



A Message from Mike Rembis, New AOA President

Aloha,

Our recent annual meeting in May was a huge success and I'd like to say thank you to all owners who either attended or participated via proxy. At the meeting, Dave Blank stepped down from his position as President, but thankfully stayed on the board and accepted the position of Vice President. On behalf of the entire Board, I'd like to thank Dave for his hard work and dedication in helping HBR reach new levels. Under Dave's leadership, we made tremendous progress in moving the lobby reconstruction along as well as securing necessary financing to make other major improvements throughout the resort. Dave will be missed as President, but he will continue to play an important role in HBR's future.



The results of the election and assignment of officers is listed below. I'd also like to welcome the newest member to the AOA Board, Geoff King.

AOAO

Mike Rembis	President
Dave Blank	Vice President
John Mullen	Treasurer
Kent Oehm	Secretary
Bill Kraft	Director
Geoff King	Director
Fritz Leutheuser	Director
Joan Bettencourt	Director

As the new President, I have a couple main goals for Hanalei Bay Resort.

First

Ensure the fire rebuild construction is completed and the lobby opens for business by fall 2014. Also, I'd like to facilitate all scheduled major capital improvement projects to include; Tennis Court resurface, unit ventilation improvements, solar energy production, spalding repairs, roof repairs, construction of a pool bar and door lock replacement. Last but not least, I'd like to see us carry on down the path of continued service and financial improvement.



Recently, we have seen significant progress on the fire rebuild. Listed below are some of the noteworthy milestones:

- Lobby - temporary certificate of occupancy has been issued.
- Front office business equipment is being installed now.
- New Koi pond plumbing has been installed.
- Currently reviewing proposals and identifying vendors to operate the new gift shop.
- Lava rock walls have been completed along the new koi pond and front lobby.
- Lower level rooms, to include the fitness center and owner lounge have been constructed.

- Planning a soft opening of the lobby by the end of August, and a Grand Opening Celebration in November

While the fire rebuild of the lobby is moving along nicely with the staff now working at the front desk, unfortunately, the restaurant and bar are progressing more slowly. The restaurant owner and operator have made several requests to modify pre-existing and pre-fire conditions in the restaurant and bar. Each request is reviewed and acted upon by the Board and communicated back to restaurant ownership. The board and restaurant operator are currently in discussions and we are hopeful to reach consensus as it relates to some of the critical changes the owners would like to implement. I am sorry to report this has stalled progress on the restaurant rebuild and the opening date is currently unknown. The Board is committed to working with the restaurant operator in spirit of partnership while always representing the best interests of Hanalei Bay Resort owners. We will continue to drive these discussions forward with the goal of opening an amazing restaurant and bar, which benefits all parties, as soon as possible. More updates to follow.

Second

General capital improvements throughout the resort-
To provide a brief update:

- Resurfacing of all the tennis courts throughout the resort has been approved. Additionally, we will be upgrading 4 of the courts to synthetic grass. This new surface is softer on the joints, easily playable and will allow for more use during inclement weather.
- Pool bar designs and budgets have seen preliminary approval and we continue to make progress on implementing this nice upgrade.
- We are hopeful the solar systems will come on-line soon. A critical component to allow for connectivity between the resort and utility provider is currently in shipment. Once received, we anticipate this will allow for the connection to occur and we can all enjoy the benefits of natural power and lower electrical costs.
- Replacement of the old VOA door lock mechanisms with new efficient and secure Kaba electronic locks has been approved. The board is also planning to upgrade all the whole unit owner locks in the near future. We'd love to hear your feedback on the type of door locks you'd prefer. Please contact Scott Pacer for more information and to provide your input.
- Some major construction projects on-going include major roof repairs, concrete patio and deck spalling repairs, new palapa installation and VOA room renovations.



I also wanted to give you a VOA update. We are fortunate to have three of our Board members who are also Board members of VOA. This participation helps ensure a cooperative environment between VOA and AOA. We are all focused on the common objective to make HBR the best resort for us all. The VOA units look great and the renovations will be complete by the end of 2014.

I am pleased to report that Hanalei Bay Resort has continued to focus on excellent service delivery. Last year, Grand Pacific Resorts brought the team together and voted on a service motto for the resort. Together, the Ohana is committed to, "sharing the Aloha Spirit; every owner every time..." Service goals have been set and performance results are tracked on a monthly and quarterly basis. GPR reports significant improvement in the quantifiable metrics around categories such as "check-in and check-out", "Resort Maintenance", "Activities" and overall "Hospitality". Surveys received via email and through written comment cards have seen a major upward spike over the last year. Out of possible 30 points for all categories combined, Hanalei Bay Resort results have improved from 25.7 to 27.2. This trend endures as our great staff continuously shares a love for the owners and an endearing aloha spirit.

While excellent service is important, and it certainly plays a major role in creating enjoyable vacation experiences, financial health is equally (if not more) important. For year-end 2013, the AOA realized a healthy net income of \$173,715. Through June 2014, Grand Pacific reports this trend of financial health continues and we are on pace to have a similar positive variance at year end. While the AOA has a zero based budget, this surplus income allows us to set aside additional funds to build a healthy reserve account. Building healthy reserves over time will allow us to avoid future deferred maintenance and better protect our beautiful home away from home for generations to come.

I am honored to be serving as your new President and I will do my best to continue the great legacy left behind by those who have served before me.

Mahalo for your support and I look forward to seeing all of you soon at Hanalei Bay Resort.

Mike Rembis