

**KAHANA FALLS  
ASSOCIATION OF APARTMENT OWNERS  
AND INTERVAL OWNERS ASSOCIATION  
COMBINED ANNUAL MEETING  
KAHANA FALLS RESORT  
THURSDAY, MARCH 26, 2015**

**MINUTES**

**I. CALL TO ORDER, ANNOUNCEMENT OF QUORUM**

Acting chairperson Karen Cornwell called the combined annual meeting of the Association of Apartment Owners and the Interval Owners Association to order at 10:33 a.m. (HST). The meeting was held at Kahana Falls Resort, Lahaina, Maui, Hawaii. Ms. Cornwell was informed that a quorum was present either in person or by proxy in accordance with the association's bylaws.

**II. PROOF OF NOTICE**

In accordance with the bylaws, notice was sent to all owners on February 13, 2015. A copy of the notice will be filed with the minutes of this meeting.

**III. INTRODUCTIONS**

Karen Cornwell welcomed the owners and guests.

**A.O.A.O. Board Members Present:**

Milton Jantzen, Vice President; Katherine Ivey, Secretary; Jesse Arman, Treasurer; Karen Cornwell, Director; Kevin Ramage, Director; Martin Hewitt, Director

**I.O.A. Board Member Present:**

Karen Cornwell, Vice President; Katherine Ivey, Secretary; Jesse Arman, Treasurer; Milton Jantzen, Director; Kevin Ramage, Director; Martin Hewitt, Director

**Board Member Absent:**

Richard Roll, President (AOAO/IOA)

**Management Present:**

Loren Gallagher, President and CEO; Gail Turner, Senior Vice President of HOA Accounting; Tom O'Brien, Sr. Vice President of Resorts, Joanne Hallert, Director of Resort Operations; Suzie Moore, Resort Manager; Amy Strange, Administrative Assistant; and Sam Florez, On-Site Exchange Specialist

**Guests:**

Mike Fitzgerald, Fitzgerald & Associates, Inc., CPA

**Conduct of Business**

Acting Chairperson Karen Cornwell stated in accordance with the bylaws, that the meeting would be conducted according to the most recent edition of Robert's Rules of Order.

**IV. APPROVAL OF MINUTES**

Acting Chairperson, Karen Cornwell, asked if there were any corrections to the minutes of the 2014 combined annual meeting. Hearing none, she asked those present to vote on their ballot for approval of the minutes.

**V. REPORTS**

**Acting President's Report**

Karen Cornwell expressed her thanks to the owners for attending the meeting. Ms. Cornwell discussed the elevator renovation project. A vendor has been selected and the renovation was approved at the board meeting on March 25, 2015. Karen thanked Milton Jantzen and Martin Hewitt for their diligence on the project.

Ms. Cornwell discussed the issue of owner delinquencies as the owner base is aging. She stated that the board is working with Great Destinations to turn the HOA inventory back into productive inventory.

Ms. Cornwell noted that as of September 2014, due to the hard work of Suzie Moore and the refurbishment committee, they have achieved Silver Crown status through RCI.

**Treasurer's Report**

Jesse Arman, Treasurer, thanked the owners for coming and stated that he will combine financial information rather than reporting on each association individually. He noted that for the 6<sup>th</sup> consecutive year, revenues exceeded expenses. Mr. Arman reported that the replacement fund is at 1.5 million dollars and the organization is financially healthy. He also reported that the financials are very sound when compared to other not for profit organizations and timeshares.

Mr. Arman stated that the delinquency rate has increased over the past years and this is a trend that a majority of timeshares are experiencing. He stated his belief that the resale program with Great Destinations will improve this figure.

Mr. Arman expressed his gratitude to Suzie Moore and TPI for good management. The debt ratio has been declining steadily over the past 6 years and 2008 was the last year that the association lost money. He believes this is a result of a combination of good management and the fiduciary attitude and financial experience of the board.

Mr. Arman introduced Mike Fitzgerald of Fitzgerald and Associates, Inc., Certified Public Accountants. Mr. Fitzgerald explained that he had been engaged by the boards to conduct an audit and perform the tax filings for the fiscal year ended December 31, 2014. Part of the audit included visiting TPI's office and evaluating the internal controls, etc. For the twelve months ended December 31, 2014, he provided a clean audit opinion for both associations. Mike noted that the associations were doing well at balancing the property improvements with the need to build and maintain adequate replacement reserves.

Mr. Fitzgerald commended the board and the TPI team on keeping the association financially sound.

Management informed the owners that the board had approved the draft audit at the board meeting on March 25, 2015, and the final audit report would be posted on the owners' corner of the Kahana Falls website in a few weeks.

### **Refurbishment Committee Report**

Milton Jantzen informed the owners that the committee has four pending projects. Last year, he reported they would spend 4.3 million dollars and they will be bumping that up an extra \$600k to complete the needed projects.

The first project is the complete modernization of the elevator system involving two elevators. The board hired Elevator Consulting Services (ECS) and with the help of ECS, Schindler has been selected to complete the elevator renovation project. Schindler will complete the project in approximately five weeks from the start of the work on-site. The elevators will be down one at a time and Suzie Moore will do all in her power to mitigate the impact to owners and guests.

The second item is the couches in the A units. They will be replaced with a sectional and a new accent chair.

The third item is Mattresses. They will be replaced with a new type of memory foam bed that is firm but comfortable and durable.

The last item is the carpet in the living rooms. The B units have been changed to bamboo flooring and the board is still looking at options for the A units. They are considering tile, vinyl, carpet and bamboo. Suzie is researching complete lifecycle costs for each option and the refurbishment committee will make the choice at a later date.

Milt expressed his thanks to the board, TPI and the rest of his committee for setting up financing for these projects.

### **Nominating Committee Report**

Milton Jantzen advised that Richard Roll, Katherine Ivey, Jesse Arman, and Martin Hewitt were all up for election in 2015 with no applications to review. Mr. Jantzen reported that the current incumbents have been recommended by the committee.

## **Manager's Report**

Suzie Moore reported on recent changes and current projects at Kahana Falls.

Ms. Moore noted that they typically have long term staff, but some recent changes have been made in housekeeping and the front desk. She stated that a new front desk manager, Mariah, has been working for about a month and that Laurie is the new member of the night staff.

Suzie Moore reported on landscaping and stated that the Board approved replacement of the irrigation system in the lanai planter boxes last year and the replacement system has been completed with individual regulators on each floor. She also stated that they have replaced all of the plants with bougainvillea.

She also noted that there are six fewer coconut trees. They had to be removed because they have been at Kahana Falls since 1992 and were getting too high to trim. She noted that two were removed last year, four this year and that they will be removing more on an "as needed" basis. They will be filling in the spaces with bottleneck palms which are shorter and slow growing.

Ms. Moore noted that the Wi-Fi system has been problematic. She stated that the current provider, Time Warner, is getting rid of hospitality Wi-Fi and that all units will be converted to residential Wi-Fi. This will happen in the next few months, and will include an upgrade in speed, but will cost slightly less than the current service.

## **VI. ELECTION OF DIRECTORS**

The bylaws provide for a 3-member minimum to a 7-member maximum board to govern both the A.O.A.O. and the I.O.A. Karen Cornwell called for nominations from the floor three times. Hearing none, the nominations were closed.

Betty Jansen moved to close nominations, seconded by Don Pierson and unanimously approved.

The candidates present were given an opportunity to give a brief statement as to why they would like to continue to serve on the board. Karen Cornwell read Richard Roll's candidate statement and spoke of his contributions to the board in his absence.

Karen Cornwell called for volunteers to serve as inspectors of election. Don Pierson and Warren Smith were appointed as inspectors to assist Joanne Hallert and Amy Strange.

### **Election Results**

Jesse Arman, Martin Hewitt, Katherine Ivey and Richard Roll were elected to the boards for a 2 year term.

Management asked that the board meet after the annual meeting for an organizational board meeting to determine the new officer positions.

## **VII. UNFINISHED BUSINESS**

There was no unfinished business.

**VIII. NEW BUSINESS**

Per Hawaii law, directors shall not expend association funds for travel unless it is approved by the owners. The board requested approval from the owners to continue to reimburse for board related travel expenses.

Warren Smith motioned to approve to continue to reimburse the board for board related travel expenses; it was seconded by Don Pierson and unanimously approved.

**IX. OWNER FORUM**

Owners present were given the opportunity to ask questions and make comments to the board and management. Some of the items discussed were: board priorities, future plans of the association, future refurbishment of bathrooms and kitchen, the resale program to return HOA owned intervals to active ownerships, rentals, pest control, pipes, and the size of the dressers.

The board informed the owners that they would take all items and suggestions presented under consideration.

Trading Places International provided three gift certificates reflecting their appreciation. One experience TPI week and two free exchange vouchers.

Kahana Falls also offered a free bonus week to express their gratitude.

The board thanked the owners for their continued support and confidence.

**X. ADJOURNMENT**

The annual meeting recessed at 11:30 a.m. (HST) and reconvened at 11:53 a.m. (HST).

The board continued to take questions and comments.

There being no further business, the meeting adjourned at 12:40 p.m. (HST).

Submitted by:  
Trading Places International  
Its: Managing Agent

Approved by:  
Kahana Falls Resort AOA/IOA

By: \_\_\_\_\_  
Joanne Hallert  
Director of Resort Operations

By: \_\_\_\_\_  
Karen Cornwell  
Acting President (AOAO & IOA)