



March 2009

Aloha Poipu Kai homeowners,

FINANCIAL UPDATE

I am writing to you to report the proactive measures your Board is taking in recognition of the changing economic environment we are all experiencing. In the past four years, your Board and Management have worked diligently to return Poipu Kai to financial strength and well being. Because of these efforts, we are financially stable to weather the current conditions. To be prudent we are carefully monitoring our budget and our income projections.

At the October 3, 2008, PKA Board Meeting, your Board of Directors unanimously approved the PKA 2009 Budget and Reserve Analysis. The budget included two important new initiatives--the estimated cost of a newly created position of Facilities Supervisor and the reserve expenditures required for construction of new bathroom facilities.

In the subsequent PKA Board Meeting of January 9, 2008, significant discussion ensued regarding the potential adverse effects the deepening economic downturn could have on 2009 revenues. This conversation widened to include a lengthy discussion regarding the advisability of proceeding with the major capital expenditure for construction of the new bathrooms despite the fact that funds for this project were reserved and available.

At the January meeting it was also recommended that President Sucher and Treasurer DeMichiel meet monthly with Certified Management, Inc.'s Account Executive Patrice Asuncion to monitor the growing problem of maintenance fee delinquencies which have the increased potential of worsening due to the continued negative economic pressures in the Housing and Financial Markets. Your board has a policy of aggressively pursuing all delinquencies.

In a meeting with AE Asuncion on February 27, 2009, significant concerns were expressed regarding the deepening economic slump and the potential impact to PKA's current and future financial condition. Following that discussion and upon the recommendation of CMI's Corporate Financial Management your Board implemented immediately **a freeze on all salaries, a suspension of efforts to hire a Facilities Supervisor or any additional staff above our current staffing level**, and will use those budgeted monies to establish a contingency fund to offset negative impacts to revenues that will follow when delinquencies develop into real losses due to the growing number of bankruptcies and foreclosures our homeowners are facing. In addition, the **plans for bathroom facilities will be put on hold** until conditions improve and it is prudent to look at that investment again. Meanwhile, we have the use of the leased bathrooms that have been recently renovated in the Poipu Kai commercial building.

As reported in my letter of October 2008, each and every Capital Improvement project will be subject to further review prior to implementation to determine that it is prudent and fiscally sound to proceed. That may mean the delay of some capital maintenance projects, but the funds will remain in our reserves so that when the project is scheduled in the future, the funds will be available.



Poipu Kai Association

As an example of smaller measures we are taking, this letter is being included in the Annual Meeting notice mailing in order to save the expense of a second mailing.

Your board will continue to monitor the budget with all due diligence and make further adjustments, as needed, in order to assure that we are operating smartly and with our homeowners' interest in maintaining the integrity and value of our property.

HOMEOWNER PARTY

In keeping with our commitment to be mindful of the times, yet provide the one social event of the year that our homeowners have told us they look forward to and appreciate each year, our Homeowners' Party will take place on Saturday, May 2 as noted in the enclosed flyer. In order to provide the outstanding food, the tent, tables and chairs we have come to enjoy, we are asking each attendee, including any guests, to contribute \$5. per person to help defray the cost to all homeowners while allocating part of the cost to the attendees. I look forward to seeing you there.

REGENCY VILLAS COMPLETION

We welcome Regency Villas into the Poipu Kai ohana. The project opened for guests on Dec. 15, 2008.

ANNUAL MEETING

Please remember to submit your proxy whether you plan to attend or not. If you attend, the proxy will be returned to you. This will assure we will have enough votes present or by proxy to conduct the necessary business of the association.

We continue to appreciate your comments and suggestions and look forward to seeing many of you at the Annual Meeting.

With warm aloha,

Sue Sucher, President
Poipu Kai Association