

Approved as to Form and Content

Kaanapali Royal Association of Apartment Owners
Annual Meeting Minutes
January 9, 2016

Board Members Present: Richard Beck, President; Tom Perkins, Vice President; Doug Duckworth, Treasurer; and Directors Bob Pure, Ed Kelly, Rod Conklin and Rick Little

Other Attendees: David Ferguson, Pat Bauwens and Monica Aarhus, Management Consultants of Hawaii; Charles D. Philips, General Manager; and Carol Simmons, Recording Secretary

I. INTRODUCTIONS

Introductions were made,

II. MEETING RULES OF CONDUCT

The President announced that meeting business would be conducted in accordance with Roberts Rules of Order, Newly Revised. Customary rules of courtesy were briefly reviewed.

III. PROOF OF NOTICE

Meeting notice was sent and posted on property on December 11, 2015.

IV. DECLARATION OF QUORUM

A quorum was declared with total of 24.7624% present in person and 25.7148% represented by proxy for a total of 50.4772% present. With 3.8096% registered as quorum only, there was a total 46.6676% voting quorum present.

V. CALL TO ORDER

President Rick Beck called the Kaanapali Royal Association of Apartment Owners Annual Meeting to order at 9:17 a.m. The meeting was held at the Waiola Church, Lahaina, Maui, Hawaii.

VI. PRESIDENT'S MESSAGE

President Beck thanked Mr. Philips and Kehau, noting that they did a superlative job on the parking lot project. He reported that the tennis court resurfacing will go into next year, because it is more expensive than originally planned. He stated the landscape is looking much better, and that the Association is doing much more work in-house in order to save money.

The 2015 Operating Budget came in slightly under budget. Dues were only raised by \$20. A major driver of the budget has been electricity. However, electricity was slightly less this year, despite the summer heat, primarily because everything possible was done to reduce the electric bill.

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A new website was launched by Mike Wigglesworth, and it is more user friendly. There is a ride share space on the website, which will be valuable for people traveling to and from the airport.

There were no insurance claims during the year, resulting in the lowering of insurance premiums.

The President is looking forward to 2016, which should be a "quiet" year financially, with no large projects scheduled.

VII. APPROVAL OF MINUTES

The January 10, 2015, Annual Meeting Minutes were distributed to owners at registration. The President asked for additions or corrections.

MOTION: To approve the January 10, 2015, Annual Meeting Minutes as prepared.

Ray Grace/Chuck Fedak Unanimous Approval

VIII. TREASURERS' REPORT

Treasurer Doug Duckworth updated the owners on the financial status of the Association. He reported there was \$1,300,000 in revenues, including \$79,000 from parking. The electrical came in approximately \$16,000 under budget, in spite of a very hot summer. There were no changes in the insurance premiums this year.

The Reserves had approximately \$575,000 in cash. Dues increased by \$20/month, with \$10 going to the Operating Fund and \$10 to the Reserve Fund. He noted that the Reserves are replenished by \$196,000 per year. The parking lot was a big project, costing \$300,000. The Association cannot afford to do the tennis courts this year, because the project will cost \$100,000 to \$110,000. This project cannot be done until the Reserve balance has increased. It is anticipated that this will be a quiet year budget-wise.

The pool deck will be done later this year. A pool heater may also be purchased \, costing approximately \$15,000, along with propane costs of approximately \$4,000 to \$5,000 per year.

Questions about the Reserves were answered and discussed.

IX. ELECTION OF DIRECTORS

There are two positions open on the Board, for three-year terms. The terms of Directors Tom Perkins and Ed Kelly are expiring. Jim Basolo, Glen Bodinson, and Matt Kinney have placed their names in nomination, and their names appear on the ballot. The President called for further nominations from the floor. Hearing none, the President called for a Motion to close the nominations.

MOTION: To close nominations.

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Pam Harris/Dennis Pettinelli

Unanimous Approval

The candidates introduced themselves.

The President appointed two owners to serve as inspectors of the election and to certify all ballot counts: Annette Kelly and Lauri Beck. Balloting procedures were explained.

The meeting recessed at 9:46 a.m. to collect and count the votes. Meeting business resumed at 10:59 a.m.

X. COMMITTEE REPORTS

A. Building and Grounds

The membership was updated on the following: 1) Replacement of the golf net; 2) Locks for screen doors and/or front doors; and 3) Concerns about the amount of garbage being dumped on the upper lot. There were questions that were answered and discussed regarding landscaping, pressure washing the retaining walls, increasing "grounds" staff, garbage from renters and signage to be placed in rental units.

B. Communications & Community Updates

Director Pure thanked Mike Wigglesworth for the new website.

Director Pure also provided membership with community updates on the proposed West Maui Hospital scheduled to open in 2017, road construction in Kahului easing the drive to the airport and an update on the Lahaina Bypass.

C. House Rules

Director Kelly reported no changes in House Rules.

D. Rental Advisory

Director Kelly reported that there is a new law requiring rental units to have the tax I.D. in place on the website and on any advertisements. The law also requires an on-island contact. There is a statutory fine of \$500/day for the first violation, \$1,000/day if warned and not corrected, and \$5,000/day for a third warning. The tax I.D. number and on-island contact should be posted on the website and in the rental until itself.

E. Professional Services

Two legal matters were resolved this year. There is one legal questions still open, which hopefully will be resolved this year.

F. Energy and Technology

The tennis court resurfacing will cost approximately \$100,000 versus the \$29,000 to \$30,000 budgeted. All Courts of Lahaina, the only major court resurfacers on Maui, provided

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the assessment and quote. Mr. Philips will obtain another opinion and bid from a company on Oahu. He will also try to negotiate the bid with All Courts. The tennis court refurbishing will be a comprehensive project to include resurfacing the courts, adding pickle ball lines, repainting the entire area and refurbishing the bathrooms. The tennis courts are an amenity of the property, and the Association has an obligation to maintain. It would take a 67% owner vote to change this.

The Board has been discussing the addition of a pool heater, with a target of 82 degrees minimum, for a three to four month period during the winter months. The cost for a pool heater is approximately \$15,000, with \$3,000 to \$4,000 extra in propane costs. A decision was made to purchase a solar blanket to put on top of the pool at night to conserve heat loss.

There had been plans to replace lights around the property, to save energy, but the cost savings do not justify the price of new fixtures. Consequently, Mr. Philips will "beautify" the fixtures already in place, which will be a nice upgrade with no big energy savings.

XI. ANNUAL RESOLUTIONS

MOTION: That any excess of membership income over membership expenses for fiscal year ending November 30, 2016, shall be applied against the subsequent tax year member assessments.

Matt Kinney/Charles Fedak

Unanimous Approval

MOTION: To give the Board the authority to approve the Minutes of this Annual Meeting as to form and content.

A Motion was made, seconded and approved by unanimous voice consent.

MOTION: To authorize the Board of Directors to select the Auditor to perform the fiscal year end, November 30, 2016, audit, unannounced verification of cash and prepare the tax returns for the Association.

A Motion was made, seconded and approved by unanimous voice consent.

XII. OTHER BUSINESS

The floor was opened for owner questions, comments and discussion to include: 1) Air condition outage; 2) Do-it-yourself assistance in Mr. Philip's office; 3) Recommendation to change thermostat batteries and smoke detector batteries once a year; and 4) Commendations for Mr. Philips, and for the Board of Directors.

XIII. ELECTION RESULTS

Jim Basolo and Matt Kinney were elected to serve on the Board for three-year terms. Tom Perkins and Ed Kelly were recognized for their service on the Board.

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XIV. NEXT ANNUAL MEETING DATE

The next Annual Meeting will be held on January 14, 2017.

XV. OTHER BUSINESS

A catered, owners' dinner party is scheduled this evening at the pool.

There will be an Organizational meeting of the Board following adjournment of Annual Meeting business.

XVI. ADJOURNMENT

The meeting was duly adjourned at 10:50 a.m.

Respectfully submitted,

Louise Rockett

Transcriptionist