

ASSOCIATION OF APARTMENT OWNERS OF BANYAN HARBOR

Board of Directors' Meeting

DATE: Tuesday, August 21, 1995

HELD AT: Telephone Conference

1. ROLL CALL: Mr. Dick Reis, President of the Association called the meeting to order at 1:00 p.m. local California time, with the following:

Directors Present:

Richard Reis	President
Richard Rentz	Vice President
Loren Knott	Secretary
Bill McNerney	Director
Harry Baker	Director
Tore Wistrom	Director

Directors Absent:

Maria Coesens	Treasurer
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Colony Representatives:

Malana deSilva	Property Manager
Steve Townsend	Director of Operations

Recording Secretary:

Tore Wistrom

2. NOTICE OF MEETING: It was confirmed that verbal notice of meeting was given to all Directors in accordance with Article II, Section 8 of the By-Laws of the Association.
3. PURPOSE OF MEETING.

Association Funds held by RHK Dick Reis informed the Board that a check in the amount of \$159,845.12, to the Association, is to be received by Bruce Yoshida from RHK today. This check shall be forwarded to Steve Townsend who will deposit said check in the Association's segregated Special Assessment account, at Bank of Hawaii.

The amount disbursed to the Association was based on RHK's accounting of our associations fund, minus 33% of the identified negative variance in the RHK account. The variance has been identified to be \$96,003.33.

Loren Knott asked that our attorney clarify that acceptance of these funds is only a preliminary payment on amount due, and final accounting is to be detailed by the auditors to the Association's satisfaction.

RHK, through the Association's attorney, will be notified that they are not to make any payments from the Association's funds. All expenses must be approved by Dick Reis and Tore Wistrom and will be paid by Colony.

Dick Rentz asked that our auditor be notified about our situation and of the Association's concerns. Tore Wistrom offered to discuss the issue with our legal counsel and to pursue getting a copy of the quote for accounting services rendered.

Tam, O'Connor and Henderson. Bruce Yoshida informed Tore Wistrom and Dick Reis that they just discovered that the law firm of Tam, O'Connor and Henderson represents Richie Richardson on an insurance issue, and they are, therefore, in conflict of interest in the Association's legal issues with RHK Enterprises. The Board expressed their disappointment in this news, and sincere gratitude for the excellent efforts put forth to date by Bruce Yoshida, Esq. which resulted in the receipt of approximately \$160,000 from RHK. The Tam, O'Connor and Henderson law firm will not invoice for services rendered to date, but the Board confirmed that we would work with Tam, O'Connor and Henderson on collection issues.

New Legal Counsel Bruce Yoshida, Esq. has recommended the law firm of Hisaka, Stone & Goto. The Board indicated that additional authorization for Dick Reis and Tore Wistrom to secure an attorney on behalf of the Association was not necessary, therefore, after interview with Frank Goto, Esq., Dick Reis will on behalf of the Association, proceed to hire the law firm of Hisaka, Stone & Goto at the same fee structure as Tam, O'Connor and Henderson. Bruce Yoshida is, during this transition, assisting the new law firm.

Peterson & Gravelle Dick Reis, Loren Knott, and Tore Wistrom have gone through invoices from Ken Peterson and approved approximately \$600 in legal expenses on collection issues. Tore informed the Board that we have approximately \$4,000 in disputed invoices, and that we are waiting to hear back from Mr. Peterson.

Management Agreement Loren Knott and Tore Wistrom worked with Colony in finalizing the written agreement that both parties previously had agreed to. According to the Declaration the term of a management agreement can only be for 2 years. Upon Board approval of the agreement, the Agreement must be brought in front of the members at the annual meeting in February for ratification, and the Board will, at that time, recommend the agreement's initial term be extended to three (3) years.

MOTION: Loren Knott moved, with one technical correction to reflect the AOA as a Hawaii Condominium Association, acceptance of the Management Agreement with Colony Hotels and Resorts as presented. Tore Wistrom seconded said motion, which was unanimously approved.


Refurbishing Work/Bids Harry Baker indicated that three bids had been received. One company did not have workers compensation insurance, one bid was double the price, and the third proposal was from Pohaku. The Board instructed Malana to inform Pohaku that the Board, in principal is favorable of their proposal. The Board requested that Pohaku, prior to the September 7 pre-Board meeting, should present as much detailed back up to their proposal as possible. The Bid presented represents a worst case scenario. The Board requested that a representative for Pohaku be available to the Board on September 7 & 8th.

The Board needs to evaluate and prioritize how much refurbishing work can reasonably be afforded given the special assessment of 1995, and what the Board feels is a prudent assessment in 1996.

Rental Program Malana deSilva indicated that there are 19 units in the program. First Colony rental distribution, for July 1995, will take place as soon as social security numbers are secured. A second solicitation to join the rental program will be sent to out shortly.

4. ADJOURNMENT: There being no further business before the Board, Dick Rentz moved, Loren Knott seconded and it was unanimously approved to adjourn the meeting at 1:53 PM. local California time.

Respectfully submitted,

  
Tore Wistrom, Recording Secretary  
Banyan Harbor AOA

TW:rm Mailed to all Board Members and Colony Representatives  
on: August 23, 1995