

The Cliffs at Princeville

LONG RANGE STRATEGIC PLAN: 2019-2023

ASSOCIATION OF APARTMENT OWNERS
CLIFFS CLUB INTERVAL OWNERS ASSOCIATION
CLIFFS CLUB RESORT OWNERS ASSOCIATION

PRINCEVILLE, KAUAI, HAWAII

April 2019



Table of Contents

Executive Summary.....	2
The Cliffs at Princeville.....	3
This Strategic Plan.....	3
Objectives to Accomplish the Vision, Mission and Goals.....	6
Activities Last Five Years.....	9
Activities Completed in 2017-2018.....	10
Planned Activities 2019 -2020.....	10
Five Year Outlook.....	11
Summary.....	11

Appendices

I. Owner Survey May 2018.....	13
II. The Cliffs at Princeville Reserve Study.....	19
III. The Cliffs Long Term Capital Plan.....	20

Executive Summary

The purpose of this Strategic plan is to establish alignment between the three primary Associations at The Cliffs at Princeville by convergence on priorities to be addressed in next five years. This is a living document that evolves with annual updates but one five-year Vision, Mission and set of Goals.

The Vision of The Cliffs at Princeville

“The Cliffs at Princeville is “Your Home in Paradise” where you experience and enjoy the beauty of Kauai in a quality residential resort living atmosphere.”

The Cliffs at Princeville was built in 1979 and offers large one-bedroom, one-bedroom with loft, two-bedroom and four-bedroom condominiums with ocean or garden views. The property is dramatically situated on a bluff overlooking the Pacific Ocean on Kauai’s spectacular north shore, and The Cliffs at Princeville is nestled into 22 acres of lush tropical greenery. Situated between the shimmering sea and sculpted emerald mountains the resort is close to one of the world’s most challenging and picturesque golf courses, The Makai Golf Course. The Cliffs consists of 202 condominium apartments, an Administration building, a pool with two spas, sports facilities including tennis courts and multi-purpose courts, a recreation building, fitness center and a maintenance building. The condominium apartments are in 9 separate apartment buildings spread across the property and consist of 130 timeshare units and 72 wholly owned units.

The Mission of The Cliffs at Princeville

“At The Cliffs, we take pride in our “Aloha spirit.” As employees and directors, we provide superior service to our owners and guests in a fiscally responsible manner. This, in combination with our unique geographic setting, provides an environment and experience exceeding expectations.”

This Strategic Plan is to provide the guidelines and direction to ensure the property remains a five-star, Hawaiian destination resort within the Hawaiian Islands and has been approved by all three of the governing associations. The wholly owned units are governed by one board (AOAO), and the timeshare units are governed by two boards (CCIOA and CRVOA).

The Goals of The Cliffs at Princeville

- *Maintain the property at the highest quality level.*
- *Attract, develop and retain qualified, experienced staff as an employer of choice on the north shore of Kauai.*
- *Provide activities, programs and technology desired by the Owners and Guests.*
- *Operate the property in a fiscally, ethically responsible manner.*
- *Practice good citizenship though thoughtful protection of the environment and in support of our community.*

The process to develop this plan included an evaluation of the needs and desires of our Owners, the requirements of the Reserve Study and staff and Board Member observations. The Associations also have Tactical and Annual Operating Plans to manage the property.

The Plan is reviewed annually:

- (1) to provide input into the three Association’s long-range capital budgets;
- (2) to provide consistency in vision, mission and objectives, and
- (3) to enhance the value of our timeshares and whole unit Owners while also optimizing the enjoyment and pleasure of our Owners and Guests at The Cliffs.

The Cliffs at Princeville

Introduction

Dramatically situated on a bluff overlooking the Pacific Ocean on Kauai's spectacular north shore, The Cliffs at Princeville is nestled into 22 acres of lush tropical greenery. Situated between the shimmering sea and sculpted emerald mountains the resort is close to one of the world's most challenging and picturesque golf courses, The Makai Golf Course. The Cliffs consists of 202 condominium apartments, an Administration building, a pool with two spas, sports facilities including tennis courts and multi-purpose courts, a recreation building, fitness center and a maintenance building. The 202 apartments consist of 130 timeshare units and 72 wholly owned units.

The Cliffs at Princeville was constructed in 1979 and offers large one bedroom, one bedroom with loft, two bedroom and four-bedroom condominiums with ocean or garden views. Each beautifully appointed one-bedroom suite features a large bedroom, comfortable king-size sleep sofa, fully-equipped kitchen, dining area, living room, washer and dryer, flat panel televisions, two full baths, and two private lanais. The Cliffs also offers broadband internet service and is energy efficient because most of the electricity is supplied by a solar energy system equipped with Tesla storage batteries.

The Cliffs provides an array of onsite activities: On-site recreation opportunities include a putting green, and recreational courts for tennis, pickle ball, half-court basketball, shuffle board, and a children's playground. The facility offers a beautiful lava designed, two-sided swimming pool and two Jacuzzis. Rental bicycles are available at a nominal charge for riding around the Princeville area. Guests can enjoy Ocean Bluff Yoga, water color class, a botanical tour, poi-pounding class, jewelry making, Zumba, lei making, Monday evening welcome reception and a Thursday wine tasting. Guests can cook for themselves using one of the numerous BBQ's or buy prepared food from gourmet food trucks offering a variety of meals three nights a week.

For moments of contemplation, guests can relax on the Adirondack chairs near the ocean cliff, sway with the palm trees in a hammock or take a leisurely nature walk through the resort's expansive lawns and tropical gardens. For additional activities, guests may contact The Cliffs Concierges to arrange off site activities such as ATV rainforest tours, helicopter tours, snorkeling tours, fishing charters, horseback rides, Na Pali snorkel or dinner boat excursions, zip line adventures, miniature golf, tours of the local Chocolate farms, a coffee plantation where outstanding Kauai coffee is made, or of the numerous botanical gardens located on the island.

THIS STRATEGIC PLAN

This Strategic Plan is to provide the guidelines and direction to ensure the property remains a five-star, Hawaiian destination resort within the Hawaiian Islands. It states the Vision, Mission and Goals for the property. It is a working tool for the Boards of Directors of the three Associations to provide guidance and planned direction to the property's staff so that our Owners and Guests continue to have an outstanding vacation experience at The Cliffs and enjoy the benefits of Kauai.

The following are tables that summarize the Opportunities and Risks from an internal and external perspective.

Table 2. External Assessment

Opportunities

- Breath-taking location with abundant open space
- Renovated timeshare units receive positive feedback and high appeal
- Landscape enhancements of naturally occurring vegetation
- Sustainability Plan offers opportunity to differentiate
- Internal trading/exchange program for timeshares

Risks

- Time share ownership trends indicate downward attraction
- Lack of high end amenities offered by Five star resorts
- Raising maintenance fees discourage ownership
- Competition from other resorts with more facilities
- Variable weather

Table 1. Internal Assessment

Strengths

- Dramatic, picturesque setting located on the bluffs with outstanding ocean view
- Self-managed; no property manager fees
- Competitive dues; no special assessments
- Outstanding Administrative leadership and staff
- Concierge services offer advice & range of recreation & services to Owners, Guests
- Combination of time share and whole owner unit configuration
- Open spaces afforded by 22-acre complex
- "Ohana" atmosphere of service team
- Tennis courts, pool & recreational facilities
- Sustainable features of the resort: solar energy, natural occurring plants, moisture sensors, etc

Weaknesses

- Facility built in 1979
- Mature ownership requiring younger timeshare owners
- Small fitness center
- No restaurant facility on site
- No beach access
- Few transit options – requires car
- No elevator to second and third floors
- Parking limited
- No air conditioning

The purpose of this Strategic Plan is to define the long-term vision, mission and strategy for The Cliffs at Princeville. This plan has been approved by all three of the governing associations. It is a five-year plan, divided into single years. It is reviewed annually to: (1) provide input into the three Association's long-range capital budgets; (2) to provide consistency in vision, mission and objectives, and (3) to enhance the value of our timeshares and whole unit owners while also optimizing the enjoyment and pleasure of our owners and guests at The Cliffs.

The Associations also have Tactical and Annual Operating Plans to manage the property. Tactical Plans are developed to implement each specific, major project (e.g., new broadband wireless for each unit, landscaping, etc.). The Annual Operating Plan defines the specifics of the management and operation of the property including capital improvements (e.g., housekeeping, grounds, finance, etc.) for any given year.

The process to develop this plan included an evaluation of the needs and desires of our Owners. It addressed our current physical and operating environment that encompassed our present operations, staff, fiscal operation and governance processes. This plan includes an inventory of the maintenance upgrades in process, and new projects and activities planned. This strategic plan also incorporated requirements defined in the asset replacement reserve study which is appended herein, and the ongoing schedule for building renovations. It is the responsibility of the Board of each Association and the General Manager at the Cliffs at Princeville to implement this plan.

THE VISION OF THE CLIFFS AT PRINCEVILLE

“The Cliffs at Princeville is “Your Home in Paradise” where you experience and enjoy the beauty of Kauai in a quality residential resort living atmosphere.”

THE MISSION OF THE CLIFFS AT PRINCEVILLE

“At The Cliffs, we take pride in our “Aloha spirit.” As employees and directors, we provide superior service to our owners and guests in a fiscally responsible manner. This, in combination with our unique geographic setting, provides an environment and experience exceeding expectations.”

THE GOALS OF THE CLIFFS AT PRINCEVILLE

- *MAINTAIN THE PROPERTY AT THE HIGHEST QUALITY LEVEL.*
- *ATTRACT, DEVELOP AND RETAIN QUALIFIED, EXPERIENCED STAFF AS AN EMPLOYER OF CHOICE ON THE NORTH SHORE OF KAUAI.*
- *PROVIDE ACTIVITIES, PROGRAMS AND TECHNOLOGY DESIRED BY THE OWNERS AND GUESTS.*
- *OPERATE THE PROPERTY IN A FISCALLY, ETHICALLY RESPONSIBLE MANNER.*
- *PRACTICE GOOD CITIZENSHIP THROUGH THOUGHTFUL PROTECTION OF THE ENVIRONMENT AND IN SUPPORT OF OUR COMMUNITY.*

OBJECTIVES TO ACCOMPLISH THE VISION, MISSION AND GOALS

GOAL 1: MAINTAIN THE PROPERTY AT THE HIGHEST QUALITY LEVEL

Responsibility: CCIOA Unit Management & Quality Control, AOAQ Quality Control Committees and General Manager

- **Objective 1.1:** CCIOA/AOAQ - Maintain Gold Status with Resort Condominiums International (RCI) and Premier status with Interval International (II) for CCIOA by implementing corrective actions that are identified through regular monitoring and review of Cloud Cherry survey results.
- **Objective 1.2:** CCIOA/AOAQ - Develop and implement a Performance Monitoring Report which is issued in the Fall of each year and conduct an audit in accordance with Section 7 of the Quality Control Manual.
- **Objective 1.3:** CCIOA/AOAQ - Provide input to development of the FYE 2020 operating and capital budgets, ensuring that funding is adequate to maintain buildings (internal and external), grounds and facilities (ball courts, pool, barbeque, etc.) in a first-class condition. Capital projects to be funded April 2019 to March 2020 are referenced below:
 - **See Appendix III for Capital Projects Planned**
- **Objective 1.4:** CCIOA - Ensure that all approved and budgeted building renovations are completed on time, within budget and in accordance with the scope of work. During 2019, Building 5 will be the latest to be renovated and the work should begin August 29 and be completed December 15, 2019.
- **Objective 1.5:** AOAQ – Ensure that all approved and budgeted Capital Projects are completed on time, within budget and in accordance with the scope of work. The General Manager is to issue monthly status reports on these projects.
- **Objective 1.6:** CCIOA/AOAQ – Collaborate and agree upon Management Standards for Grounds and Maintenance work performance on or before the Annual Meeting utilizing a continuous process improvement program that involves the ideas of those performing the work. Work standards should be presented to the General Manager at the time the Management Agreement is signed.
- **Objective 1.7:** CCIOA/AOAQ - Through the Joint Quality Control Sub-committee, conduct an annual audit in the Fall of each year to evaluate the performance of CCIOA in meeting the terms of the Management Standards Agreement specific to Grounds and Maintenance, and to provide a report card to assist CCIOA Management in staff performance evaluations. Periodic audits during the year may be performed to compliment but not replace the annual audit.

GOAL 2. ATTRACT, DEVELOP AND RETAIN QUALIFIED, EXPERIENCED STAFF AS AN EMPLOYER OF CHOICE ON THE NORTH SHORE OF KAUAI

Responsibility: Human Resources Committee and General Manager

- **Objective 2.1:** Ensure that the resort is appropriately staffed and trained, with competitive compensation levels (wages and benefits). Obtain objective annual comparative data of salaries and benefits for competing Kauai resorts and other employers, to determine our competitiveness. Maintain compensation packages for all employees to be competitive. Employee turnover (of all employee separations) is measured on a rolling 12-month basis and is kept below established industry rates.
- **Objective 2.2:** Conduct an annual review of the current staff succession plan on or before the Annual Meeting each year which identifies existing employees with high potential who can be trained and promoted to positions of greater responsibility at the Cliffs.
- **Objective 2.3:** Promote being proactive (rather than reactive), consistent, and fair in employee relations. Measurement is that all employment practices are in compliance with all applicable laws and regulations. Also, zero (or at least below established industry standards) employment related complaints to governmental agencies, or of lawsuits filed. Provide HR committee with quarterly report of trends, competitive forces, and potential problem areas. Review the reasons for all employee separations to identify problem areas; recommend appropriate actions as warranted.
- **Objective 2.4:** Maintain an Annual Calendar to ensure that full reviews of each of the component parts of the Human Resources function and activities are completed on a timely basis and that complete metric reports are provided.

GOAL 3. PROVIDE ACTIVITIES, PROGRAMS AND TECHNOLOGY DESIRED BY THE OWNERS AND GUESTS

Responsibility: Joint Technology Committee

- **Objective 3.1:** By 10/15/ 2019, determine if penetration testing is required in 2020 as part of the Association's IT security program.
- **Objective 3.2:** By 3/20/2019, re-do the Association's web-site which will enable basic updates to be performed by the Association's staff. Insure that procedures are implemented to insure the information on the web-site is accurate. Begin planning to identify future enhancements to the web-site (I.E. on-line voting, etc.)
- **Objective 3.3:** By 4/2019, implement Microsoft Office 365 and replace Google Docs for both staff and the board. Insure that all board members have Cliffs' e-mail addresses for communication between the boards, committees and management.
- **Objective 3.4:** Issue the list of completed and in-progress IT-projects by 12/31.
- **Objective 3.5:** By the end 3/31/2019, prepare a consolidated checklist of items to be included in the private (back of the house) portion of the website. The committee will leverage the study groups conducted in 2017, as well as

documents prepared to previously define architecture and content.

- **Objective 3.6:** By the end of 4/2019, develop a list of future requirements/wish list for the Cliffs website. (Examples: on-line voting, activity reservations, on-line timeshare booking.)
- **Objective 3.7:** Create a Website Audit Checklist (based on #3.5) which will enable staff to perform quarterly content reviews, be included in the Quality Control manual, and support Annual Board Audits of the website to be implemented in the January 2020 Quality Control Audit.

GOAL 4. OPERATE THE PROPERTY IN A FISCALLY, ETHICALLY RESPONSIBLE MANNER

Responsibility: AOA and CCIOA Finance Committees

- **Objective 4.1:** Each quarter, ensure that CCIOA financial statements including capital expenditures are received and are accurate according to finance policies.
- **Objective 4.2:** Each quarter, ensure that the CCIOA projected capital reserve balance is at least \$1 million on 12/31 of each year.
- **Objective 4.3:** By the end of September, approve and recommend to the CCIOA Board the proposed annual budget for the next fiscal year (including maintenance fee recommendations).
- **Objective 4.4:** At least one month prior to the Annual Meeting, review and approve the financial audit of the previous fiscal year.
- **Objective 4.5:** Review and approve all tax returns at least 30 days before they are due.
- **Objective 4.6:** Each quarter, review the number of owners that have not paid their annual maintenance dues and ensure that the number of non-paying owners does not exceed 250 weeks at any time.
- **Objective 4.7:** AOA Finance Committee perform fiduciary duties for accurate, timely financial reporting including tracking of capital project expenditures, CCIOA performance relative to operating agreement between CCIOA and AOA, Updating/monitoring Reserve Study performance and Federal/State financial reporting requirements.

Responsibility: AOA and CCIOA Legal Committees

- **Objective 4.8:** Annually or more frequently as needed, review appropriate sections of Hawaii laws and statutes regarding ethics to ensure they are incorporated into the Code of Conduct or otherwise communicated to AOA and CCIOA Board members.
- **Objective 4.9:** For AOA on an ongoing basis, interpret Hawaii Condominium Property Act for compliance, update Declaration of CPR, House Rules and By-Laws, monitor power purchasing agreement, legal actions initiated by or against the Association, review inter-association Agreement and major contractual agreements and monitor legislative and regulatory issues for Federal, State and local requirements.

GOAL 5. PRACTICE GOOD CITIZENSHIP THROUGH THOUGHTFUL PROTECTION OF THE ENVIRONMENT AND IN SUPPORT OF OUR COMMUNITY

Responsibility: Joint Sustainability Committee and General Manager

- **Objective 5.1:** Monitor compliance relative to Kauai Seabird Habitat Conservation Program (i.e. Shearwater & Hawaii Petrel) and other resource regulations, on an annual basis so as to not have any non-compliance issues or citations.
- **Objective 5.2:** Review The Cliffs Renewable Energy program on an annual basis to determine its effectiveness and continued costs savings using 2018 as a baseline year once data becomes finalized. Incorporate findings in annual Sustainability Report.
- **Objective 5.3:** With General Manager and staff input, on an annual basis establish year over year improvement goals for each of the six sustainability elements (Climate/Resiliency, Community Engagement, Land Use, Renewable Energy & Conservation, Water Conservation and Waste & Recycling).
- **Objective 5.4:** Prepare an update by the Annual Meeting to The Cliffs' Facility Master Land Use Plan to define facility use plan to 2030 in addressing weaknesses identified in the LRP for areas such as parking, food conveyance, air conditioning, enlarged fitness center, and improved maintenance facility and issue report. Also, commission task force to update by 6/30/2019, the air conditioning analysis to determine if and how periods of high temperate may be addressed in the future.
- **Objective 5.5:** By Annual Meeting yearly publish The Cliffs at Princeville Sustainability Report that addresses performance for each of the six categories and associated metrics mentioned above.

ACTIVITIES LAST FIVE YEARS

A summary of the major activities covering operational actions, procedural improvements and capital improvements completed in the last five years include the following:

- Renovation of the timeshare units in Buildings 1, 2, 3, 7 8 and 9;
- Expansion of our guest satisfaction measuring system with Cloud Cherry;
- Renovation of the Recreation Courts (tennis, pickle ball, basketball shuffle board, playground including new wind screens);
- Installation of a renewable solar energy photovoltaic/battery system;
- Installation of upgraded monument signage on entry roads;
- Installation of fiber optic cable across the facility coincident with solar energy system installation which will further enhance broadband internet performance;
- Expanded internal and external communication activities with surveys of employees, and survey of owners and guests (Appendix II);
- Made several key hires in Finance & Accounting, Human Resources and General Management;

- Updated the Quality Control Manual with routine surveys conducted at least annually followed by corrective actions;
- Completion of expanded Reserve Study in 2017 by an independent expert outside resource (Appendix III);
- Replacement of roof mounted exhaust fans and establishment of ongoing maintenance program;
- Installation of security card system to be used in lieu of keys;
- Upgrade and improvement in internet services;
- Received membership approval for updated AOA By-Laws at Annual Meeting in 2016, for first update since 2002;
- Installation of Tiki torches in pool area along with heat pumps to efficiently heat the swimming pool and spas;
- Expanded and improved facilities for recycling.

ACTIVITIES COMPLETED IN 2017-2018

With the conclusion of calendar year 2018, the following actions were taken to further improve The Cliffs:

- Re-staining of pool lava rocks, stone walls and pool surface area;
- Implementation of expanded landscape plan for Building 1, 2 & 3;
- Completed Renovation of Building 7, 8 & 9;
- Replacement of pool furniture;
- Replacement of gate to pool/spa area to secure entry;
- Restoration of landscape across the facility following solar installation construction;
- Upgraded cable service to all unit rooms;
- Upgraded office telephone system;
- Replacement of key lock system for all building units;
- Installed concrete side walk between Building 2 and Recreation Building; and
- CCIOA Bylaws reviewed, updated and approved by CCIOA Owners from the 2008 version.

PLANNED ACTIVITIES 2019-2020:

- Resolve decision on Botanical Walking path, and if appropriate, implement;
- Continue Landscape improvements across the property;
- Harmonize internal building unit design and renovations across the Resort to one consistent style;
- Replace building gutters/rain spouts across the facility;

- Complete renovation of Buildings 5 & 6;
- Implement solution for building stairwell locations subject to water accumulation from rain events;
- Update Facility Master Plan in consideration of longer-term needs for parking, food conveyance, maintenance building and expanded Fitness Center; and
- Update evaluation of air conditioning options for Guests during summer months when temperatures may be excessive.

FIVE YEAR OUTLOOK

Over the next five years (2019-2023) we are committed to continue our replacement program consistent with 2017 and associated updates to the Reserve Study. Amenities may be added as suggested by the Owner Survey (2018) as this plan is finalized.

All capital enhancements will be in accordance with the long-range capital plan of each Association. All projects will be evaluated and prioritized based on the following criteria:

1. Enhance safety
2. Support Goals and Objectives of the Associations
3. Increase Revenue
4. Decrease Costs
5. Improve Quality
6. Affects more than one area

SUMMARY

This Strategic Plan for The Cliffs at Princeville is the blueprint for the future and a point of alignment across the Associations. The internal assessment of Strengths and Weaknesses were defined along with external perspective of the Opportunities and Risks to which The Cliffs must be responsive to. The S/W/O/R are reviewed annually with specific attention to address the weaknesses and risks so as to better prepare for the future. This Strategic plan is dynamic with specific, annual objective updates as conditions dictate. It represents a collaborative effort from the Associations and feedback from our Employees, Owners and Guests. There is much opportunity to use our facilities on this 22-acre site. The Associations and Board members are committed to ensuring we continue to have a 5-star property that meets the needs of our owners in a fiscally responsible manner.

Appendices

Appendix 1:

OWNER SURVEY The Cliffs at Princeville May 2018

CONCLUSIONS/RECOMMENDATIONS:

This Survey will be instrumental in providing guidance to the Long-Range Planning Committee and others in determining what projects to consider undertaking and continuing. The Survey Committee's recommendations, as evidenced by the survey responses are as follows:

- The strategy of the board and management has been to maintain and upgrade quality while striving for increased efficiency in all areas. The goal is to be in the 21st century and earn the highest ratings from our guests and owners. This was supported by 83% percent of timeshare owners and 91% of whole unit owners and should continue to be our goal.
- While there has been a significant improvement in our internet connectivity and performance, current efforts underway to improve those should continue as this is considered one of the most important amenities.
- Move as quickly as possible to upgrade the website to include unit availability and reservation capability for timeshare owners.
- The survey showed that most owners feel they are getting appropriate or good value (77% for whole unit owners and 87% for timeshare owners) relative to the fees they pay. While several owners objected to increases in maintenance fees, there needs to be recognition that costs in general continue to rise. Improved transparency on budgets and what they cover would be useful to owners.
- Since there was very strong support for the development of the valley walking trail, a feasibility and cost study should be initiated. It would be beneficial to create an owner's focus group to get input on trail design.
- Because the usage of and need for the tennis courts has been called out, the board might want to consider ways to increase usage of this resource.

BACKGROUND

The first survey of The Cliffs owners was done in August 2015. Amplitude Research, our contracted survey company, recommended that surveys be conducted about every three years. It was decided to change the timing of the survey, for February. Rather than have the interim timespan be 3 ½ years, it was decided for the interim to be 2 ½ years.

Amplitude Research recommended that the 2018 survey mirror the 2015 as much as possible. The Survey committee reviewed the 2015 survey and did make some modifications, as conditions had changed in various topics.

The main goal of the survey remained the same: to find out what our owners thought about The Cliffs, their ownership, and what they want their resort to be, along with relevant demographic information. The Boards make decisions involving sizeable expenditures, and we need to know if the owners support that concept.

Amplitude Research provided further guidance in fine-tuning questions and survey design. They then administered the survey, analyzed the results, and provided a finished presentation. There were separate surveys for timeshare and whole unit owners, though the surveys had overlap.

WHO RESPONDED?

The Cliffs provided email and physical addresses of owners.:

- Only 1.8% of timeshare owners and 5.5% of whole unit owners' emails bounced back as undeliverable.
- 1,203 timeshare owners (out of 4,097), and 46 whole unit owners (out of 87) participated, which were very similar to survey participant numbers in 2015.
- Response rates were 29% for timeshare owners and 53% whole unit owners.
- A response rate of about 10% for this type of survey is typical. Amplitude Research supplied detailed demographics on the population who responded.

WHAT WE LEARNED

Support for Projects v. Costs

The vast majority of all owners support current projects. We had specifically mentioned Wi-Fi / Broadband / Internet upgrades, digital cable TV, new signage, and new landscaping. A majority, though far less, supported the dues to pay for these projects. It's interesting to note that owners who come to The Cliffs (and have recently) are more likely to be supportive than those who don't come or hadn't been in years. Those who don't come focus on the dollars spent

Amenities

The surveys provided a long list of the amenities that The Cliffs currently provides, asking about their importance and usage. The top five most important amenities to timeshare owners were:

- Wi-Fi
- Broadband Internet
- Pool
- Hot tub
- Barbecues

Whole unit owners had the same top 4 amenities, while placing The Cliffs maintenance services above barbecues in their top 5.

Conversely, the following amenities were in the bottom five for timeshare owners. 49-70% of all timeshare respondents rated these as "Not Important."

- long term parking
- tennis courts
- shuffleboard
- pickle ball
- basketball court

Whole unit owners rated the following as their most "Not Important", ranging from 25-50%:

- bicycle rentals
- lobby area store
- basketball court
- shuffleboard
- pickle ball

Activities

Most activities were rated as “Very Important” or “Somewhat Important” by 70-90% of all respondents. The exception was craft classes (yarn leis, jewelry making, water colors) which were only deemed important by about 60% of respondents.

New Projects

Four potential new projects were listed on the survey:

- a fire pit on the cliff in front of Bldg. 6 & 7
- additional hammocks
- barbecues behind Bldg. 1 & 2
- valley walking trail

Of these, the valley walking trail was the only one that elicited support from greater than half of both timeshare and whole unit respondents. The other three had a greater percentage of support than opposition, but a large percentage were neutral on adding these enhancements.

Air Conditioning

This survey asked specific questions about air conditioning as there were many complaints on the 2015 survey about the lack of air conditioning (perhaps the timing of when surveys were completed was an issue: August v. March).

The survey asked timeshare owners if they would support installing air conditioning. If “yes”, how would they want to pay for this substantial upgrade (it is not budgeted). Three-quarters of timeshare respondents OPPOSED installing air conditioning, with almost half of respondents strongly opposing air conditioning. Only 11% supported installing air conditioning. Among those who expressed support, three-quarters said the guests who use it should pay. The ideas of a regular increase in maintenance fees and/or a special assessment were not popular.

IF air conditioning were installed in timeshare units, more than half of whole unit owners would not install air conditioning in their units.

Communication

A high majority of all owners feel it’s quite important to receive communications from The Cliffs, and that what they receive is about the right amount:

- Email is most useful.
- Newsletter and The Cliffs website are also important.
- Mail is of greater use to timeshare owners than whole unit owners
- While over half of whole unit owners found webinars of Board meetings useful, timeshare owners rated this communication method as the least useful. However, CCIOA and CRVOA have not yet used a Webinar format for their meetings.
- Neither group found much use for social media, such as Facebook.

Cliffs Exchange Club

62% of timeshare owners are familiar with The Cliffs internal Exchange Club program, with almost a quarter being very familiar with it. The percentage of respondents using this program increased from 2015. Half would be interested in exchanging their Cliffs week(s) for other Hawaiian resorts. Owners who haven’t been to The Cliffs recently were much more likely to have never heard of the program.

Lore Group and its successor company

The survey explained that the Lore Group had contracted with the CCIOA to sell CCIOA weeks that had reverted back to the association. The timeshare survey asked if they had used their services, and the level of satisfaction

with Lore. Most respondents had not used Lore. Over half of respondents were satisfied, but it's important to note that 18% were dissatisfied.

Open Ended Comments

In addition to all the questions that were answered by checking a box or rating scale, there were several open-ended questions which solicited input and comments. Topics included amenities, their future vision of what they'd like the resort to be like, what they like the most about The Cliffs, and any general comments. Respondents provided thousands of comments to these questions.

What People Like Most About The Cliffs

More than 90% of respondents listed at least one item they liked about The Cliffs. The most frequent responses included:

- Location, location, location!
- Peaceful atmosphere
- Views
- Quality and maintenance of the units and grounds
- Feeling of coming home
- Excellent staff
- Affordability of ownership

The majority of owners want to continue and maintain these positive aspects, while supporting improvements and modernization.

Future Projects/Enhancements

About half of the timeshare and whole unit owners had at least one comment to make in this area. The largest number of respondents expressed a desire to maintain the status quo and did not feel a need for new projects:

- Many asked that we continue to maintain and upgrade furnishings and landscaping, within the current budget.
- Wi-Fi was also mentioned as an important project to continue, but there were far fewer complaints than in the 2015 survey.
- An overarching concern was the impact projects might have on maintenance fees.
- Many comments indicated the desire for a valley walking trail, preferably with access to the ocean via stairs or a safe path. This suggestion was reinforced by the later survey question asking specifically about this improvement.
- Some owners suggested a fire pit, additional barbecues, and more hammocks which were not supported by a majority in the later question about these specific projects.
- Several respondents expressed a desire for an expanded fitness center, while many others asked for more parking spaces.

Comments About Current Amenities

- There were many very positive comments about the pool, the barbecues, and the resort in general.
- The most frequent comments related to the speed and importance of the Wi-Fi and internet.
- A number complained the fitness center is too small and a larger one could offer more options. One suggested using part of the basketball/tennis area for an exercise space.
- Several respondents:
 - o Commented on the way the BBQ's were not taken care of, plus a need for a few more.
 - o Said the putting green needs better maintenance.
 - o Made comments about the temperatures in the hot tub and the pool.
 - o Suggested a larger store including one where new arrivals could get basic items like milk and cereal.

Desired Additional Amenities

While the most frequent response was “none” or blank, there were several suggestions by one or more owners:

- More lawn chairs
- An expanded or enhanced pool area, with lap swimming or slide features
- Air conditioning, especially for the lofts, but the vast majority of owners opposed
- A restaurant or café on site or additional food truck nights
- Walking trails
- Storage space for whole owners for bikes, boards, etc.
- Indoor ping pong table
- Shuttle service to local sites or beaches

Amenities to Delete

More people said they thought it was important to keep things for others, even if they didn't personally use them. A smaller number wanted to remove amenities they didn't use. While most respondents either didn't comment or said they were fine with the existing amenities, there were a few comments regarding the lack of use of the tennis, basketball, pickle-ball and shuffleboard courts. Some respondents suggested repurposing this area as an extension of the pool area, a restaurant, or a fitness facility.

Desired Website Functionality

On the timeshare survey, status quo or blank was the highest response type. More respondents said the site was good or fine than called out specific problems. Imagery and social media type improvements (ability to make comments) were a common theme. Suggestions included:

- Ability to book online reservations and exchanges, as well as island activities.
- Ability to see unit availability.
- Online resales were of interest to both those wanting to sell, some wanting to buy.
- Info on activities including resort and island calendars was strongly in demand.
- Specific board and operations info in areas that we have already noted a need were reinforced.
- Project calendars, impacts, and outcomes.

Whole owners expressed similar needs. They also requested a link to owner rentals, more financial information, and the ability to communicate more easily with board members.

Other General Points

- Although a majority of both timeshare owners and whole unit owners believe they receive appropriate or good value for their maintenance fees, there are concerns about keeping increases to a minimum. A few owners feel the increases in recent years are out of pace with the quality of the resort.
- There is a strong support from both types of ownership for the Board's direction for maintaining and updating to a “5-star”, 21st century resort. Again, a small group commented that they would much prefer just a basic resort and not have to pay for all the “frivolous” amenities.
- A focused question on air conditioning showed very little support for adding this feature. Where 3% of timeshare owners Strongly Supported the idea, 48% Strongly Opposed it.
- Parking at the resort was mentioned by some, citing difficulties getting parking near their units. Some interest in designated spaces for units was expressed.
- A consistent message from timeshare owners was the need to improve and simplify the regular reservation and Cliff's Exchange Club processes. Adding online abilities to see availability and make reservations and exchanges were called out. Responsiveness through the current method was questioned and some owners have trouble using their annual weeks or banked CEC weeks.
- Timeshare owners would like more support in reselling their weeks and some would like information on weeks available for purchase.

- The cost of air travel and limitations due to aging are the biggest factors influencing why owners don't use their weeks.
- Many owners included positive comments about the property and included support for the work the boards do. Self-management in a smaller operation is preferred by some owners. There are some concerns, however, about the governance model and the costs of on-site meetings.

SURVEY COMMITTEE

Chair: Alice Berntson, CCIOA
Charlene Harper, AOA
James Moyes, CRVOA
James Quisenberry, CRVOA

Appendix II – The Cliffs at Princeville Reserve Study

Report Period January 1 to December 31, 2017

3-Minute Executive Summaries for AOA, CCIOA, CRVOA

Attached as separate PDF File

Appendix III The Cliffs at Princeville Long Term Capital Plan

**Association of Apartment Owners (AOAO)
Cliffs Club Interval Owners Association (CCIOA)
Cliffs Club Resort Owners Association (CCROA)**

The Cliffs at Princeville - Long Term Plan AOA, CCIOA, CRVOA (2/13/2019)

* Discretionary projects

Reserve Study #	Assoc.	Replacement Item	2019	2020	2021	2022	2023
AOAO							
202		Asphalt - Seal/Repair	37,000				
407		Barbecue	12,000	-	-		
1900		Cable Project (total 300K)	326,179				
902		Fitness equipment	5,004				5,000
404		Furniture Common					
1310		Gutters Replacement	24,000	12,000	-		
1808		Landscaping	245,960				
703		Outside Closets (Bldg 1, 2, 8)					
1203		Pool - Spa resurface	5,000		8,000		
1204/1205		Pool - Stonewall & Water Feature			2,500		
909		Pool Bathrooms			10,000		
503		Pool Improvement - Entrance					
1207/1209/1210		Pool Swimming Equipment	30,000				
903		Rec Room Furniture	-	25,000	-		
410		Recycle Stations			9,000		
1402		Signage bldgs	5,000				
950		Speaker system	10,000				
1100		Stairwells	75,599				
1604		Tennis Court Plexi Pave Surface		-			35,000
404		Tennis Furniture	7,000				
708		Trash gates					
*		Bike Shed Expansion					
*		Common area Wi-Fi					
*		Maintenance Building Renovation			400,000		
*		Sidewalk by Tennis Courts					
*		Valley Trail System	=	50,000	=	=	=

Total AOA Expenditures 782,742 87,000 429,500 - 76,900

AOAO Reserves Balance 384,095 751,795 790,606 1,272,937 1,692,808

Reserve Study #	Assoc.	Replacement Item	2019	2020	2021	2022	2023
	CCIOA	CCIOA Reserves					
		Renovation Bldg 1					932,900
		Renovation Bldg 5	1,612,600	-			
		Renovation Bldg 6		1,052,860	404,300		
		Renovation Bldg 4	-		622,400	1,165,200	
		Bulk Purchase (Lanai Sets, appliances)	39,085				
		Cabling cost to all Units @ \$300/unit		39,000			
		Unit Replacement Items	47,430	30,000	30,000	30,000	30,000
		Total CCIOA Reserves Expend.	1,698,227	1,121,860	1,056,700	1,195,200	962,900
		CCIOA Reserves Balance	1,040,085	1,034,725	1,114,525	1,085,825	1,239,425
	CCIOA	CCIOA Operating Capital					
		Phone System Upgrade (PBX - op. lease)	16,296	16,296	9,506	16,300	16,300
801/804		Boiler & tanks	19,000				
901		Washers/Dryers Commercial			35,000		
1811		Van			35,000		
601		Admin Bldg. Flooring		6,200			
909		Admin Bldg. Bathrooms			16,000		
911		Admin Bldg. Solar			50,000		
910		Lobby refurbish	25,000				
1110		Admin Bldg. interior repaint					10,000
1810		Utility carts	2,000	2,000	2,000	2,000	2,000
1812		Scissor Lift				18,000	
1813		Mower				11,000	
1814		Drill Press			2,200		
1815/1816		Saw (2)			4,400		
		IT Replacements and New Items	15,000	15,000	15,000	15,000	15,000
		Housekeeping-Facilities	5,000	5,000	5,000	5,000	5,000
		Total CCIOA Operating Capital Expenditures	82,296	44,496	174,106	67,300	48,300

