

Banyan Harbor

ADOPTED Meeting Minutes
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**BANYAN HARBOR TIMESHARE
ASSOCIATION ANNUAL MEETING
FRIDAY, FEBRUARY 20, 1998
Kaua`i Marriott, Lihue, Kaua`i**

- I. **CALL TO ORDER** - The annual timeshare owners meeting was called to order at 9:18am by President James Solberg.

ROLL CALL -

Jim Solberg - President
Loren Knott - Vice President
Sharon Baker - Secretary
Bob Garcia - Treasurer
Ed Rathjen - Director

Alan Baer, Outrigger Lodging Services - Senior Vice President
Rick Ball, Outrigger Lodging Services - Director of Operations
Chris Gampon, Outrigger Lodging Services - GM Banyan Harbor
Tore Wistrom, Outrigger Lodging Services - Consultant
Stephanie Nakamatsu, Accounting Banyan Harbor, Recording Secretary

- II. **PROOF OF NOTICE/QUORUM** - Chris Gampon - Notice of meeting was mailed to owners, and posted at both entrances at Banyan Harbor on December 21, 1997. There are 542 intervals represented by proxies, 8 present, total 550. There is a quorum.

- III. **APPROVAL OF ANNUAL MINUTES** - February 22, 1997.

AMMENDMENT: Explanatory language missing from item VIII C.

MOTION: *I hereby move that the Banyan Harbor Timeshare Owner's Association direct, that the amount by which the member's assessments in the fiscal year 1997 exceed 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 1998 assessments.*

MOVED BY: Bob Garcia, second by Sharon Baker
VOTE: Unanimous, **PASSED.**

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CORRECTION: Sharon Baker had a correction to the first page of the minutes under “Roll Call”. John Regan AOA Board should be John Regan AOA owner.

MOTION: *To adopt the minutes as corrected.*

MOVED BY: Ed Rathjen, second by Bob Garcia.
VOTE: Unanimous, **PASSED.**

IV. REPORTS

A. Presidents Report

Banyan Harbor is the best-kept secret on Kauai. The board received a letter from Mr. and Mrs. Gerald Scott, who purchased their unit sight unseen, and recently had the opportunity to visit. They were favorably impressed, and noted how much nicer the property appeared than was represented by the real estate community. The President discussed the need to overcome this stigma, and to spread the word that Banyan Harbor in fact looks the best that it has since Iniki, especially with recent improvements such as the Park Beautification Project. Local businesses appeared to be improved, and nine restaurants are in the near proximity of Banyan Harbor.

The proposal from Boston Finney relating to energy deregulation is premature, and due to pending investigation of Boston Finney by the California Attorney General’s office, the board has decided not to take action on their proposal.

An unsolicited proposal for management services was received from RCI Management. The board felt it was inappropriate at this time to consider this proposal since there was no solicitation for proposals (note: As a point of clarification brought up by the owner of #110D2, the proposal for management services was unrelated to RCI’s exchange services which remain unchanged).

B. Treasurer’s Report

Bob Garcia was pleased to announce that through the efforts of OLS, there will be no increase in fees, and that the budget will allow for ongoing refurbishment of the units.

C. Director's Reports

Sharon Baker commented on how great the six refurbished units looked, and encouraged owners to take the opportunity to see them. Ed Rathjen commented on OLS' contribution to Banyan Harbor, and he is very pleased with the progress that has been made.

Loren Knott discussed the issue of transient occupancy tax legislation, and its implications to timeshare owners, which include taxing units like a hotel room. A bulletin from American Resort Development Association (ARDA) was distributed, and the names and addresses of legislative representatives were made available. Homeowners were encouraged to write the members of the Hawaiian legislature.

***ACTION:** The most recent copy of the ARDA bulletin will be included with the next newsletter, and the names of the legislative representatives will be posted on the internet so that owners can voice their concerns to the appropriate people. A suggested sample letter will also be included with the mailing of the newsletter.*

D. Manager's Report

Chris Gampon reported that the exterior painting of the buildings is now complete. The stairwells between each building have been completed in-house, and Building B & L railings will be repainted to match the rest of the property.

The park fronting Banyan Harbor has gone through vast improvements. Volunteer efforts of the homeowners, outside companies, and the Banyan Harbor Staff have made the entry, and initial impression of the property much more pleasant. The park fronting the Garden Isle Inn has gone through the same improvements.

Renovation of six units is now complete. The renovation was a floor to ceiling improvement. New tile, carpet, paint, bathrooms, and electrical improvements, together with the refurbishing of the sofa beds and love seats, make the units look fabulous.

Kauai has gone through some changes just in the last year. The Sheraton Kauai which was closed since Hurricane Iniki in 1992, reopened last November. The Holiday Inn Sunspree (formerly Kauai Resort) is scheduled to open in March of this year. Grove Farm Golf Course at Puakea (just past Kukui Grove) opened a 10-hole course. They have an expanding pro shop, driving range, and soon to open a snack bar. United Airlines has announced one nonstop flight each day to Kauai using a Boeing 757 to begin in June of this year. We welcome the added exposure Kauai will gain by the marketing, and sales of direct flights.

Hawaii is experiencing an economic low. Budget cuts are being made across the board to state facilities, and services. Task force recommendations ask for a larger role for the resort industry in promoting tourism. This may affect timeshare as it is being proposed that the Transient Occupancy Tax be implemented. Because of these issues, it is important to have owners be pro-active in support to challenge these proposals in the state plan.

E. 1998 BUDGET/1997 FINANCIAL REVIEW

The 1998 budget approved by the Board at the December 6, 1997 Board meeting projects a net operating profit of \$10,949. With a projected carry over of \$51,044 to the reserve fund combined with 1998 contributions of \$70,000 from dues, the total reserve revenues are estimated at \$121,044 available for refurbishment.

Year-end 1997 resulted in operating profits of \$16,649, and FF&E reserve funds of \$34,273.

The owner of #110D2 asked for clarification on how refurbishments are paid for, and it was explained that a portion of the dues goes to FF&E replacement. It was also stated that selection of units for refurbishment is based upon staff evaluation of those units that are in the greatest need.

Bob Garcia asked, and it was confirmed that rental owners had, and will continue to have the opportunity to take advantage of bulk purchasing of renovation items.

V. ELECTIONS

As represented by proxies and in person a quorum was formed as stated previously. Ballots and biographical sketches were sent out to all the owners.

- A. NOMINATIONS FROM THE FLOOR** - President Jim Solberg asked if there were any nominations from the board, or the floor. There were no further nominees. Robert Michna has withdrawn.

MOTION: *To accept the slate of nine nominees of owners requesting to be nominated, and placed on the ballot. Nominations were closed.*

MOVED BY: Bob Garcia, seconded by Sharon Baker.

VOTE: Unanimous, **PASSED.**

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- B. ELECTION OF INSPECTORS** - President Jim Solberg accepted three volunteers for inspectors:

Edward Madamba Unit #111G2
Beth Pickering Unit #36S1
Arnold Yudelowitz Unit #110D2

- C. INTRODUCTION OF CANDIDATES** - The candidates were Sharon Baker, Deon Carrico, Barry Freed, Loren Knott, Frank Mamat, Rueben Sanguinet, G. Alan Snodgrass, James Solberg, Lou Thorpe, (Robert Michna withdrew).

Recessed at 10:05am to cast ballots.

Reconvened at 10:53am.

- D. ELECTION RESULTS** - Jim Solberg, Loren Knott, and Sharon Baker were elected for two year terms.

VI. UNFINISHED BUSINESS

- A. MANAGEMENT CONTRACT** - The board expressed its intention to approve the extension of the OLS management agreement at its Organizational Meeting immediately following this annual meeting.
- B. AIR CONDITIONER/DRAINAGE** - This is principally an AOA issue. The condensation from the air conditioners on the rear (downhill side) will be channeled by drains. The front (uphill side) condensation problem is still being investigated, and will be reported at the next board meeting.

VII. NEW BUSINESS

- A. ROLLOVER** - Act on surplus for current year.

***MOTION:** I hereby move that the Banyan Harbor Time Share Owner's Association direct, that the amount by which the members' assessments in the fiscal year 1998 exceed 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 1999 assessments or Reserve Account.*

MOVED BY: Bob Garcia, seconded by Sharon Baker.

VOTE: Unanimous, **PASSED.**

- B. AUDIT 1997** - Board reported it will consider the two proposals for the 1997 audit at the Organizational Meeting.

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- C. **PROXY FORMAT** - The Board recommended that the Management Company maintain the same format until further notice.

ADJOURNED by President Jim Solberg at 11:01am.