

HALE NAPILI
ASSOCIATION OF APARTMENT OWNERS (AOAO)
ANNUAL MEETING MINUTES - FRIDAY, OCTOBER 21, 2016

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

Owners Present: Barby Straub, James Walker, Jr., Jeri and Dave Moeller, Cynthia Davis, Scott and Linda Urquhart, Vic Levi, Sherry Frazier, Sandra and David Seapy, Margaret Jones

Other Attendees: Jamie Lum Kung-Kaeo and Kim Komoku

Kim distributed a meeting packet to owners containing meeting agendas, 2015 meeting minutes, financial statements, owners' distribution report and various articles of interest to owners of vacation rental units in Maui

1. CALL TO ORDER – President Brian Cowell called the meeting to order at 9:04 a.m. The meeting was held at Hale Napili, Maui.

2. DESIGNATION OF PROXY HOLDERS

Virginia Napierskie (Unit 1) – Sherrie Napierskie*

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

Margy Barry (Unit 5) – Cynthia Davis

Laurie Perry/Daniel Labbitt (Unit 7) – Board of Directors

Marv Rahn (Unit 12) – Board of Directors

Dewey Barrow (Unit 18) – Board of Directors

Napierskie Family Partners (Units 2, 6, 11) – Sherrie Napierskie*

*Sherrie Napierskie was unable to attend the meeting at the last minute.

3. APPROVAL OF MINUTES

No additions or corrections were suggested for the 2015 AOA Annual Meeting Minutes as distributed to owners:

MOTION: Approve 2015 Annual Meeting Minutes
Mapes/Levi Unanimous approval

4. PRESIDENT'S REPORT – Brian Cowell

The Board of Directors expressed condolences to the Seapy family on the passing of John.

There is little news of major significance to report. Overall, it has been another good year for Hale Napili. The Board cannot say enough about how well our management team (Leanna, Jamie and Kim) and staff are performing. Elena continues to shine as our housekeeping manager and our housekeeping staff are excellent members of our community. Elajio is a true gift to our property. Our garden and beach area have never looked better.

Controlling preventative maintenance costs continues and is an ongoing struggle on Maui. Abraham has grown into our maintenance roll and will continue as he gets a working understanding of what is needed and how to cost effectively achieve those goals. Maintaining our standard of condition is critical for our guests and ongoing property upkeep.

Younger member involvement needs to increase in the coming years. We will occasionally appoint committees to assist the Board with decisions affecting the property. While our governing documents are very specific regarding who can serve on the Board, family members other than owners can serve on committees.

Hawaii, as a tourist designation, remains strong. Hale Napili's guest loyalty remains firm and has increased during our typically softer seasonal periods. Booking.com and Expedia.com have been a real bonus as Jamie and Leanna closely manage our daily rates.

The Owners' List has been updated and is in your meeting packet. Please review your information and notify the office of any changes.

Q. When an item is replaced in a unit, is the owner notified?

A. Depends on what it is. Some items such as faucets, light fixtures, fans are subject to corrosion from the salt air requiring frequent replacement. The owner is not generally notified of replacement of "Standard Rental Pool Items." Occasionally, we have to buy replacement items piecemeal in order to keep the units up to standard. We do attempt to take advantage of multiple purchasing or specials when available. Kim tracks maintenance costs and we are attempting to become more efficient.

5. TREASURER'S REPORT

3rd Quarter financial statements were provided to owners last week via internet.

Currently, AOAO has a Certificate of Deposit that was purchased in the amount of approximately \$2500 many years ago. We need to close out this certificate and

move the funds to our general account. In order to do so, we need to appoint two members who are available to provide some required documentation and then appear in person to the Finance Factors office to close out this certificate.

MOTION: Jamie L. Lum Lung-Kaeo and Linda Carol Levi are appointed by the Hale Napili Association of Apartment Owners to act on behalf of Hale Napili Owners to close out Account No. 21000698 currently held at Finance Factors.

Cowell/Straub Unanimous approval

Owners were directed to the proposed budget for 2017 in the owners' packet. Discussion was held and there were no questions or adjustments to the budget.

RESERVES: We have been building up the reserves over the last two years. We are on track with about \$380,000 in reserves and spent about \$20,000 on reserve items last year. The reserve study is updated every 2 years. New reserve items such as air conditioning may be added when the study is updated. We hope to have our reserves fully funded in 7 to 10 years.

6. OLD BUSINESS

a. Shoreline – We have been issued a shoreline management area (SMA) exemption and conditional permit by Maui County which includes removal of our shoreline encroachment. We need to do a survey of our property and possibly move stairs and foot shower. This needs to be done by August 2018.

b. Jamie is a member of the Napili Beach Foundation along with other condominium representatives of Napili Bay. This is a very proactive organization and is responsible for monitoring water quality in Napili Bay among other activities. Currently, the foundation is working with the Hawaiian legislature to ban the sale of sunscreen products that contain oxybenzone which has been found to adversely affect the reefs.

Jamie reminds owners that we need to make our reservations 14 months out. Guests can reserve 12 months in advance and more and more are doing so.

c. Air Conditioning for Hale Napili – a group of 7 owners visited Kahana Sunset condominiums to observe the “split” air conditioning systems. We observed the units were very quiet and fairly unobtrusive in the rooms. There is a chance that the compressor part of the unit (estimated 9 or 10 units for our needs) could be installed on the roof depending on weight limitations.

Kahana Sunset rents the remote control device for the unit to interested guests. There is a \$25/day fee for this rental. According to the KS manager, the rental fee more than covers the cost of added electrical usage but not the actual cost of the units.

We have received 3 preliminary bid estimates for implementing this work. They range from \$105,000 to \$113,000 and will have to be examined closer regarding inclusion of carpentry and electrical costs.

Q. Would repair and maintenance be better if we purchase from a local company rather than from mainland company?

A. Probably not. Any company would provide service no matter who did the installation.

Q. What is the downtime?

A. Approximately a 2 week installation period. We would probably do several units at a time and continue with regular rental activities.

Q. How much business is lost because of lack of A/C?

A. Last year the office estimated a loss of approximately \$12,000 in revenue. 2 out of 5 inquiries are for availability of A/C.

Q. Will we recoup cost of A/C?

A. Total cost? No. But guests expect this availability and over time we will be impacted if we don't have it.

Q. Is there an option on placement of equipment in unit?

A. Maybe. We will know more after further examination.

Q. Is there a problem with condensation from the compressor?

A. Haven't heard of any. There is an exterior drip line with a small amount of weeping.

Q. How will we pay for the purchase and installation?

A. Air conditioning is a capital item for the AOAO and will become part of our Reserves in 2017. Funds can be used from the Reserves for the initial purchase and installation. Otherwise, we could assess each owner, but that does not seem desirable. Because of the occupancy reports and rental pools, all units will need to have a/c.

MOTION: Membership directs the BOD to proceed with investigation and plan to install air conditioning in all 18 units.

Levi/Straub Motion passed with one abstention

The BOD will have more detailed information in 2 or 3 months for member consideration.

d. Termite Tenting – August 2017

It is difficult to adjust the guest/operations calendar to shut down the facility for a couple of days to accommodate the tenting. Currently, we have scheduled it for Aug. 27 – Sept 1, 2017. The office and tenting company take care of all preparation and owners do not need to do anything.

7. NEW BUSINESS

a. Solar electric power. We need to look to the future and be proactive in our electrical needs. A committee was formed of owner Margaret Jones, Cynthia Davis (representing unit 5) and Brian Cowell to investigate leasing or purchasing solar.

8. RATIFICATION

MOTION; Call for ratification of Board of Directors' Actions

Levi/Straub Unanimous approval

9. APPOINTMENT OF NEW BOARD OF DIRECTORS

Sandra Seapy presented the following slate of directors for 2017:

Brian Cowell, Steve Straub, Linda Levi, Carrie Mapes, Sherrie Napierskie

MOTION: Approve slate as recommended for the 2017 Board of Directors of AOAO.

Urquhart/Moeller Unanimous approval.

10. **The 2017 Annual meeting is scheduled for Friday, 10/20/2017 at 9 a.m.**

Meeting adjourned at 10:35 a.m.

Respectfully submitted,

Linda Levi, Secretary

