

BANYAN HARBOR

Adopted Meeting Minutes
Revision Date: 22 February 2002
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BANYAN HARBOR ASSOCIATION OF APARTMENT OWNERS
Board of Director's Meeting
Thursday November 29, 2001
Banyan Harbor: Unit A1

1. Roll Call

The meeting was called to order by President Akita at 10:50am

Board Members

Shirley Akita, President
Dick Rentz, Secretary
Cathy Martin, Director

Loren Knott, Vice-President
Harry Baker, Director
Gus Enderlin, Director

Absent

Dick Reis, Director

<p>Note: Issues voted and noted as passing unanimously reflect Board members in attendance and do not include votes from Director Dick Reis.</p>

Outrigger Lodging Services

Chris A. Gampon, General Manager, Banyan Harbor
Rick Ball, Vice President, Outrigger Lodging Services
Stephanie Nakamatsu, Accounting, Banyan Harbor
Tore Wistrom, Resort Consultant, Resort Consultant, Inc.

Other Attendees

Sharon Baker, Unit(s) 121/139 Linda Garcia, Unit 78/79 Gale Enderlin, Unit 114
Bob Martin, Unit 137

2. Proof of Notice

Chris reported that notice for the meeting was posted on November 09, 2001.

3. Approval of Meeting Minutes

- a. **Board Meeting, September 12, 2001** – Loren Knott reported that his understanding is that it is required by the state that the names of Directors voting against or abstaining from a motion be noted. He asked that even if this is not the case, it is good policy to do so. Item 7a. Allocation of Expenses noted an abstention without names. He believes he abstained from that vote. Chris reported that his record shows it was Loren who abstained. Chris will make the correction on the approved copy.

<p>MOTION: <i>To accept the minutes as corrected.</i></p>

MOVED BY: Harry Baker, Second: Cathy Martin
VOTE: Unanimous, **PASSED**

4. Management Reports

- a. **President's Report** – Shirley reported that Carol Medeiros did sell her unit and resigned from her position on the Board. In anticipation of Carol's departure, the Board voted to appoint Gus Enderlin in Carol's place as Director. Shirley officially welcomed Gus Enderlin to the Board. Shirley thanked Carol for her contribution to the Board.

Shirley reported that she attended the Timeshare meeting early that morning and was pleased to hear that timeshare sales have remained strong regardless of the adverse conditions after September 11th.

Shirley updated the Board on the Banyan Tree Committee that was proposed by the Kauai Museum. After meeting with the leaders of the group, they were supposed to submit a proposal for the Board's review. A proposal has not yet been submitted.

Shirley noted that despite the forecast, sent out by John Fitts of Outrigger Lodging Services, as well as those from the Governor of the State, Banyan Harbor has continued to make good progress. The recent disasters has given us a better appreciation of how well the property is doing. Shirley thanked Chris for his hard work and that of his staff.

- b. **Manager's Report** – Chris reported that the staff continues to work well together.

Chris added that the Banyan Tree Committee did not contact him either. In lieu of their assistance, the area under and around the tree was cleaned using in-house labor. More work is scheduled for next month. The tree area is cleared to an extent that it is safer and more presentable. Insurance funds obtained as a result of the banyan tree fire were used to offset the cost of materials and rentals to complete the work.

5. Financial Reports

- a. **October 2001 Financial** – Rick reported that revenues are right on budget both in October and year-to-date. Payroll is slightly under budget. Other operating expenses are favorable to expenses by approximately \$65,500. This is primarily due to insurance savings. The only increase in expenses was in utilities. The result is a positive net earning versus a budgeted loss. AOA is having a good year financially.

Loren asked about the significant increase in recent bank charges. Chris explained that based on account balances, credits are provided that are used to cover the expense of services such as electronic funds transfers and lock box services. Those credits are directly related to the prime-lending rate. Since the lending rate has gone down so much within the last 10 months, the credit received also went down. The result is that we now have to pay for a portion of the services that was previously covered by the credit. Chris reported that he would make every effort to adjust the use of services in order to reduce the amount billed back.

Gus asked management to look into the rules of the credit card companies related to charging a fee for card use. Shirley asked Gus to check on this and to update the Board at their February Board meeting

- b. **Reserve Study** – Rick discussed the status of the reserve funds. He suggested that because a substantial portion of the current balance is not scheduled for use for some time, the funds would gain a better return if put into alternative deposit accounts. Rick suggested placing funds into certificates of deposit, which currently have a higher yield than treasury bills. Dick Rentz agreed that alternatives should be investigated.

MOTION:	<i>To give management the authority to put reserves into certificates of deposits or other accounts based on the guidelines set in the Hawaii Revised Statutes. Operating Reserves to be kept separate from the Capital Reserves.</i>
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MOVED BY: Dick Rentz, Second: Gus Enderlin

DISCUSSION: FDIC insurance levels should also be considered to ensure the funds are covered by federal insurance. The Board preferred staggering the certificate deposit terms.

VOTE: Unanimous, **PASSED**

Rick continued his report with a review of the Reserve Study. Chris added to the report by outlining large projects scheduled for 2002. Pool fencing will need attention due to erosion of the area where the current fence is installed. Funds to improve the landscaping in that area for the same reason are also included. Also for the pool, Chris has provisioned funds to replace pool filter components. Other work to be completed is for the sewage treatment plant. Changing pumps at the pump station to submersibles, and improvements to the clarifying well are scheduled for that facility

6. Unfinished Business

- a. **Land Lease, Land by B Building** – Tore reported that the heirs of Isamu Kanja say that they are working on resolution of the trust. It is likely the parcel will go for sale in the future. The property is 18,000 square feet and zoned R-20. This designation would allow for up to 8-units to be built. Its value is estimated to be \$350,000. If the Board would like to pursue adding the property to the common element, a minimum 90% approval from association members will be required. This would be very difficult.

The Board asked Tore to explore a lease option. Loren suggested the attorney for the trust be contacted. Gus would like to explore the possibilities of purchasing the land.

MOTION:	<i>Have the association's attorney tell us our options on purchasing or leasing the land.</i>
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MOVE BY: Loren Knott, Second: Harry Baker

VOTE: Unanimous, **PASSED**

- b. **Walkway Closets** – The association's insurance agency has indicated that no coverage would be provided for the closets if they were rented out.

The insurance company also indicated that regardless of the indemnification agreement for use of the space, there might still be liability if items are damaged. If the association were sued, insurance would not participate in defending the association. The Board decided that rental of this space is not a good option for the Association.

- c. **Pool Deck Finish** – Chris reported that the work on the deck is scheduled for January of 2002. The colors need to be selected so materials can be ordered.

Rick advised that many pools managed by OLS are gray in color. Rick suggested that the gray would brighten up the area. Loren asked that if the color would respond well to the red dirt. Chris noted that he and the staff considered beige colors to hide dirt marks, but based on Rick's experience there should be no problem.

MOTION:	<i>To accept managements recommended colors of gray tones for the pool resurfacing colors.</i>
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MOVED BY: Dick Rentz, Second: Harry Baker
VOTE: Loren Knott: Abstain, Dick Rentz: Yes, Cathy Martin: Yes
Harry Baker: Yes, Shirley Akita: Yes
PASSED

Chris reported that the original bid accounts for a portion of the preparation work to be completed in-house. If we ask the contractor to do all of the work, the additional expense is estimated to be approximately \$3,000 more. Harry and Loren asked about warrantee on the product. Chris reported that the contractor confirmed that with our preparation work, the product warrantee for workmanship and materials would not be affected. The Board indicated that if warrantee is not affected, the savings by performing work in-house is preferable.

MOTION:	<i>To accept the current bid of \$21,168 that considers in-house preparation, as long as a 1-year warrantee and the contractor's acceptance of the in-house work is agreed upon.</i>
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MOVED BY: Loren Knott, Second: Harry Baker
VOTE: Unanimous, **PASSED**

- d. **Solar Panels, Admin Bldg. –** Chris reported that the solar panels for the Administration Building have been installed. A rebate check from Kauai Electric for \$1812 was received.

Loren reminded the Board that they previously discussed adjusting the payment Timeshare and Rental makes to the AOA for electricity in consideration to the rebate.

MOTION:	<i>To adjust allocations for timeshare and rental in 2003 to reflect the rebate of \$1812.</i>
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MOVED BY: Harry Baker, Second: Loren Knott
VOTE: Unanimous, **PASSED**

- e. **Screen, STP –** Chris reported that Jack Wilhelm, the site manager for the STP has asked that we hold off on this project. Jack indicated that since we blocked the pathway against the hillside he hasn't had problems with objects being thrown into the plant. Jack will continue to monitor the site. If foreign objects become a problem again he will work with Chris on a solution.
- f. **Concrete Stairs –** Chris reported that the next stairway (F-building) was scheduled be retrofitted during December.
- g. **Other Unfinished Business –** Other business discussed as follows
- i. **Parking –** Dick Rentz asked about the truck parked across from Building B. Chris reported that the truck belongs to unit 29 and he has communicated to the owner that the truck must be in regular use in order to remain on property. Chris also advised him that he couldn't use his vehicle as a storage unit.

7. New Business

- a. **Budget 2002 –** Rick reviewed the proposed budget for 2002. Rick reviewed the significant increases forecasted in 2002, such as; Insurance costs are expected to increase by 30%; the cost of electricity is forecasted to increase by 10%; and a water expense increase of 24%. The contribution to special reserve will remain the same. Chris reported that pest control expense also increased due to an increased number of services in 2002.

Shirley commented that it is nice that even with the proposed increases, that the maintenance fees will remain the same.

MOTION:	<i>To accept the budget as presented.</i>
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MOVED BY: Loren Knott, Second: Harry Baker
VOTE: Unanimous, **PASSED**

- b. **Board Election February 2002** – Chris reported that during the February 2002 elections, there will be two full-term (3-years) positions and one partial-term (1-year) filled. The partial term is due to Carol Medeiros' departure in 2001. Shirley asked how it is determined who is assigned the full or partial term. Chris noted that the three highest vote getters are elected. The person receiving the fewest votes among the three would be assigned the partial-term. Loren asked that the election process be made clear to the owners during the notification process.

Dick Rentz asked for clarification of the eligibility of a spouse running for a Board position if they are not on the ownership deed. It was confirmed that only owners of record are eligible to hold Board positions. Trustees and partnerships require additional verification. Loren reported that many years ago the Board obtained a legal opinion on this issue.

Dick Rentz asked if there are any limits on the number of timeshare owners who can be on the AOA Board. Chris reported that all timeshare owners are members of the AOA. As such, they have all the rights accorded to full-owners and no restrictions apply as to a maximum number that can sit on the Board.

- c. **Executive Session (ADA & Delinquent Accounts)** – No action was taken during the executive session.
- d. **Other New Business** – Other business discussed as follows.
- i. **Dryer Vent, Unit #104** – Chris reported that unit #104 has installed a dryer vent through their floor and the concrete slab. The vent exits into the limited common element of unit #111. The work was not authorized in advance. Pictures of the vent were provided to the Board for review. Chris advised the owner that the installation goes against regulations set in the Association's documents. Chris asked the Board to determine what action they would like to take regarding this issue.

Tore indicated that this installation penetrates a structural component. It is likely that metal rebar was exposed. If this is the case, the rebar will start to rust due to exposure to the elements. This is a serious consideration. Dick Rentz is against the installation of anything in the common area without prior consent from the Board. Dick Rentz is in favor of having this installation repaired.

MOTION: <i>Instruct the owner of #104 to remove the outside vent and repair the structure to its original form.</i>
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MOVED BY: Dick Rentz, Second: Loren Knott

DISCUSSION: Harry Baker indicated that he spoke with the owner. The owner stated that a license contractor completed the job.

VOTE: Loren Knott: Yes, Dick Rentz: Yes, Cathy Martin: Yes
Harry Baker: No, Gus Enderlin: Abstain, Shirley Akita: Yes
PASSED

Bob Martin indicated that he also installed a similar vent through the wood floorboards of his unit. He asked for and received prior approval from the management at the time but never addressed the issue with the Board. In light of this circumstance, he is asking the Board to recognize and approve his installation

Linda Garcia confirmed that the issue of dryer venting was addressed in the Boards last newsletter. Chris reported that the issue of venting dryers into the ceiling was acted on by advising owners that this is not an authorized use of common area. Linda feels that the venting issue should be addressed in a more comprehensive manor.

Dick Rentz asked Bob Martin to address this issue in writing to the Board for review.

MOTION:	<i>Add existing vents to the agenda of the February Board Meeting.</i>
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MOVED BY: Loren Knott, Second: Gus Enderlin
VOTE: Unanimous, **PASSED**

- ii. **Solar Heating, unit 137** - Bob Martin asked for the Boards authorization to install solar panels for water heating.

MOTION:	<i>Table this item for discussion at during the February Board meetings.</i>
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MOVED BY: Loren Knott, Second: Cathy Martin
VOTE: Unanimous, **PASSED**

- iii. **Sewage Treatment Plant –** Dick Rentz asked about provisions made in the 2003 reserve for the STP wells. Chris reported that a large portion of the allocation was to re-drill the main well to the original depth. Dick suggested that John Vidhina be contacted before this work is completed. John has a history with the property and he may be able to help.

8. Adjournment

Hearing no further business the meeting was adjourned at 2PM