

Banyan Harbor

3411 Wilcox Road - Lihue, Hawai'i 96766 - ph: (808)245-7333 fax: (808)246-4776

ADOPTED MEETING MINUTES

Revision: 11/05/97

**BANYAN HARBOR
ASSOCIATION OF APARTMENT OWNERS
BOARD OF DIRECTORS MEETING
SEPTEMBER 3, 1997
VIA TELECONFERENCE**

I. CALL TO ORDER

II. ROLL CALL

Shirley Akita - President
Roger Cable - Vice-President
Loren Knott - Secretary
Carol Medeiros - Treasurer
Dick Reis - Director

Alan Baer - Outrigger Lodging Services - Senior VP of Administration
Rick Ball - OLS Director of Operations
Chris Gampon - GM Banyan Harbor
Tore Wistrom - Resort Consultant

III. RHK SETTLEMENT - see distributed memoranda from Wayne Richards III, dated 8/28/97.

MOTION: That the Board accept the settlement negotiated by Roger Cable and Shirley Akita with Wayne Richardson III as outlined in the August 8, 1997 memorandum from Mr. Richardson.

MOVED BY: Loren Knott, seconded by Dick Reis.

VOTE: Unanimous; **PASSED**

IV. LEGAL FEES - Legal fees of \$9,629.00 have accrued up to March, 1997.

MOTION: That the Board pay up to \$9,629.00 in legal expenses using the money from the RHK settlement.

MOVED BY: Carol Medeiros, seconded by Dick Reis.

VOTE: Loren Knott, against; Carol Medeiros, for; Dick Reis, for; Roger Cable, for.
PASSED

V. BUDGET ALLOCATION - Tore Wistrom - see distributed letter dated 8/13/97

MOTION: That the Board incorporate the allocations recommended in Mr. Wistrom's letter of 8/13/97 into the 1998 budget.

MOVED BY: Carol Medeiros, seconded by Loren Knott.
VOTE: Carol Medeiros, yes; Roger Cable, yes; Dick Reis, no; Loren Knott, no; Shirley Akita, no. **MOTION DENIED.**

MOTION: That the Board direct OLS to prepare the 1998 budget to include expenses charged to resort rental and time share, for their use of the administration building and utilities as outlined in Tore Wistroms memorandum, offset by the \$12,000.00 annual income from the activities desk.

MOVED BY: Roger Cable, seconded by Carol Medeiros
VOTE: Unanimous; **PASSED**

VI. RECOVERY OF DIRECTORS EXPENSES - Alan Baer reported that OLS had explored the possibilities of recovering these expenses from the D&O insurance carried by each previous director.

The approximate total amount is \$50,000.00. A lawsuit would have to be filed against each individual and the individual D&O insurance carrier for each individual at the time they were directors. The AOA's attorney, Mr. Yoshida, states that as Hawaii has a 2 year statute of limitations claims could only be made for approximately \$10,000.00. He estimates that the legal fees for recovering this money would amount to \$20,000.00 to 30,000.00.

Furthermore, taking any action against the insurance covering former directors would make obtaining insurance difficult in the future.

MOTION: That the staff be directed to prepare the above information with Mr. Yoshida's opinion for dissemination to the owners in the newsletter.

MOVED BY: Roger Cable, seconded by Carol Medeiros.
VOTE: Unanimous; **PASSED**

VII. ADJOURNMENT