

**ASSOCIATION OF APARTMENT OWNERS OF
NAPILI VILLAS
ANNUAL MEETING
Saturday, March 29, 2025**

DIRECTORS PRESENT: Terry Pennington, President; Stephen Phillips, Vice-President; Ale Stout, Treasurer; Art Pagnini, Secretary (via Zoom); and Edward Kramer, Director.

OTHERS PRESENT: Representatives from Quam Properties: Rod Quam, Managing Agent; Clifton Handy, Laura Howard and Gisselle Rodriguez, Association Managers; Barbara Pankey, Accountant/Registrar; Jim Cribben, Project Coordinator; and Ilse Menger, Recording Secretary, Aloha Office Services.

OWNERS PRESENT: Registered with Association Management.

ESTABLISHMENT OF QUORUM:

The By-laws of the Association of Apartment Owners of Napili Villas, specify that a quorum exists when there is present at any meeting, in person or by proxy, a majority of apartment owners.

Owners comprising 52.373% of the common interest are present in person or represented by proxy, thus constituting a quorum pursuant to the Association's bylaws.

CALL TO ORDER:

The meeting was called to order at 9:00 a.m. at the Ali'i Conference Center of the Paki Maui Resort, 3615 L. Honoapiilani Road, Lahaina, Maui, Hawaii.

PROOF OF NOTICE OF MEETING:

The Notice of Meeting, Agenda, and Proxy Form were mailed to all owners as recorded on February 27, 2025.

PARLIAMENTARY AUTHORITY:

Robert's Rules of Order, Newly Revised, will be the governing authority for this meeting in any instances not covered by the Association Bylaws or Hawaii Revised Statute 514B.

APPROVAL OF MEETING MINUTES:

The minutes of the 2024 Annual Meeting were distributed to owners via email and posted on the Association's website. A copy of the minutes was also included in the meeting packet. Hearing no objection, the reading of the minutes was waived. Hearing no objection, the 2024 Annual Meeting Minutes are approved as distributed.

PRESIDENT'S REPORT:

President Pennington discussed the impact of the Lahaina fires and the increase in insurance premium payments. Quam Properties was acknowledged for their efforts to secure a \$750,000 upfront payment for insurance premiums. Association dues have been raised to cover next year's expected substantial increase in insurance premiums.

FINANCIAL REPORT:

Mr. Handy stated that the Association's Audit Report for the fiscal year ending December 31, 2024 was prepared by Roen Hirose, CPA, and was included in the meeting packet.

Financial Report for the fiscal year ending December 31, 2024:

| | |
|----------------------|-------------|
| Operating Cash: | \$418,509 |
| Reserves Cash: | \$602,761 |
| Current Liabilities: | \$280,172 |
| Equity: | \$1,201,559 |
| | |
| Total income: | \$2,012,386 |
| Total expenses: | \$1,511,362 |

- The net surplus of \$501,025 was due to the special assessment of income collected during the year which was used to pay the increased insurance premiums.
- Increase of maintenance fees in 2024 was to support the new level of insurance cost.
- Reserve fund expenditures in 2024 totaled \$107,085 and primarily consisted of the parking lot paving project which totaled approximately \$81,000.

Financial Report for the period ending February 28, 2025:

| | |
|----------------------|-------------|
| Operating Cash: | \$594,192 |
| Reserves Cash: | \$625,339 |
| Current Liabilities: | \$138,185 |
| Equity: | \$1,495,752 |

- The Association has not been receiving regular billing for water and sewage resulting in these expenses being under budget for the year to date.
- Backflow preventer replacement for irrigation supply line was completed for approximately \$32,000.
- Upcoming parking light fixtures project is estimated to be below \$40,000.

PROJECT COORDINATOR'S REPORT:

Jim Cribben reported on the following items:

- The High-Risk Component Inspections have been completed and a report will be provided to each unit owner.
- The large backflow preventer at the entrance failed annual inspection and has since been repaired.
- Maui Commercial Landscaping Company will complete the property landscape in three sections which will provide a more focused level of service.
- Use of electric blowers will be in place by April, 2025.
- Treatment for slugs and snails.
- Tree pruning to comply with fire safety regulations.
- Power washing stairs and buildings will commence next week.

INSPECTORS OF THE ELECTION

David Stern (01-1) and Carol Koepke (10-5) were appointed as Inspectors of the Election.

ELECTION OF DIRECTORS:

Article II, Section 1, of the project By-Laws specifies that the affairs of the Association shall be governed by a Board of Directors composed of five persons, each of whom shall be an owner, co-owner, vendee under an agreement of sale, or an officer of any corporate Owner of an apartment.

There are four (4) vacancies to fill on the Board; three (3) positions are for a two-year term each and one (1) position is for a one-year term. The terms of Ale Stout, Stephen Phillips, and Art Pagnini are expiring. Ale Stout, Stephen Phillips, and Art Pagnini have indicated their willingness to serve additional terms and are re-running for election. Edward Kramer, who was appointed by the Board during the year, is not running for election. Remaining on the Board is Terry Pennington.

Laurel Ashlock has also expressed interest for a position on the Board.

Mr. Handy called for nominations from the floor. Tim Bruns (25-3) was nominated by Stephen Phillips (09-1). The nomination was seconded by Deanna Pennington (04-2). Hearing none further, the nominations were closed.

The nominees are Ale Stout, Stephen Phillips, Art Pagnini, Laurel Ashlock, and Tim Bruns.

The meeting was recessed for voting at 9:26 a.m. and resumed at 9:58 a.m.

ELECTION RESULTS:

| | | |
|------------------|---------------|------------------------------------|
| Laurel Ashlock | 19.9373 votes | <i>elected for a two-year term</i> |
| Ale Stout | 19.5925 votes | <i>elected for a two-year term</i> |
| Stephen Phillips | 19.4758 votes | <i>elected for a two-year term</i> |
| Art Pagnini | 19.3997 votes | <i>elected for a one-year term</i> |
| Tim Bruns | 10.8257 votes | |

NEW BUSINESS:

IRS Ruling 70-604

Resolved, by the owners of the Association of Apartment Owners of Napili Villas, that the amount by which each member's assessments in the 2025 fiscal year exceeds the total payments of the Association for maintenance, repairs and other expenses and capital expenditures of the Association as the Board of Directors has appropriately paid or determined payable, shall be applied to the 2026 regular member assessments in accordance with IRS Revenue Ruling 70-604.

Hearing no objection, the resolution was adopted.

2025 Annual Meeting Minutes

Motion: *To authorize the Board to approve the 2025 Annual Meeting Minutes as to form and content to expedite distribution to owners.*

Hearing no objection, the resolution was adopted.

Audit

Motion: *To authorize the Board of Directors to select an auditor to perform an audit and an unannounced verification of cash and to prepare the tax returns for the Association for the fiscal year ending December 31, 2025.*

Hearing no objection, the resolution was adopted.

Ratification of Board Actions

Motion: *To ratify the actions of the Board of Directors during the fiscal year 2024.*

Hearing no objection, the resolution was adopted.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:03 a.m.

Respectfully submitted,

Ilse Menger
Aloha Office Services
Recording Secretary