



PONO KAI
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Association of Apartment Owners of Pono Kai

Managed by:

bluegreen
RESORTS MANAGEMENT

March 2007

Board of Director's Message

If you've been to the resort lately, you know that it looks better than ever. I would like to thank Peter Sit and the entire resort staff for their continued efforts in improving our piece of paradise. I wanted to advise you that the 2006 audit has not been finalized at this time. We will be sending the audit to each of you once it is finalized, which we anticipate to be April/May. Finally, you will see in the enclosed materials that we are quickly approaching our 2007 Annual Meeting. We urge you to participate in the meeting by submitting your proxy (*see enclosed for additional information*). I hope that we have the opportunity to see you at the upcoming meeting.

Fondest Aloha, Stella Nelson – President

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How Does My Vote Count

The Association's documents provide the owners an opportunity to meet yearly to discuss their resort and vote on matters that are solely the decision of the members. A good example of this is the election of the Association's Board of Directors. It is each owner's responsibility to vote on the issues presented at the annual meeting. Featured below are some details of voting as an Association of Apartment Owners of Pono Kai Owner:

What is a proxy? A proxy is the written authorization by an owner(s) that appoints another person to represent and vote on behalf of such owner(s). In order to conduct business at a meeting of the members, a minimum number of owners (a quorum) must be in attendance either in person or by sending in a proxy.

How Do I Vote? Voting is accomplished by returning the enclosed proxy or by secret ballot at the Annual Meeting. If you cannot attend, you may delegate your votes and/or assign your rights to someone else. If you choose not to vote for directors, you may vote for quorum purposes only. There are **THREE (3)** open positions on the board. **You are entitled to cast THREE (3) votes for the election of THREE (3) candidates as Directors. Please return your proxy even if you plan to attend the meeting or if you designate someone to cast your votes on your behalf. Your proxy can be revoked at the meeting. Proxies must be received by Wednesday, April 11, 2007.**

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Board of Directors

Stella Nelson, President; Barbara Paul, Vice President;
Hugh Conroy, Secretary; Norm Chaffin, Treasurer; Dorella Lee, Member

If you are interested in serving on the Board of Directors, would like to contact board members or to obtain meeting minutes, you may write to the board, c/o Bluegreen at 4960 Conference Way North, Suite 100, Boca Raton, FL 33431 or email Kathy Ayrouth at Kathy.Ayrouth@bluegreencorp.com.

Meet the Candidates

Belinda Breen:

Ms. Breen has been a Pono Kai owner since 2001. She received an undergraduate degree from LSU, did post-graduate work in accounting, economics and human resources at the University of Houston and earned the Professional in Human Resources designation. She worked for 23 years at an independent insurance agency and currently works for a residential multi-family developer with properties across the continental US and in the development stages in Europe. She also has experience in budgeting, bookkeeping, preparation of financial reports and presentation of reports to corporate boards of directors. She owns 5 intervals at Pono Kai.

Norm Chaffin (**Incumbent**):

Mr. Chaffin retired from a 44-year career in the California public education system. He was a teacher the first five years and was an administrator for the remaining years. He was President of the local Lion's Club, Rotary Club and Lake Elsinore Boat and Ski Club. Mr. Chaffin was Mayor of Lake Elsinore from 1968-1978. He has a BA in Psychology from Long Beach State University and a Masters in Educational Administration, from USC. He has served on the PKIOA board since March 2006 and on the AOA board since October 2006 and has owned at the resort since 1987.

Hugh Conroy (**Incumbent**):

Mr. Conroy is a graduate of USC with a degree in Business Administration and Law. He was a member of the U.S. Army Air Corp. from 1943-1946 and worked for Shell Oil Company and Ford Motor Company. Mr. Conroy was recently appointed to the State of California Los Angeles/Long Beach Harbor Safety Committee, as an alternate member representing Pleasure Boat Operators, as a USCG Licensed Captain. He has served on both the AOA and PKIOA Boards since 1991, having served as President on both Boards. He currently serves as Secretary of the AOA and Treasurer of the PKIOA.

Stella Nelson (**Incumbent**):

Ms. Nelson is retired from managing an investment and insurance office. Throughout her vast experience, she also owned and managed a recreational business, a floral business and a retail gift store. She, along with her husband, owns Nelson Properties, and oversees renovation and refurbishment of residential property. She has an extensive amount of knowledge about the resort operations and various associations at the Pono Kai. She has taken an active role in refurbishment projects at the Pono Kai. She currently serves on the PKIOA Board (as Secretary), and has served on the AOA board since 2002 (currently President).

John Strizver:

Mr. Strizver has been involved with the Pono Kai since 1985 as an owner of multiple whole units and as an interval owner. He manages the Rental Advisory Committee, overseeing rental activities of independently owned Pono Kai condos. He has the desire and opportunity to devote time to managing the Pono Kai. As a former business owner, he has an extensive background in all aspects of management – government, HR, customer service, P&L statements, insurance, etc. He would like the opportunity to bring a fresh and intelligent perspective to the challenges faced by the association.

Although there are 5 candidates, there are only 3 open positions. You may cast only 3 votes.

2007 Mailing Schedule

March – Newsletter/Annual Meeting Notice
April/May – Newsletter/Audit
November/December – Newsletter/2008 Budget

2007 Meeting Schedule

April 12, 2007 – 1:00 PM at Pono Kai
Annual Meeting:
April 13, 2007 – 1:00 PM at Pono Kai

Meeting & Mailing schedules are subject to change. Meeting dates beyond April 2007 will be set following the Annual Meeting and will be communicated to owners in future mailings. Please Email Kathy.Ayrouth@bluegreencorp.com to confirm meeting dates/times.

Reminder: Renovation Rules

The resort had been experiencing problems with contractors hired by whole owners to renovate unit interiors. Many contractors are disturbing owners and guests in nearby units due to working late hours, driving on landscaping, using resort dumpsters, etc. Contact Bob Egan (808-822-9831) at the Pono Kai to obtain details on the renovation rules, or visit the AOA website (www.ponokai-resort.com and go to the "Rules & Regulations tab) for more information.

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Understanding the Resort

As a multi-use property, understanding all of the groups at the Pono Kai can be challenging. Here's a brief explanation of each group and their involvement at the resort:

Pacific Fantasy Time Share Owners Association (PFTSOA): Comprised of 17 timeshare units (1 unit each in B, C, G and H Buildings, 2 units each in A, D and F Buildings, 3 units in E Building, and 4 units in J Building), PFTSOA represents 7.0936% of the ownership at the Pono Kai Resort. PFTSOA is responsible for the maintenance of each of their 17 units.

Pono Kai Interval Owners Association (PKIOA): Comprised of 150 timeshare units (multiple units in all buildings – A-K, which includes every unit in Building K), and 2 commercial units (Laundry and Housekeeping), PKIOA represents 59.9437% of the ownership. PKIOA is responsible for the maintenance of each of their 150 units.

Association of Apartment Owners of Pono Kai (AOAO): AOAO is the "master" association at the Pono Kai. Within the AOAO there are 74 wholly owned units/apartments (multiple units in buildings A-J). These units are not timeshare. An individual or organization owns each unit in the AOAO. A vast majority of the units being are utilized as second homes or vacation rental property, many of which are involved in a rental pool which is managed by Marc Resorts. There is also a commercial unit, located near the lobby (where IVC is providing activity services). The AOAO is responsible for all building exteriors and the common areas (pool, tennis courts, lobby, walkways, landscaping, etc.) The 74 wholly owned units in the AOAO represent 32.9627% of the total ownership.

Every owner at the resort (including PFTSOA and PKIOA owners) is a member of the AOAO.

AOAO (whole owners) - 32.9627%
PKIOA - 59.9437%
PFTSOA - 7.0936%

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Special Notice: New Pool Gate Locks

Effective May 15, 2006, the locks on the pool gates were changed to a new electronic key card. You and your guests will receive a pool gate key upon check in at the Front Desk.

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Construction Notice

As many of you know, there is an ongoing construction project by the county of Kauai at the beachfront area of the resort. This beautification project is tentatively scheduled throughout 2007. We will provide further information when available.

Priority	Project	Status	Forecasted Expense	YTD Exp.	Outstanding
1	Stairway Landing – D Building	Completed	\$10,312	\$10,312	\$0
1	Water Heaters – K Building	Completed	\$22,000	\$15,293	\$0
1	Pool Pump	Completed	\$879	\$879	\$0
1	Pool Lounge Chairs	Completed	\$2,880	\$2,421	\$0
1	Railing – D & G Buildings	Completed	\$67,310	\$67,310	\$0
1	Exterior Painting – G & H Buildings	Completed	\$12,000	\$12,000	\$0
1	Elevator Cab Refurbishment	Delayed	\$18,000	\$0	\$0
2	Gutters	Delayed-2007	\$30,000	\$0	\$0
1	*Purchase Golf Cart – Grounds & Maintenance	Completed	\$4,500	\$4,330	\$0
1	*Install Pool Gate Locks	Completed	\$683	\$683	\$0
	<i>* Items not in original 2006 budget</i>		\$168,564	\$113,228	\$0

As you know, each year in the fall, the board reviews and approves the budget for the following year. In doing so, the board must consider several factors including; projected operating expenses, reserve item replacement requirements, and the current and projected fund balances. The chart above outlines the status of the 2006 reserve projects. The chart below reflects the projects planned for 2007.

2007 Reserve Funding Projects

Priority	Project	Status	Forecasted Expense	YTD Exp.	Outstanding
1	Exterior Paining – J & K Buildings	2007	\$14,000	\$588	\$13,412
1	Gutters – D Building	2007	\$40,000	\$0	\$40,000
1	Railing – C & F Buildings	2007	\$79,000	\$0	\$79,000
1	Roof Cleaning/Coating – A-K Buildings	2007	\$54,000	\$0	\$54,000
			\$187,000	\$588	\$186,412

Summary of Minutes

Board of Directors Meeting – October 10, 2006

- Minutes of the June 8, 2006 board meeting and June 9, 2006 organizational meetings were approved.
- The board reviewed the Cash Report, Income Statement, Reserve Report and Delinquency Report for August 2006. It was reported that the year-end cash position was projected to be approximately \$305,743. The Reserve Report reflected expenses of \$67,892 year-to-date and a balance of \$474,496.
- The board approved the proposal submitted by the independent auditing firm of Gerstle, Rosen & Associates to perform the 2006 audit.
- The board approved the 2007 budget and the Billing and Collection Policy.
- Becky Larsen announced her resignation from the board and Norm Chaffin was appointed to the board.
- The AOAO-PKIOA office space lease was discussed and tabled to obtain additional information.

Contact Information

Bluegreen Resorts Management, Inc.
www.bluegreenonline.com

Billing Questions
877-688-9889

Monday – Friday
8:00 AM to 9:00 PM (Eastern)



The Pono Kai Resort
www.ponokai-resort.com
808-822-9831