



SHAREHOLDER BULLETIN



JUNE 29, 2020

ALOHA SHAREOWNERS,

It is now more than three months since our cherished Kapulanikai has hosted guests, an unprecedented event in our 45 year legacy. Thank you for your patience and understanding while we navigate these uncertain times.

On behalf of the Caloha Board of Directors, I extend our appreciation and gratitude to Lisa and Bill for continuing to care for our Maui assets.

The impacts of Covid-19 have been severe and continue to influence our piece of island paradise. Recently, Hawaiian authorities have announced “Host Responsibility” criteria that directly affect our ability to operate. Specifically, without having a 24-hour attended front desk and a guest services function that is capable of monitoring quarantine rule compliance, we are not permitted to accommodate occupancy. Currently, the imposed restriction is in place until July 31, 2020.

Although this is an unfortunate circumstance, it is also necessary that we adhere to local mandates and proclamations. As a result, Kapulanikai will be unavailable for occupancy until at least July 31. The situation in Hawaii continues to be fluid; modifications to existing rules and introduction of new directives are being experienced frequently. Therefore, although we are optimistic about reopening Kapulanikai on August 1, it is not a certainty.

By the end of this coming July, shareowners of more than a third of all Caloha shares will have been directly impacted by not having the opportunity to utilize their allocated time periods. Shareowners have inquired about the potential of receiving fee refunds due to this situation. Your Board of Directors is very

mindful of these concerns and has devoted considerable attention to this particular matter. Although the majority of Caloha costs are relatively fixed, some costs are directly attributable to unit occupancy. Expenses such as cleaning, linens, and accommodation taxes are not incurred when units are idle. Shareowners meeting specific criteria relating to loss of use of scheduled time periods will be entitled to a credit. The credit will be issued to owners of shares that had starting time periods of March 14th, 2020 and onward and that weren't able to use their full two weeks. This credit will appear on the invoice for next year's operating fees (Year 45) and the credit will apply to those upcoming fees. Invoicing for Operating Year 45 is expected to occur in the next 3-4 weeks. Shareowners entitled to a credit due to experiencing occupancy disruption that occurs after the distribution of invoices will be addressed at a later date.

On a final note regarding financial implications, your Board has agreed that maintenance fees for the upcoming operating year will not be increased. Although it is desirable to accelerate the growth of the Reserve Fund and accommodate additional projects, 2020 is turning out to be a challenging year for many and it is only at the halfway point.

There have been a few notable activities going on while Kapulanikai sits unoccupied. Lisa and Bill have taken advantage of the emptiness and accomplished several valuable tasks. The building has been tented and treated for termites. The main door locks have been updated with new electronic locks. A new security camera system has been installed and has the capability of remotely monitoring the grounds.





Even though additional security measures and protocols have been in place, there was one reported incident of a break-in during the building's vacancy last month. Fortunately, there was no damage or theft of property. Partly due to this occurrence and after many years of receiving invitations, we formally joined the Uluniu Beach Reserve Association, gaining the benefit of increased property surveillance and beach security patrolling.

Closer to home, a special thank you to Iris Spencer and her website development team, Steve Speer, Linda Crowley, and Jackie Korsbrek for their dedication and volunteerism on the creation of the new Kapulanikai Website that is expected to be rolled out soon.

Please stay safe and healthy.

Below are links to websites for Covid-19 related news and updates in Hawaii:

<https://www.hawaiiauthority.org/news/alerts/covid-19-novel-coronavirus/>

<https://www.hawaiinewsnow.com/2020/06/24/governor-expected-announce-testing-plan-travelers-part-effort-reopen-tourism/>

<https://www.mauicounty.gov/CivicAlerts.aspx?AID=10169>

Hawaii Tourism Authority: <https://www.hawaiiauthority.org/news>

State of Hawaii Dept. of Health: <https://health.hawaii.gov/coronavirusdisease2019/>

Hawaii Governor's Office: <https://governor.hawaii.gov/category/newsroom/>

Maui County: <https://www.mauicounty.gov/>

Yours in Service,
Spencer Mortimer