

**ASSOCIATION OF APARTMENT OWNERS OF
NAPILI VILLAS
ANNUAL OWNER'S MEETING
Saturday, April 16, 2016**

DIRECTORS PRESENT

Terry Pennington, Vice President; Susan Barron, Secretary; Tim Bruns, Director
Via-teleconference: Dave Hanken, President.

OWNERS PRESENT

Registered with Quam Properties.

OTHERS PRESENT

Rod Quam, Quam Properties, Inc. President; Barbara Pankey, Bookkeeper,
Jim Cribben, Site Manager; Yatta Johnson, Stenographer.

CALL TO ORDER

President Hanken called the Annual meeting of the Association of Apartment Owners of Napili Villas to order at 9:08 a.m. on Saturday, April 16, 2016.

INTRODUCTIONS

The President introduced the management team. The Board and the owners introduced themselves.

DETERMINATION OF A QUORUM

The Bylaws of the Association of unit owners specifies quorum exists when more than 50 percent of owners are present, in person or by proxy.

Owners comprising 55.24 percent are present in person or represented by proxy, thus constituting a quorum.

PARLIAMENTARY PROCEDURE

In accordance with 514B-12(d), Hawaii Revised Statutes, this meeting will be conducted using the most recent edition of Robert's Rules of Order Newly Revised. The meeting rules are included in the owner's handout for this meeting. There was no objection to adopting the meeting rules as presented.

APPROVAL OF MINUTES OF PRECEDING MEETING

The minutes of the last Annual meeting were available when members signed in. Hearing no objections, the reading of the minutes was waived.

The 2015 Napili Villas Annual Owner's meeting was presented for approval.

Motion:

To approve the 2015 Napili Villas Annual Owner's meeting minutes, as presented. (Pennington,

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4-2/Bruns, 25-3)

CARRIED unanimously.

REPORT OF OFFICERS

PRESIDENT'S REPORT

President Hanken reported that the roofing project is totally funded and may commence this year.

PROPERTY MANAGER'S REPORT

Joel Vitt presented the property manager's report. Mr. Vitt's report was accepted and is on file.

SITE MANAGERS REPORT

Site Manager Jim Cribben presented his report. The report was accepted and is on file.

PROXY RETURN INCENTIVE DRAWING WINNERS

Tim Bruns,	\$100
Phyllis Levy,	\$100

MANAGING AGENT REPORT

Mr. Quam presented his report. He acknowledged the Napili Villas staff and Board for their dedication to the owners. Mr. Quam's report was accepted and is on file. He highlighted the following:

- The operating account was \$262,395 at year-end.
- The reserve account was approximately \$1,332,713 at year-end.
- The Association finished 2015 \$17,096 over budget with a gain of \$9,670.
- Through March 2016 the Association is \$316 under budget in expenses with a gain of \$7,087.
- A reserve study was completed and the Association is fully funded for all of the repairs needed.
- The next large projects are; Roofing/Gutter/Downspouts for 2017 and Painting/Coating all of the buildings in 2021.
- The maintenance fees will remain the same in 2016; however, there may be a small increase in the dues in 2017 to accommodate a reserves increase and increased operating costs.
- There are currently eight (8) units on the market at Napili Villas; Twelve (12) units sold in 2015; seven (7) units sold in 2016.

Mr. Quam acknowledged the Board, the staff and the owners for their dedication to the community.

ELECTION OF DIRECTORS

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The Board of Directors consists of five (5) members. There are three (3) positions that need to be filled on the Board of Directors, One (1) 2-year term two (2) 1-year terms.

Remaining on the Board are Dave Hanken and Susan Barron. Tim Bruns and Terry Pennington have agreed to run for another term. Owner Crosby Beam has expressed an interest to run for the Board of Directors as well.

The Nominees are:

- Tim Bruns
- Terry Pennington
- Crosby Beam

Hearing no further nominations from the floor, the nominations were closed. All nominees were given an opportunity to introduce themselves and give a brief synopsis of their backgrounds.

Motion:

To elect Tim Bruns, Terry Pennington and Crosby Beam, by acclamation, to the Board of Directors. (Thatcher/Porter)

CARRIED unanimously.

ELECTION RESULTS

The Newly elected Board of Directors are:
Terry Pennington
Tim Bruns
Crosby Beam

Jock Sales was acknowledged for his dedication to the Board and the owners.

Motion to Destroy Proxies and Ballots

Motion:

To destroy all ballots and proxies after thirty (30) days. (Bruns/Barron)

CARRIED unanimously.

Ratify the Actions of the Board During the Past Year

Motion:

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*To ratify the actions and decisions of the Board of Directors in the year 2015.
(Bruns/Pennington)*

CARRIED unanimously.

NEW BUSINESS

Resolution on Assessments

There is a resolution that must be considered and voted on in order that we make the proper filing of our tax returns. This resolution covers maintenance fees and unrelated income paid during the year. We collect from all of our owners, on a monthly basis, maintenance fees, which cover the cost of running and maintaining the project. At year-end, we may have a balance in our checking account, operating reserve account and other specific accounts that will carry forward to the next calendar year.

Present tax rulings indicate that these funds, if not specifically designated to be used in the following year, would be taxable. Consequently, the resolution to cover the 'rollover' of these funds meets the necessary requirements.

RESOLVED, *By the Napili Villas Association of Unit Owners that any excess of membership income over membership expenses for the year ended December 2015 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.*

This resolution is adopted and made part of the minutes of the minutes of the April 16, 2016 Annual Owner's meeting. (Barron/Bruns)

Hearing no objections, the resolution is approved and adopted.

OWNER'S FORUM

Kramer- 26-4: Expressed concern regarding skateboarding on property; suggested that more signage be placed on his street.

Kramer- 26-4: Inquired about the installation of boxes around the air conditioners.

Mr. Vitt re-iterated that the installation of a box around the air conditioners is the responsibility of the owners. Any interested owner may obtain an architectural design of the box through Quam Properties to ensure that they are in line with the architectural standards of the community.

NEXT ANNUAL MEETING

The Annual Owner's meeting is scheduled on Saturday, April 15, 2016.

ADJOURNMENT

Motion:

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To adjourn the Annual meeting. (Bruns/Pennington)

CARRIED unanimously.

The meeting was adjourned by unanimous consent at 10:10 a.m. HST.

A brief Organization meeting will follow this annual meeting.

Respectfully submitted,

Yatta Johnson
Stenographer
Tell Me More Stenography Services

Approved by:

President
Napili Villas Board of Directors