printers

It was reported that Pioneer Ventures, Inc. dba Fisher & Pioneer Printers have provided timely service in the printing and distribution of the Hawaii Condominium Bulletin.

Upon a motion by Commissioner Ohama, seconded by Commissioner Abrams, it was voted on and unanimously carried to recommend approval to automatically renew the Commission's Agreement for Consultant Services, for July 1, 2005 through June 30, 2006 subject to the same terms and conditions of the existing Agreements, any applicable administrative approvals, and subject to the availability of the Condominium Education Fund

Program of Work & Budget, FY06

Upon a motion by Commissioner Kagawa, seconded by Commissioner Ohama, it was voted on and unanimously carried to recommend approval to adopt the circulated program of work for Fiscal Year 2006.

Consultant – Sole Source

Executive Session: Upon a motion by Commissioner Okawa, seconded by Commissioner Ohama, it was voted on and unanimously carried to enter into executive session pursuant to section 92-5(a)(8), HRS, "to deliberate or make a decision upon a matter that requires the consideration of information that must be kept confidential pursuant to a state or federal law, or a court order."

Upon a motion by Commissioner Ohama seconded by Commissioner Loudermilk, it was voted on and unanimously carried to move out of executive session.

As previously reported at the October 29, 2004 Commission meeting, the recommended contractor, Gordon Arakaki, had rejected the Commission's offer of a small purchase contract for services to be provided on recodification and instead requested the Commission consider a "sole source" contract. The Office of the State Procurement Officer denied the Department's/Commission's request for a "sole source" contract. The Commission and the Department explored alternative contracting proposals for the recommended contractor subject to the funding contained in the recodification bill. The consideration was terminated as the recodification bill (SB 1132 SD2 HD1 CD1) passed without appropriating any funds for FY 2006 and FY 2007 for post bill passage educational activities.

Condominium Organizations Forum: No comments, recommendations or concerns were received from the following: Community Associations Institute Hawaii Chapter, Alakahi Foundation, Hawaii Council of Association of Apartment Owners, Hawaii Independent Condominium and Cooperative Owners, Hawaii State Bar Association/Real Property & Financial Services Section, Land Use Research Foundation, Condominium Council of Maui, Hawaii Association of Realtors/Institute of Real Estate Management Hawaii Chapter/ Oahu Arm Committee, others.

Open Forum: No discussion presented.

CEF Budget & Finance Report: No report presented.

Next Meeting: Tuesday, June 14, 2005
Upon adjournment of the Education Review Committee meeting which follows the Laws and Rules Review Committee meeting scheduled to convene at 9:30 a.m.
Natural Energy Laboratory of Hawaii, Conference Room
73-4460 Queen Kaahumanu, #101
Kailua-Kona, Hawaii

Adjournment: With no further business to discuss, Chair Imanaka adjourned the meeting at 11:02 a.m.

Respectfully submitted:

/s/ Cynthia M. L. Yee

Cynthia M. L. Yee
Senior Condominium Specialist

June 14, 2005

Date

Minutes approved as is.

Minutes approved with changes; see minutes of _____

CY/tn/050523