

HALE NAPILI  
HALE NAPILI RENTAL POOL, LLC  
ANNUAL MEETING MINUTES  
WEDNESDAY, OCTOBER 21, 2015

Board of Directors Present: Brian Cowell, Steve Straub, and Linda Levi

Owners Present: Kristie and Roger Landis, Barbie Straub, Jeri and Dave Moller, Margy and Ray Berry, Linda and Scott Urquhart, Vic Levi, Sherry and Dennis Frazier, Sandra and John Seapy, Margaret Jones

Telephone Attendance: No owners used the conference call line

Other Attendees: Jamie Lum Lung-Kaeo and Kim Komoku

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1. CALL TO ORDER

President Brian Cowell called the meeting to order at 10:45 a.m. The meeting was held at Hale Napili, Maui.

2. DESIGNATION OF PROXY HOLDERS

Virginia Napierskie (unit 1) – Kristie Landis

Carrie Mapes (unit 13 and 16 - ¼ interest) – Board of Directors

Marv Rahn (unit 12) – Brian Cowell

Laurie Labbitt Perry (unit 7) – Board of Directors

Gary Pitchford (unit 10 – ½ interest) – Vic Levi

Dewey Barrow (unit 18) – Board of Directors

Napierskie Partners (units 2, 6, 11) – Brian Cowell

Jim Walker (unit 3 – ¼ interest) – Board of Directors

Jeanne Haag (unit 3 – ¼ interest) – Board of Directors

Del Beumer (unit 16 – ¼ interest) – No proxy received

3. APPROVAL OF MINUTES

No additions or corrections were suggested for the 2014 Hale Napili Rental Pool, LLC Annual Meeting minutes as distributed to owners:

MOTION: Approve 2014 Annual Meeting Minutes

Frazier/Levi

Unanimous approval

4. PRESIDENT'S REPORT – Brian Cowell

See AOA Minutes of this date. The report discusses both the AOA and Rental Pool.

5. TREASURER'S REPORT – Steve Straub

Steve, Kim and Vic revised presentation of reports to make them easier to read. Some categories were combined and figures are shown quarterly instead of monthly. On the Profit and Loss Statement, Revenues for the Rental Pool were down for 3<sup>rd</sup> Q. but by cutting expenses we were able to report income close to 2<sup>nd</sup> Q. Homeowners had no questions regarding the report.

The Balance Sheet has no significant issues for 3<sup>rd</sup> Q.

Q. What is Prepaid Storage?

A. *We have an off site storage unit for large items that we store in bulk. This helps to control expenses.*

Steve discussed the Class Net Income on the Owner's Statement. There were no questions regarding the report. Checks were distributed to owners. If an owner has an outstanding balance due the Rental Pool, that needs to be cleared by the end of 2015. Owner could be subject to fines, interest or loss of unit privileges if an outstanding balance is not brought current in accordance with our governing documents.

Operating a vacation rental property in Maui is an expensive proposition. Our new governing documents provide us with authority to help us in this endeavor. Each owner needs to understand the owner's usage allocations and comply with them. It will help prevent misunderstandings if the owners know and understand the rules. We are operating more as a business now that ever in the past. We also have an excellent staff to help facilitate this.

2016 Budget – Number were generated by historical number with a view toward specific items. GET has been netted and now shows under Business Expense. GET is a tax levied by the state on rental income properties that is collected by us and then paid out.

Q. What is the Furnishings column?

A. *Some common items in the units now have an allowance provided by the Rental Pool. Further explanation is in Exhibit B to the Operating Agreement.*

Q. What is Travel & Entertainment?

A. *We have found it more cost effective to fly crews from the mainland for major maintenance. We usually provide food for them (also more cost effective) and occasionally the office staff has a working lunch meeting.*

Q. What is Planing?

A. *This is budgeting for expenses that might be incurred due to the shoreline project and architectural fees due to setback issues.*

Q. Budget shows a decline in expenses and an increase in revenue. Is this possible?

A. *We have good real numbers to work with and some of the expenses will be Reserve expenses. Also, forecasts are conservative because we have no way of knowing how we will be impacted by airfares and lack of a/c.*

MOTION: Accept 2016 Budget as presented. (Copy on website – owner’s portal)

Frazier/Levi

Unanimous approval

6. OLD BUSINESS – Jamie Lum Lung-Kaeo

Owner website/bookings – all paper documents will be on web portal. Jamie explained how to use the web portal and when to use it. A “screen shot” of the sign in portal page was included with our owner packets. Owners are encouraged to book 14 months in advance. Regular guests can begin booking 12 months in advance and units fill up fast for certain times of the year. Many of our guests are booking for a longer period of time. One guest stays for over 100 days a year. Family members will also use the web portal for booking.

Q. What kind of things will be posted on the owner’s portal?

A. *Mailings go out as soon as financial information for the quarter is completed. K-1s will be on the portal. Two of our owners are not on the computer, so their information will still be distributed by regular mail.*

Owner’s distribution checks can now be directly deposited. If you wish to do this, please contact the office and they will discuss the procedure.

7. NEW BUSINESS – Jamie Lum Lung-Kaeo

a. Management report - We forecast rentals of \$1.1M. 2015 ran smoothly until the heat in the last few months. This created a big problem with guests and trying to keep them content. When potential guests call for information, the 3 top requests (in order of preference) are: A/C, king sized bed and dishwasher. We have similar revenue forecast for 2016. Our rates are in line with other properties on the Bay. Jamie does periodic internet checks of other properties to compare rates. Website specials help fill our vacancies.

Q. Is it still necessary to list the 10% discount for a monthly stay on our brochures?

A. *Probably not. Discounts are reviewed almost on a day-by-day basis depending on occupancy and the websites post automatic specials 48 hours in advance if there are vacancies.*

Jamie is very confident with our staff and the product we offer. Our guests feel welcomed and well loved.

Update on the Village (the property mauka side – directly behind Hale Napili). The land lease on this property will expire within 5 years. The owner has not given any information on what might happen at that time. We can expect the property to deteriorate during this period.

b. Standard of Conditions. It is important to maintain our standard of conditions even though items can be subjective. Mark Carrion (the contractor who did the major remodel work and the on-going major maintenance) surveyed each unit in April, May and June, 2015. A letter was provided to each owner with the results of the unit survey. Owners have a 60 window in order to perform (or begin to perform) needed work depending on the project. Our goal is to accommodate the owners and keep all units in good condition as required by our guests.

Q. It would have been nice to know the individual unit issues prior to the meeting so owners could schedule maintenance during their stay.

A. *Mark will be here in November so perhaps owners can schedule work then. The survey reports took approximately 1.5 hrs. per unit working around guest occupancy. We will try to come up with a way to get reports earlier.*

Q. The shuffleboard court needs maintenance.

A. *Yes. The company is aware of that and will perform. Also, the entry gates need fire release buttons. Makai side of units 5 and 6 drain and soil needs attention and the lanai area of 6 needs some work. All these issues are being addressed. New beach chairs are on order and should arrive in a month or so.*

We are endeavoring to have the housekeepers notify the office if they notice maintenance items in a unit. In the past they have been very reluctant to take on this responsibility due more to cultural attitudes than work preferences. If owners notice a maintenance issue, please use form in each unit to notify office. It is often difficult to schedule vendors during specific downtime for a unit on Maui.

## 8. RATIFICATION OF EXECUTIVE COMMITTEE ACTIONS.

MOTION: To ratify, approve and confirm all actions of the EC since the last Annual Meeting.

Levi/Frazier

Unanimous approval

## 9. APPOINTMENT OF EXECUTIVE COMMITTEE

MOTION: Keep Executive Committee the same for 2016.

Landis/Straub

Unanimous approval

The 2016 Owners' Meeting is scheduled for Friday, October 21, 2016

Meeting was adjourned at 11:55

Respectfully submitted,  
Linda Levi, Secretary

Attachment: 2016 Budget

With the appointment of the same owners for the Board of Directors and Executive Committee, the officer positions will remain the same including appointment of Steve Straub to serve as Assistant Treasurer of the Rental Pool.