

**ASSOCIATION OF APARTMENT OWNERS
Annual Homeowners' Meeting
Saturday February 12, 2000
Kauai Marriott**

I. CALL TO ORDER & ROLL CALL

The meeting was called to order by President Akita at 1:05PM

Board Members

- Shirley Akita, *President*
- Loren Knott, *Vice President*
- Dick Rentz, *Secretary*
- Harry Baker, *Director*
- Dick Reis, *Director*
- Jack Regan, *Director*
- Carol Medeiros, *Treasurer*

Outrigger Lodging Services

- Rick Ball, *Vice-President, Outrigger Lodging Service*
- Chris Gampon, *General Manager, Banyan Harbor*
- Stephanie Nakamatsu, *Accountant, Banyan Harbor (Recording Secretary)*
- Tore Wistrom, *Principal, Resort Consultant, Inc.*

Attendance by owners reflected in Official Registration Book

II. PROOF OF NOTICE & QUORUM

Tore reported that notice of the meeting was posted on January 04, 2000.

Quorum:	Interest represented by proxy:	44.5226
	<u>Interest represented in person</u>	<u>13.3347</u>
	Total Interest represented	57.8573

III. APPROVAL OF MINUTES

- a. **Annual Meeting, February 27, 1999** – President Akita noted that there was actually three (3) minutes that were presented. She reported that because of the necessity to adjourn the meeting to obtain additional proxies for the vote on the newly revised Declaration and By-Laws, the minutes for the adjourned meetings were part of the original meeting minutes.

MOTION: *To approve the annual minutes of February 27, 1999 and subsequent adjournments*

MOVED BY: Loren Knott, Second: Carol Medeiros

DISCUSSION: Rovena Kilauano asked why the minutes are not distributed to all owners prior to the meeting for review. President Akita responded that through many mailings of documentation, we have found that owners generally do not read through the material sent to them completely. Because of this, minutes and other records are only distributed upon request. President Akita asked that anyone interested in obtaining copies for their records should contact the administration office at the property. She noted that there might be some cost involved to cover copy and mailing expenses where applicable.

VOTE: Unanimous, **PASSED**

IV. MANAGEMENT REPORTS

- a. **President's Report** – 1999 was an especially good year for the Banyan Harbor. We can finally say that we have Reserves that we can all be very comfortable with. The fact that there are new homeowners in attendance is another positive sign that there is interest in the real estate world at looking at Banyan Harbor as a more positive place for purchase. Sometime in the future, President Akita would like to display the positive changes at the Banyan Harbor to the island community through the Chamber of Commerce. She thanked Chris Gampon, the General Manager, who put together a team that has done wonderful work for all owners. Also thanked were Outrigger Lodging Services and the other Board Members for working so well together to accomplish the goals set by the Board.

President Akita asked for any questions of her from the floor. Hearing none she continued the meeting and asked for the Treasurer's report.

- b. **Treasurer's Report** – Treasurer Carol Medeiros reported that she is very happy with the state of the Banyan Harbor's finances. She reported that at year-end for 1999, the Association had surplus funds of \$41,500. She reported that she reviews the financial reports thoroughly each month and is in close contact with the management company to clear up any questions that she may have. Carol reported that since she has been on the Board (a little over 3 years) the financial position of the Association has improved drastically. The Association had, just 3 years prior, operated under a deficit. There have been so many positive changes since OLS came onboard.
- c. **Director's Report** – Secretary Dick Rentz reported that since he started on the Board, he has never seen the delinquencies as low as they are now. There are now only two (2) accounts delinquent and one is being foreclosed on and the other is in the process of selling the unit and resolving outstanding debt. Dick feels this is outstanding and commended the management company and Tore Wistrom for bring this problem under control.

- d. **Manager's Report** – Chris Gampon reported that property continues to look well. There have been improvements that owners may have noticed and others that remain unseen. Some of the improvements included adding an individual to the staff to work on the reserve projects that can be undertaken in-house. Dry rot repairs have been made throughout the property. That project will continue in 2000. The lobby was renovated in 1999. This was a long time in coming and the result is fantastic. Many building walkways have been refinished with a topcoat of color. New pool furniture was installed. The biggest project undertaken was the parking area resealing and striping. That project really stands out. We will continue to work on finding ways to improve the property both operationally and physically.

President Akita commended Chris again for being able to oversee the property and the outside areas that we manage for the state.

- e. **Budget 2000 Review** – Rick Ball outlined the budget approved by the Board at their December 1999 meeting. Rick reiterated the fact that Chris' team was able to manage the property well, and saved some money along the way. The 2000 budget reflects those savings. There will be no budgeted increase in maintenance fees as a result of the operational cost savings. We will also be able to increase the amount of money allocated to reserves by \$30,000. Outrigger Lodging Services has secured a substantial savings on insurance for the year 2000. This savings will be allocated into an operating reserve account. Rick also reported that the Reserve Plan is a working document and is adjusted quarterly so provisions can be made for special projects. Rick praised the Board for having the foresight to look into and prepare for future expenses.

President Akita reiterated the savings in 1999 of \$41,500. She reported that the Board had approved moving the surplus into the Special Reserve account.

Director Jack Regan suggested that based on the projected savings, a reduction of dues was in order. Rick Ball indicated that much of the projected savings is coming from a windfall savings on insurance. These premiums are based on the global experience of the insurance companies and cannot be counted on to continue beyond the coverage period (ends Oct. 2000). Robert Martin (#137), Shirley Akita (#72), Dick Rentz (A11), and others spoke out against such a reduction based on the history of the property's finances. Bill Young (#23) indicated that he was in favor of a reduction.

MOTION:	<i>To reduce homeowner maintenance fees by an average of \$50 per unit per month and have the reduction reflect on the percentage of common interest held by each unit. Effective April 1, 2001 for the remainder of the calendar year.</i>
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MOVED BY: Jack Regan, Second: Bill Young (#23)

DISCUSSION: Wayne Harlan (#29) voiced his concern that problems in the past with hurricanes have really hurt the island and he feels that the reserves must be maintained. Wayne is against taking any action to reduce the maintenance fees at this time. Tore Wistrom reminded the homeowners that the insurance premium prior to

Iniki for Banyan Harbor was \$50,000. The year following the hurricane it went up to \$450,000. This subsequently resulted in a special assessment that was a hardship on many owners. Harry Baker (Director) indicated his opposition to the reduction based on his involvement in repairs/renovations after Hurricane Iniki. Dick Reis (104) spoke against the motion voicing concerns about the changing economy and necessity to be prepared.

VOTE:	<u>Approve</u>	<u>Disapprove</u>
	13.5463%	35.4923%

MOTION DENIED

* *Miscellaneous ballot [A] was used for this vote*

V. ELECTION

- a. **Nominations** – President Akita reminded everyone that they had been provided ballots upon arrival. President Akita then reported on the individuals who had indicated their willingness to run for a board seat as listed on the election ballot. She then took nominations from the floor. Bill Young (#23) indicated he was interested in running for a board seat and had submitted his application he believes it was misplaced prior to the meeting material being mailed. Linda Garcia (# 78/79) announced that she had withdrawn her name from consideration.
- b. **Election of Inspectors** – The official ballot inspectors / counters are: Rovena Kilauano (#31) & Barbara Cannizaro (#101)
- c. **Introduction of Candidates** - For the benefit of all present, President Akita read the biographical sketch statements for the candidates who were not in attendance. This included Tony Pace (#130), Christine Farber (#5). The other candidates, Catherine Martin, Carol Medeiros, John Regan, Dick Rentz, and Bill Young were provided time to introduce themselves.
- d. **Election & Election Results** - President Akita reported that Catherine Martin, Carol Medeiros, and Dick Rentz were elected to the Board of Directors to each to serve three (3) year terms. The official results submitted by inspectors were as follows:

<u>Candidate</u>	<u>Pct. of vote</u>
Martin, Catherine	45.2154
Medeiros, Carol	44.2647
Rentz, Dick	38.2692
Regan, John	16.3382
Young, Bill	1.3293
Farber, Christine	.4632
Pace, Tony	.0000

VI. OLD BUSINESS

- a. **AOAO Documents** – President Akita reported that the process undertaken during the 1999 annual meeting to have our Declaration and By-Laws updated took the majority of the year to obtain sufficient owner response to take a vote on the issues. She was happy to report that the issues did pass in-full and the proposed amendments would be submitted for recordation. She reported that once the recordation was complete each homeowner would be sent a copy.
- b. **Jacuzzi** – President Akita reported that the installation of a hydrotherapy spa (Jacuzzi) was found to require a vote of at least a 75% vote in favor to pass. There is not a sufficient percentage of interest represented to act on this issue. She reported that based on the experience with the difficulties of getting owners to respond to the Declaration and By-Laws, this issue is being dropped from consideration at this time.
- c. **Heating of the pool** – President Akita reported that the heating of the pool was discussed during the annual meeting held in 1999. The issue was to be investigated and reported on so that a vote could be taken during this meeting. She asked Chris to report the results of his analysis.

Chris reported that he analyzed the possibilities of installing a heater at the pool. The different options looked into were the installation of black pipe heating, solar alternatives, and heating with gas. The first two options were found to be either cost prohibitive, or impractical due to the amount of solar panels necessary to sustain an even temperature. Gas heating was found to be the best alternative. Purchase and installation of a heater and gas lines was estimated to cost \$4,333. That price includes a 400,000 btu electronic ignition gas heater and installation of the equipment. The estimate also includes the installation of a gas tank large enough to sustain the use of the heater. The tank would be installed by The Gas Company at no cost based on a purchase agreement for liquid propane. Chris noted that there are no other options for gas (liquid propane) purchase on the island except The Gas Company.

VOTE:	<u>Approve</u>	<u>Disapprove</u>
	36.2975%	12.6950%

PASSED

- d. **Other Old Business** – President Akita asked for any other old business to be brought before the Board. Hearing none, the meeting continued.

VII. NEW BUSINESS

- a. **Audit 1999** – President Akita asked Chris to report on the proposals submitted for auditing the 1999 financials. Chris reported several auditors on island and off were asked to submit proposals to perform the annual audit. Only one qualified proposal for services was submitted. The proposal submitted is for \$2,500 and will be completed on-site. The bid submitted by Terry Wong, who performed our previous audit

It was determined that we, once again, would use Terry Wong's services.

b. **Roll Over** – The following motion was made.

MOTION: *That the Banyan Harbor Association of Apartment Owners direct, that the amount by which the member's assessments in the fiscal year 2000 exceeds the total expenses of the Association for the purpose of managing, operating, maintaining and replacement of the Association's property be applied to the fiscal year 2001 assessment and/or reserve account.*

MOVED BY: Dick Rentz, Second: Carol Medeiros

VOTE: Unanimous, **PASSED**

c. **Other New Business** – President Akita asked for any new business to be brought before the Board at this time.

1. **Use of Units** - Sharon Mitchell (#24) voiced her concern that units are being used for business purposes and not as a true residence.
2. **Board Expenses** - Richard Kuehl noted that no Board expenses were reported for Shirley Akita and Carol Medeiros. He asked whether any meetings had been held off-island. The answer was no. All meetings were held on the island.
3. **Approval of Board Expenses** – President Akita reported that it is necessary to ask for approval of the expenditures by the Board during each annual meeting. In 1999 the Board's expenses total \$6,144.55.

MOTION: *To approve the Board expenditure of 1999 of \$6,144.55*

MOVE BY: Dick Rentz, Second: John Regan

VOTE: Unanimous, **PASSED**

MOTION: *To approve the expenditure of up to \$1,500 per director per year.*

MOVED BY: James Solberg (#126), Second: Linda Garcia (#78/79)

VOTE: Unanimous, **PASSED**

4. **Future Reserve and Fee Reductions** - James Solberg (#126) made the following motion.

MOTION:	<i>That the AOA Board undertake a Reserve Study to identify that a suitable cap for the reserve fund and further that any suggestion for remitting excesses back to owners be implemented in a subsequent budget year.</i>
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MOVE BY: James Solberg (#126), Second: Carol Medeiros
VOTE: Unanimous, **PASSED**

VIII. ADJOURNMENT

Hearing no further business, the meeting was adjourned