

President's Report

Board of Directors Meeting

September 16, 2011

Update on Solar PV System/ Water Source Heat Pumps – Our solar installers report they expect to be on island in late September installing the PV panels on the roofs of the office, and A, B and C buildings. We fully expect our electrical grid to be on-line prior to the end of the year. SMA and building permits will be required for the separate hot water phase of our project, due to construction issues, and 'in process' with the Maui County regulatory authorities. Just as soon as permits are granted we've been assured the hot water portion of the contract will commence promptly.

Propane Update – Propane has continued to increase in price since my last report in June. Verne will provide an overview of utilities costs during his presentation.

Waste Water Treatment – Our WWTP continues to operate well within prescribed parameters established by the State. Management's focus on this important aspect of our facility, coupled with the hire earlier this year of a motivated WWTP employee, has contributed to the successful operation and maintenance of our plant.

Painting – The completion of our painting project (hallways, cabana and office) utilizing in-house employees has been cost effective for the AOA. Thanks to RM Gary for suggesting this cost saving contract option and our staff for carrying out the plan effectively.

Tree and Landscape Committee – The committee chaired by Glenn Lawrence will report during today's meeting. Jon Givens, along with Glenn also worked on key components, information gathering and planning.

Swimming Pool Deck Replacement -- As outlined at the Annual Meeting; over the summer our pool decking and cabana cooking area flagstone was replaced with stamped concrete. The project completed and the pool area opened September 8th, a slight delay from our original plan due to interisland shipping delays. New, high efficiency stainless steel BBQ's have been installed which provide a 'professional level' cooking experience for our local chefs!

House Rules - The House Rules committee has distributed a questionnaire to all homeowners requesting input on a number of issues that had been brought up at the March Annual Meeting. Committee members Annie Albritton and Luann Cefola are working 'over-time' on your behalf, tabulating the mountains of data in the questionnaire, researching alternatives and mining other AOA sites for pertinent information. The committee, which also includes Suzanne O'Connell and Ruth Cox will report their findings to the board during the course of today's meeting. Connie Albright, has asked to step down from the Chair position due to personal reasons, however is continuing to assist the committee with its recommendations.

Budget Session - One of your board's more challenging annual duties will take place during the course of today's meeting. We are charged with the development of a cost-effective, yet feasible financial budget, for management to follow during 2012. Your treasurer, Verne Albright has developed for the board members a number of spreadsheets, 'what if' scenarios and fiscally sound estimates governing operating costs for the upcoming year. In addition to the operating budget we are charged with maintaining a prudent reserve budget, which *saves for* and *pays for* our upcoming planned capital expenses over the next 20 years. State law mandates we maintain at least a 50% reserve balance on hand. Your board in the past several years has set a goal of maintaining at least 100% in reserves. In other words, we as current homeowners are covering the AOA infrastructure on a 'pay as you go' basis, not pushing costs forward for future owners to either pay by assessment or increased HOA dues. Your monthly HOA dues cover both our operating as well as reserve budget requirements.