



PONO KAI
resort • kawaii

Association of Apartment Owners of Pono Kai

Managed by:

bluegreen
RESORTS MANAGEMENT

September 2010

Board of Directors Message

Enclosed is an update on two very important projects that we are working on at the resort. In 2011, our elevator cab modernization project will continue and we will also begin a termite fumigation project. Also enclosed is the 2009 Audit as prepared by an independent auditing firm. Please take the time to read through the materials, as your involvement will be necessary to prepare for the fumigation project.

We urge you to participate in the upcoming annual meeting by submitting your proxy (*materials were recently sent to you*). We will be discussing the operating budget for 2011 at the October board meeting and will be sending the budget to all owners once approved.

I hope that we have the opportunity to see you at the upcoming meetings.

Mahalo,
Norm Chaffin – President

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Upcoming Meetings

October 13, 2010 – 8:00 AM at Pono Kai

2010 Annual Meeting of the Members

October 13, 2010 – 12:30 PM at the Pono Kai Resort
1250 Kuhio Highway
Kapaa, Hawaii

(Organizational meeting of the board will immediately follow Annual Meeting)

Meeting schedule is subject to change. Meeting dates beyond October 2010 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.

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Board of Directors

Norm Chaffin, President; Barbara Paul, Vice President;
Stella Nelson, Secretary; Hugh Conroy, 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.

Summary of Board Meeting Minutes

Board of Directors Meeting
July 9, 2009

- Minutes of the April 2, 2009 board meeting were approved.
- The board reviewed the Manager's Report, Cash Report, Income Statement, Reserve Report and Delinquency Report for May 2009. It was reported that the year-end cash position was projected to be favorable by approximately \$179,000, which included prepaid fees for 2010.
- The board unanimously approved an additional reserve expense of \$14,002 for tennis court lights and net, G building water main and spare, lanai deck and the K building boiler. The board unanimously approved to reallocate the 2008 reserve interest in the amount of \$7,179.63 to the elevator line item for Buildings A-J. The Treasurer's Report was approved as presented. The 2008 Audit was approved as presented.
- The board unanimously approved an amendment to the Management Agreement to allow for a 3-year term, renewal option and a yearly increase in fees based on the previous year's CPI at a minimum for the first three years.

Board of Directors Meeting
October 21, 2009

- Minutes of the July 9, 2009 board meeting were approved.
- The board reviewed the Manager's Report, Cash Report, Income Statement, Reserve Report and Delinquency Report for September 2009. It was reported that the association was operating ahead of budget by approximately \$101,000. The Reserve Replacement Report reflected expenses of \$296,674 year-to-date. The Treasurer's Report was approved as presented.
- The 2010 Budget and Collection Policy were unanimously approved by the board.
- Kathleen Ayrouth was appointed Inspector of Election for the 2009 Annual Meeting.

Organizational Meeting of the Board
October 21, 2009

- The Board unanimously approved the slate of officers, meeting schedule, and conflict of interest policy.

Board of Directors Meeting
January 26, 2010

- Minutes of the October 21, 2009 board meeting were approved.
- The board reviewed the Manager's Report for December 2009 and the Cash Report, Income Statement, Reserve Report and Delinquency Report for November 2009. It was reported that the year-end cash position was projected to be favorable by approximately \$70,000. The Reserve Report reflected a projected year end balance of approximately \$131,000. The Treasurer's Report was approved as presented.
- It was reported that negotiations on the Verizon agreement were ongoing.

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 your proxy (mailed previously) 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 **TWO (2)** open positions on the board. **You are entitled to cast TWO (2) votes for the election of TWO (2) 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 Monday, October 11, 2010.**

Friendly Reminders:

- All guests need to register at the Front Desk and obtain a parking pass (this includes the private units).
- All exterior installations (including window coverings, which can be seen from the outside) must be pre-approved by the BOD prior to project commencement.
- Personal items may not be stored in the common areas or on the lanai.

Understanding the Pono Kai

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:

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.

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.

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 are being utilized as second homes or vacation rental property, a handful of which are involved in a rental pool, which is managed by CRH. 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%



What's Happening at (and near) the Pono Kai?

Seawall: The seawall fronting the resort was built after Hurricane Iniki to protect the beachfront. Unfortunately, the seawall has been eroding over the years. The seawall project is funded by the County of Kauai and scheduled to begin in early 2011. It is estimated that the project will take 4 months to complete.

Resort Elevator Cab Refurbishment: Elevator cabs in the F, H and J Buildings have been refurbished. Buildings B, C and G elevator cabs are scheduled for refurbishment in the first quarter of 2011.

Termite/Fumigation Project: The first quarter of 2011 will also be the start of our termite/fumigation project. Buildings D and E will be tented during this time.

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Kauai Receives 'Best Island' Award

Kauai was named Hawaii's Best Island for the second year in a row by readers of Travel + Leisure magazine, according to Kauai Visitors Bureau press release. The award is based on reader surveys rating islands on five qualities that included activities and sights, natural attractions, restaurants and food, and people. We couldn't agree more!



Contact Information

Bluegreen Resorts Management, Inc.
www.bluegreenonline.com

Billing Questions
877-688-9889

Monday – Friday
8:00 AM to 5:00 PM (Eastern)

Saturday
9:00 AM to 5:30 PM (Eastern)



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