

Banyan Harbor

ADOPTED MEETING MINUTES

Revision Date: 06 May 2000

Page 1 of 7 + attachment (2 pages)

**BANYAN HARBOR TIMESHARE ASSOCIATION
BOARD OF DIRECTOR'S MEETING
Friday February 11, 2000
Gaylord's at Kilohana**

The meeting was called to order by President James Solberg: 9:00 am

I. ROLL CALL

Board Members

James Solberg, *President*
Loren Knott, *Vice President*
Sharon Baker, *Secretary*
Bob Garcia, *Treasurer*
Ed Madamba, *Director*

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.*

II. PROOF OF NOTICE

Chris reported that notice was posted on January 07, 2000.

III. APPROVAL OF MINUTES

- a. **December 02, 1999** – Corrections noted as follows:
- i. Page 4, item VI-e reference to staff should note "Chris" instead of "myself".
 - ii. Page 5, item VII-a the name of the person seconding the motion was omitted. This should be added for clarity.

MOTION: *To approve the minutes of December 02, 1999 as corrected*

MOVED BY: Loren Knott, Second: Sharon Baker
VOTE: Unanimous, **PASSED**

- b. **January 31, 2000** – Teleconference

MOTION: *To approve minutes as distributed.*

MOVED BY: Loren Knott, Second: Ed Madamba
VOTE: Unanimous, **PASSED**

IV. MANAGEMENT REPORTS

- a. **President's Report** – Jim reviewed the agenda items, noting that the calendar of meetings for 2000 needed to be addressed. He will bring up the calendar later in the meeting. He also referenced the unit safe issue and advised the Board that this had taken too much time as a discussion item previously. To reduce the time spent at this meeting a report on our options was asked for and distributed for Board member review.

Jim also thanked Bob Garcia and the Banyan Harbor staff for putting together a great gathering with the AOA Board and OLS the night before.

- b. **Manager's Report** – Chris distributed an option summary for safes versus safe-deposit boxes as requested during the meeting of December 02, 2000. Chris recognized the staff's great work effort throughout the year. He noted that the staff is also working well with Ben Bregman of Timeshare Liquidators.

V. FINANCIAL REPORTS

- a. **December 1999** – Rick Ball reported on the year end results noting; the positive variance in revenues of \$14,427, and a positive net earnings as compared to budget of close to \$3,000. The year-end net earnings are \$10,917.

Rick reviewed an updated Reserve Study that reflected the forecasted expenses of the 2000 renovation program. Rick noted that after the renovation there are provisions for other items that may require replacement. Sharon Baker noted her concern regarding the life of soft goods. Rick noted that these items should last approximately 7 years once installed.

Jim asked for a motion to move the net earnings of \$10,917 into the Special Reserve Account.

MOTION: <i>That 1999 surplus revenue of \$10,917 is moved into the Special Reserve Account.</i>
--

MOVED BY: Loren Knott, Second: Sharon Baker

VOTE: Unanimous, **PASSED**

- b. **Collections** – Jim reported that he had asked Chris & Stephanie for a study on eight specific intervals in foreclosure. There has been a significant increase in the amount in arrears. The study was to identify the amount spent on legal expenses on just those eight intervals. The staff has completed the study and the amount spent came to approximately \$13,000. Jim expressed his concern that using our current collection procedures is counterproductive and is taking too much time and money.

Rick Ball reviewed the Neeley and Anderson update, which includes seven units that will be going to auction in late May or early June. Four additional units are now available for sale.

The A/R Owners Analysis shows a total aging of \$58,087. This includes accounts turned over to the attorney's for collection.

- c. **Sale of Timeshare Weeks –** Jim reported that he has had further discussions with Chris about using Timeshare Liquidators Hawaii (TLH) as an option to our current collection procedures. Chris noted the Board has indicated their interest in using TLH for collections and Ben Bregman is here to make a presentation. Chris also reported that he had encountered delays in closing on sales of the last auctioned units. He expects to sell two to four units by the end of March. Chris suggested turning over the remaining units to Ben for him to sell using a net listing agreement of \$2,500. TLH's proposal was distributed to all Board members in their binders. The presentation was turned over to Ben Bregman of TLH.

Ben Bregman reviewed his proposal. Ben noted that he has been able to bring the retail price of the units to \$6,500 and will start selling at \$7,500 starting March 01, 2000. He has three marketing booths on the island that currently generate approximately sixty tours per month. He has an average closing percentage in the mid-twenties. He also has competitive arrangements with the exchange companies. TLH is proposing to take over the collection process. TLH's attorney is Pat Childs who has handled many foreclosures on the island including a few Banyan Harbor Timeshare foreclosures. If selected, TLH will cover all legal fees for the foreclosure process. This will give TLH the incentive of closing these accounts promptly. In exchange for collection/foreclosure services TLH will sell foreclosed intervals and any profit will remain with TLH. With the Board's approval of the presentation, a full collection service proposal will be prepared. Loren Knott asked for clarification on the accounts that do settle during the collection process prior to sale. Ben confirmed that any settlement before foreclosure will be remitted to the Timeshare Association to satisfy the account balances due.

Ben requested the Board execute a reseller's acknowledgement document required by RCI. This will allow him to obtain reseller packets and other material for his sales at Banyan Harbor.

MOTION:	<i>That the President and Secretary execute the RCI Reseller's Acknowledgement.</i>
----------------	--

MOVED BY: Loren Knott, Second: Bob Garcia
VOTE: Unanimous, **PASSED**

Ben continued his presentation with his proposed amendment to the Timeshare Declaration. As discussed during the December meeting, Ben proposed an extension of the annexation date by twenty years. With his success at the property he is looking to putting additional units into the Timeshare Program. Ben is asking the Board's approval on this matter so he can continue the filing process with the State. Loren Knott advised the Board that while they support the extension the Board could not act during this meeting. This action must take place at an annual meeting. Loren added that although the affirmative vote of the majority of owners participating in the meeting is sufficient to pass the amendment, he suggests adjourning the annual meeting on February 12, 2000 to another date so all owners can be notified before action is taken. Jim Solberg asked that the text of the amendment be distributed to all interval owners with the next newsletter.

MOTION: *That the Board support the amendment to extend the annexation date as proposed by Timeshare Liquidators Hawaii and a vote be taken at an adjourned annual meeting or at a special meeting in May of 2000.*

MOVED BY: Loren Knott, Second: Bob Garcia
VOTE: Unanimous, **PASSED**

VI. UNFINISHED BUSINESS

- a. **RCI Comment Cards** – Chris reported that the comments are still good. The same issues regarding weather and location come up but in general we are receiving positive results with our comment card responses. Jim added that there are unusually few comments in the last batch of cards that came through.
- b. **2000 Refurbishing / Financing** - Jim advised the Board that there are several documents that needed to be signed to complete the loan/lease process. He and Sharon will be signing those that afternoon. Tore advised the Board that they require a resolution authorizing the President to sign on behalf of the Board. The Secretary's signature is required to sign certain documents including the acknowledgment that the resolution was made. Loren asked that other officers be included in the resolution to reduce the possibility of delays in executing documents due to an individual's schedule.

MOTION: *To approve the resolution in the form submitted by the Bank of Hawaii (SEE ATTACHMENT)*

MOVED BY: Bob Garcia, Second: Ed Madamba
VOTE: Unanimous, **PASSED**

- c. **Unit Safes** – Chris provided the Board members with an analysis of safe purchase or lease options, and safe deposit box purchase. Chris and his staff do not recommend the safe deposit boxes since there is no “good” place to locate them at the front office. Jim feels that purchasing the safes is not a good idea at this time. He is also against charging for the use of the safe if it is on a lease. Loren feels that there is a need for safes so liability can be reduced.

MOTION: *Unit safes be purchased and placed in each timeshare unit.*

MOVED BY: Loren Knott, Second: None

VOTE: None

MOTION: *Acquire in-room safes on a per occupied night lease option; only charge occupants that want to use it; have a strong message on key replacement; and have a waiver of liability for people who do not utilize the safes.*

MOVED BY: Sharon Baker, Second: Ed Madamba

VOTE: In Favor: Jim Solberg, Sharon Baker, Bob Garcia, Ed Madamba

Against: Loren Knott

PASSED

- d. **Mattress / Hide-a-bed** – Chris reported that all of the spring hide-a-bed mattresses were replaced with the high-density foam mattress that were approved for purchase in December. Chris asked the Board’s approval to sell or give away the old mattresses. Jim asked that any employee who wants one should be given one.

MOTION: *Any furniture removed from the timeshare units for replacement be sold or given to employees and the funds used for employee functions.*

MOVED BY: Bob Garcia, Second: Sharon Baker

VOTE: Unanimous, **PASSED**

- e. **Rental Promotion** – Tore reported on the subsidies provided to the Rental Program. The funds came to approximately \$7,700 in savings to the Rental Program for services provided by Timeshare. The Timeshare Board indicated their desire to have the funds saved used for promoting the Rental Program. That program is now in place. A matching grant opportunity is available to new rental participants. While the fund lasts, new participants can receive up to \$1,000 in matching funds when they improve their unit to an “A” status. There is also an opportunity for people in the program with “C” graded units to recover up to \$500 on the same basis.

VII. NEW BUSINESS

- a. **Annual Meeting, February 12, 2000** – Chris reported that during the annual meeting the standard procedures and protocol should be used. The only additional item during the meeting will be the issues that will be voted on in the AOA meeting. These items will be the hydrotherapy spa and pool heater. Based on the Timeshare Association's fourth amendment, these items must be voted on based on a per unit majority of intervals responding.

MOTION: *That the President vote at the AOA meeting in accordance with unit owner preferences. If there is a tie in an individual unit, that unit is voted based on the majority of all timeshare units.*

MOVED BY: Loren Knott, Second: Bob Garcia
VOTE: Unanimous, **PASSED**

- b. **Officers Duties** – Jim reported that Bob Garcia had asked for clarification on Board Officer's duties. *Jim asked that a full set of documents be provided to the Board members. The Timeshare documents outline the duties of Board Officers.* Jim turned over the duty of reviewing legal invoices to Bob Garcia as Treasurer.

- c. **Meeting Dates** – Jim reported that Sharon Baker had a problem with the May 06th and September 15th of 2000 meetings. Jim suggested that Sharon be available by phone for the meetings she cannot attend. Sharon will not be available during the May meeting but will be available on September 15, 2000.

Loren recommended that the 2001 annual meeting be set. *The date of February 24, 2001 tentatively scheduled for the annual meeting.*

- d. **Travel Expenses (OLS)** – Jim reported that a request was submitted by OLS asking for reimbursement of travel expenses. They are asking a cap of up to \$3,000 total per year. Loren asked if there is a need for two people to attend the majority of meetings held. Loren feels there is only a need for one person from OLS' corporate office at Board meetings. Rick agreed that one person is sufficient on most occasions. Jim felt that during annual meeting there should be someone from financial end of OLS as well.

MOTION: *To approve the reimbursement up to \$3,000 with the understanding that unless there is an extraordinary need only one person from OLS attend the meeting.*

MOVED BY: Loren Knott, Second: Bob Garcia
VOTE: Unanimous, **PASSED**

e. **Management Agreement** –

MOTION: *That the Board ratify the extension of the management agreement.*

MOVED BY: Loren Knott, Second: Sharon Baker

VOTE: Unanimous, **PASSED**

f. **Trading Places** – Loren reported that for some reason Trading Places no longer has access to our RCI transaction information. Nancy Benson of Trading Places Maui has asked that they again have access to this information. Chris noted that we haven't done anything to restrict access via RCI Resort Link. Chris is aware that the Resort Link program was upgraded to a 2000 version and this may have caused a incompatibility of software.

MOTION: *Trading Places continue to have access to RCI Resort Link for Banyan Harbor.*

MOVED BY: Loren Knott, Second: Bob Garcia

VOTE: Unanimous, **PASSED**

g. **Poolside cocktail party** – Loren asked for an update on the poolside cocktail party that was proposed by Ben Bregman during the December meeting. Chris reported that due to insurance costs, that idea was put on hold indefinitely.

MOTION: *To adjourn to executive session.*

MOVED BY: Loren Knott, Second by: Sharon Baker

VOTE: Unanimous, **PASSED**

- *The meeting was adjourned to executive session at 11:10am*
- *The meeting was reconvened at 11:20am*

As a result of the executive session Chris was instructed to obtain and have approved a written agreement with Ben Bregman before any accounts are assigned to his firm for collections.

VIII. ADJOURNMENT

The meeting was adjourned at 11:21am