



Aloha From Kauai

Aloha Fellow VOA Owners!

We hope you had a wonderful summer and have been able to visit the resort this year. If not, hopefully you can be there before year's end.

We've accomplished a lot in the last few months to continue to move the Association forward. We have also identified a few initiatives to work on during the coming months.

We are very excited to announce that the onsite resale office opened in June in the lower level of the lobby building. The initial focus of the resale program is the selling of the association-owned inventory. Once that inventory has been addressed and we are comfortable with the resale program, it is anticipated that the program can be made available to individual VOA owners who wish to sell their interval. We will provide more information on this as it's available. We're also happy to report that we've already had our first sales, which averaged around \$9,000 per annual two-bedroom week. The recent renovations have definitely improved the value of our resort, and values are going up across the board.

Taken in combination with the rental program, the resales are significantly helping our reserve fund. We do not anticipate any major expenditure, but will continue forward with already planned room enhancements. So, the reserves should continue to



grow as we review and establish long-term plans for the Association.

As has been communicated previously, the AOAO's reserves are low due to some unanticipated and some planned major expenditures on infrastructure capital projects. There also continues to be a need to fund several ongoing capital projects. With a property of this size, beauty and age, it is not a surprise that some major updates must be done to keep the property maintained as it should be. For this reason, the AOAO is considering a maintenance fee increase and a potential special assessment in 2016 or 2017. As you know, the VOA contributes to the AOAO budget due to our common areas, so it is likely that any increases will affect VOA owners. More specifics will be available later this month after the AOAO finalizes its budget for next year.

Both boards are very focused on improving funding long-term in order to minimize future unexpected costs to our owners. The boards will again meet in November in joint session to continue development of long range budget and reserve planning for the resort. We have also been working to tie the reserve studies to the long-range budget planning efforts to ensure we have adequate funds for future maintenance and renovation projects. We hope that by doing this planning now, we will be able to better forecast when there will be major projects to address and how those projects will be funded. While fee increases may be necessary to maintain the resort at a solid operating level, we will strive to keep them as reasonable as possible.

In addition to looking at reserves and long-term budget planning, the VOA board has begun a review of the governance documents, which has not occurred for many years, and our situation has changed considerably in that time. For example, our existing governance documents were written before the VOA obtained the developer rights, and both boards are now completely owner represented. We need to ensure that the documents are in compliance with changes to state law which have continued to evolve over time. The VOA board has engaged counsel to advise us on required updates, as well as provide recommendations that would improve the documents and their provisions. The documents should provide a guide for owners as to the future operations of the Association.

We feel confident that the future is bright for Hanalei Bay Resort. It has become a family destination for many of our owners, both long term and new. We hope that as you make your next vacation plans, you will come with your family and enjoy all that your home in paradise has to offer.

As always...

Mahalo,



Deborah Fraga-Decker
VOA President
Hanalei Bay Resort

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