

Teleconference Call Board of Directors
February 1, 1996

Present: Dick Reis, Dick Rentz, Maria Coesens, Harry Baker, Loren Knott, Tore Wistrom, Steve Townsend, Malana deSilva

Dick Reis began the meeting with the notice of Tore Wistrom's resignation from the board. He expressed his sincere gratitude for Tore's service. Tore acknowledged the appreciation and stated that he is now gainfully employed with Colony Hotels and Resorts as 2/1/96.

Reis explained that the purpose of the meeting was to respond to several issues that pertain to the Annual Meeting. Mr. Cable's letter of 1/25 on issues regarding the legality of the assessment and use of prior funds, his nomination of candidates for the board. Cable's point of ensuring the management agreement was on the agenda was agreed upon. Malana will respond to his concerns on the bidding information. Mr. Cable is also concerned and would like it an agenda item on where prior assessment funds were spent. It was agreed that the audits should be used as back up and a letter to only Regan and Cable would be sent out.

It was determined that solicitation for nominations for Board of Directors should be made by mailing out a biographical sketch to owners. Tore's resignation creates the need for filling a seat.

Reis reported on owner correspondence. He has personally responded by phone call to most of their concerns.

In the discussion of the need of the special assessments, Tore explained that it is possible to postpone another special assessment until 1998 or as late as 1999. The Reserve side of the equation was made to incorporate the special assessment that was made to do the current projects. The Reserve Study does not show painting, asphalt replacement and structural improvements. If it did, the total amount of funds required of the Reserve Study would have been higher, thus requiring a special assessment to be made to bring the Reserves up to that amount.

Joint discussion on owners running for the board who may be delinquent in dues and assessment. It will be necessary to review the Bylaws to determine, what the policy is on delinquent owners serving as Board members.

It was agreed that the schedule of events for the annual meeting were satisfactory, however, the poolside party would be moved to the shuffleboard area.

Dick Rentz commented on the fine job the Bob Egan was doing for the Association. He was happy to see the great outcome of the cabinets and the new look of the park across the street.

Mr. Reis mentioned that Hisaka Stone and Koto responded to the Mr. Regan on Regan's concerns and the entire board would be copied.

Mr. Reis's stand on the uncollected \$31,000 from RHK is firm and another letter was sent out demanding the funds to be turned over by 2/29/96. Tore reported that the preliminary audit for 1994 was done and there appears to be an unexplained discrepancy of \$70,000. At this time the auditor cannot make a determination. Loren made a motion to give the President authority to pursue litigation to recover the \$31,000 if payment was not made by the 2/29/96 deadline. Harry Baker seconded and opened for discussion. No further discussion, motion carried unanimously. (Tore did not participate in motion)

Malana advised the board that there is an outstanding invoice from Garden Isle on the audit for both Timeshare and AOA and offered to write them a letter to decline payment. It was agreed that the payment is a contractual agreement and a letter of acknowledgment should be sent advising Garden Isle that payment will be made when the audit is complete.

It was asked that proxies be mailed in by all owners.

Loren made a motion to adjourn and Maria seconded.