

Kaanapali Royal Association of Apartment Owners
Annual Owners Meeting Minutes
January 12, 2019

Board Members Present: Matt Kinney, President; Richard Beck, Vice President; Jim Basolo, Secretary; Doug Duckworth, Treasurer; and Directors Bob Pure, Glenn Bodinson and Rod Conklin

Other Attendees: David Ferguson, Danielle Kornfiend, Maile Wright and Meghan Ramos, Management Consultants of Hawaii; Will Chaney, General Manager; and Carol Simmons, Recording Secretary

I. CALL TO ORDER

President Matt Kinney called the Kaanapali Royal Association of Apartment Owners Annual Owners Meeting to order at 9:15 a.m. The meeting was held at the Waiola Church, Lahaina, Maui, Hawaii.

II. PROOF OF NOTICE

Meeting notice was sent to all owners of record and posted on property on December 12, 2018.

III. INTRODUCTIONS

Introductions were made at this time.

IV. 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.

V. APPROVAL OF MINUTES

The Minutes of the January 13, 2018, Annual Owners Meeting were distributed at registration. The President asked for additions or corrections.

MOTION: To approve the Minutes of the January 13, 2018, Annual Owners Meeting.

Jim Basolo / Glenn Bodinson Unanimous Approval

VI. PRESIDENT'S REPORT

President Kinney reported that 2018 was a challenging year, with the South Chiller Plant failure in July. Thanks to the help of Mr. Chaney, Director Conklin and Dorvin Leis the problem has been rectified, and the South Plant is operational. Parts for the North Plant are on order.

The President noted problems associated with the failure that occurred, including loss of

income from rentals and purchase of now-stored portable air conditioners.

With the new General Manager on site, there are a number of ongoing improvements to the property, including an upgrade of the entrance gate and signage. Additionally, Mr. Chaney is a hands-on manager, working with his staff.

With an aging property, there are items that need to be addressed, including the sewer system. The goal is to plan well for future improvements.

VII. FINANCIAL REPORT

The Audit Report for the year-ended November 30, 2018, was distributed to owners at registration. It was conducted by Shaun Thayer, CPA, and a clean opinion was rendered.

Treasurer Duckworth updated the owners on the financial status of the Association as of the end of the fiscal year. The Association, he said, ended the year \$75,000 in the black. Variances in expenses, both over and under target, were noted and explained,

The cash position of the Association at the end of November 2018 was \$768,000. Upcoming expenses in 2019 will impact the cash position, including: 1) South Plant completion expenses, \$110,000; 2) North Plant expenses, \$48,000; 3) Maintenance Shed Re-Roofing, \$7,500; 4) Refurbishment of the pool restrooms; 5) Pool maintenance, \$15,000; and 6) Completion of left wall at the entry gate, \$2,000.

At the end of the fiscal year 2019, with all of the upcoming expenses and contributions, the balance in the Cash Reserves is estimated to be \$600,000. At that time, the financial strategy is to build up the Reserves again. There are no major projects on the Reserve Schedule for 2020 and 2021; however, the Association will need to save for the \$350,000 Painting Project. With cracks in the surface of the parking lot being observed, another upcoming project will be the Parking Lot Paving Project and removal of invasive tree roots. The sealing cost is \$20,000 and \$2,000 to \$3,000 for the root removal.

Budgeting strategy was discussed. The dues for the 2018 - 2019 fiscal year were raised 1.7% or \$20 per unit.

The Treasurer answered questions the owners had.

Mr. Chaney answered questions the owners had about the operation of the Chiller Plants. Everything is insulated to deliver the cold water to each unit. He explained the average life for a similar system is about ten to 12 years in Hawaii. He is available to help owners if they experience any problems related to the operations of their air conditioning equipment.

VIII. COMMITTEE REPORTS

A. Financial

Owners will receive copies of the Financial Statement.

Reserve funding strategy was discussed, including the roofing schedule and solicitation of

Kaanapali Royal Association of Apartment Owners
Annual Meeting Minutes
January 12, 2019 -- Page 3
proposals.

B. Communications

Director Pure asked new owners to introduce themselves.

Director Pure e-blasts communications to owners. Owners not receiving these communications should contact Kehau at the Front Office, asking to be added to the list. Owners not able to access the Website should contact Director Pure for instructions.

Director Pure updated the owners on community activities. There has been no progress on the construction of the West Maui Hospital. With financial hurdles to overcome, the landowner continues to seek private financing to help build the facility. Director Pure will keep the owners up-to-date on this matter.

Director Pure reported that the third phase of the Lahaina Bypass opened, and the flow of traffic has improved. The Fourth Phase of the Lahaina Bypass, heading north to Kaanapali, is not on the State priority list. Further, Director Pure reported all of the traffic lights have been changed to Smart Lights. Cameras will be installed as well. The traffic lights will be controlled in Kahului.

Director Pure updated the owners on the status of the proposed ERS (Employee Retirement System) development of the Golf Course. The ERS is working with Lowe Enterprises to lead in the development plans. A year ago the improvements included the addition of apartments, condominiums, hotel, retail space, relocation of the clubhouse and major renovations to the golf course. With local objections voiced by the community in general and Kaanapali Operations Association, the ERS has modified their development plans. There will be no condominiums or apartments. Additionally, the ERS has decided not to move forward with the development of 80,000 square feet of retail space. They plan, however, to build a hotel. In writing, it has been agreed that the hotels cannot block the view of the Kaanapali Royal. It will be three stories high and somewhere in the vicinity of the A Building. Debate is ongoing with regard to placement of the Clubhouse.

Director Pure answered questions the owners had.

C. Rental Advisory

Director Beck conducted an informal "Rent Survey" about six weeks ago. He explained it was conducted on the basis of VRBO stats in comparison with Maui Eldorado, The Masters and The Whaler.

Comparably, the Maui Eldorado is about \$3,800 per week, and the Kaanapali Royal is about \$3,200 per week. Director Beck said the prices at Kaanapali Royal are a "little bit low", and he suggested owners in 2020 may want to consider increasing the rates.

Director Beck answered questions the owners had.

D. Building & Grounds

Director Conklin reported that the past year was very busy. He noted that during the first

Kaanapali Royal Association of Apartment Owners

Annual Meeting Minutes

January 12, 2019 -- Page 4

quarter, a list of to-dos were given to the staff on January 15, 2018, and all were completed in 30 days.

With Kehau ill in late April, temporary help was engaged to cover her position.

In May, the water pressure reducing system had to be rebuilt for the whole complex.

In August, there were two storm systems that hit Maui, including Hurricane Lane and Tropical Storm Olivia. Hurricane Lane impacted Lahaina and Kaanapali with destructive fires and evacuation of homes on the Hillside. There was flooding north of Kaanapali that impacted Kahana and points north.

In September, the front entrance remodel commenced, with new stone work, lights and new signage. Recently, the front gate was repainted.

In mid-October, Mr. Chaney joined the Kaanapali Royal as General Manager and has motivated the staff, increasing the morale of the team.

In December, the community barbecues were upgraded.

E. Energy & Technology

Director Conklin reported the committee is exploring options to automatically adjust the chemicals in the pool; however, with the size of the pool, the cost was not feasible. New solar controls are under consideration.

The committee is investigation replacing the 60 mushroom lights. The addition of an automated Chiller Plant monitoring system is being explored.

The strainers for all of the buildings were cleaned, partially in-house.

F. Architectural Review

Director Conklin noted that owners wishing to remodel have a form to complete and submit to the Architectural Review Committee before commencement of construction, at which time rules will be given to the owner and the contractor.

G. Recognition of Director Conklin

The President recognized Director Conklin for his dedication and hard work. When Kehau was unable to perform her duties due to an illness, Director Conklin coordinated staffing responsibilities. He was gifted with a thank you card, including a couple of rounds of golf for his awesome volunteerism on behalf of all owners.

H. General Committee Discussion

Director Pure explained the protocol behind committee formation, appointments and participation. The President said, working together there are a lot of positive actions volunteer owners can take to make a difference at Kaanapali Royal.

Kaanapali Royal Association of Apartment Owners

Annual Meeting Minutes

January 12, 2019 -- Page 5

I. House Rules

The major House Rule focus has been the Pet Policy. The Association covenants support a No Pet Policy; however, State and Federal ADA Law allows service animals, defined by Hawaii State Law as dogs that are properly certified. Service animals are welcome at Kaanapali Royal. Owners must provide proof of the need for the certified service dog. There are penalties imposed against owners with fraudulent certification.

This is a challenging issue at Kaanapali Royal and for the Board. There are barking dogs on property. Owners with certified dogs are responsible for their dog's behavior. The dog cannot be nuisance, and it must follow the House Rules. Owners were asked to be respectful of others.

Owners and Rental Agents will be reminded of the Pet Policy in writing.

Owners in non-compliance with the Pet Policy will be fined. Fining procedures were reviewed.

IX. DECLARATION OF QUORUM

A quorum was declared at 10:25 a.m., with total of 29.5244% present in person and 20.9528% represented by proxy for a total of 50.4772% present. With 5.7144% present for quorum purposes only, the total voting percentage was 44.7628%.

X. ELECTION OF DIRECTORS

The President appointed Marion Roszell and Nikola Dourambeis to serve as Inspectors of Election, collecting the ballots and supervising the ballot count.

Balloting procedures were explained.

With the terms of Matt Kinney, Jim Basolo and Glenn Bodinson expiring, there are three vacancies on the Board, as follows: Three for two three-year terms and one one-year term.

The candidates present introduced themselves, including: Jim Basolo, Glenn Bodinson, A. Raj Kumar and J. Michael Wrigglesworth. Donald Pyne was not present, but his name was included on the slate.

The President called for nominations from the floor.

MOTION: To close nominations.

Bill Lambert / Timothy Boyd Unanimous Approval

A Motion to close nominations was duly made, seconded and passed by unanimous approval. The candidates present introduced themselves. Balloting procedures were explained. There was a recess to cast and collect the votes at 10:15 a.m. Business resumed at 11:05 a.m.

XI. RECOGNITION

Kaanapali Royal Association of Apartment Owners
Annual Meeting Minutes
January 12, 2019 -- Page 6

The President recognized owners who had passed away this past year, including Paul Londynsky and Ed Merlic.

XII. ANNUAL RESOLUTIONS

The Annual Resolutions were presented and voted as a block.

MOTIONS: That any excess of membership income over membership expenses for fiscal year ending November 30, 2019, shall be applied against the subsequent tax year member assessments.

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

To authorize the Board of Directors to select the Auditor to perform the fiscal year end, November 30, 2019, audit, unannounced verification of cash and prepare the tax returns for the Association.

Timothy Boyd / Geoffrey Gray Unanimous Approval

XIII. ELECTION RESULTS

The President announced the results. Michael Wrigglesworth and Jim Basolo were elected to serve three-year terms, and Glenn Bodinson was elected to serve a one-year term.

XIV. NEXT ANNUAL MEETING

The owners considered optional dates for the 2020 Annual Owners Meeting. By a straw poll vote, it was agreed to hold the meeting on Saturday, January 11, 2020. The quarterly Board of Directors Meeting will be held on Friday, January 10, 2020.

XV. ADJOURNMENT

MOTION: To adjourn the meeting at 11:11 a.m.

Timothy Boyd / Bill Lambert Unanimous Approval

Louise Rockett
Transcriptionist