

**BANYAN HARBOR TIMESHARE ASSOCIATION
BOARD OF DIRECTOR'S MEETING
Thursday, November 30, 2000, 9:00 a.m.
Banyan Harbor, UNIT A1**

The meeting was called to order by President James Solberg @ 9:02 a.m.

1. ROLL CALL

Board Members

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

Outrigger Lodging Service

Alan Baer, Sr. Vice President, Outrigger Lodging Services
Chris Gampon, General Manager, Banyan Harbor
Tore Wistrom, Principal, Resort Consultant, Inc.

Donna Chu, Recording Secretary

Owners / Others

Ben Bregman, Timeshare Liquidators Hawaii
Gus and Gail Enderlin, Timeshare Owner, Unit 114
Linda Garcia, Timeshare Owner, Unit 78/79
Cathy Martin, AOA Owner, Unit 137
Bonnie Solberg

2. PROOF OF NOTICE

Chris Gampon reported that notice was posted on November 14, 2000.

3. APPROVAL OF MEETING MINUTES

- a. **Board Meeting, September 15, 2000** - Corrections were noted as follows: (*corrections noted after ***)
- page 2, President's Report - units are well attended to ** are well maintained
 - page 2, Financial Reports (July 2000 Financial) – rates & penalties ** rates and energy adjustment.
 - page 2, 3rd paragraph, lease has to be paid in full ** lease cannot be paid off early
 - page 3, Collection, in closing ** in collecting
 - page 3, Motion, by credit **by credit card
 - page 5, Developer Agreement, payment consideration **payment letter
 - page 6, Cable TV, Boars **Board's

MOTION: *To approve the minutes as corrected*

MOVED BY: Ed Madamba, Second: Loren Knot

VOTED: For: Jim Solberg, Loren Knott, Bob Garcia, Ed Madamba

Against: None

Abstain: Sharon Baker

4. MANAGEMENT REPORTS

- a. President's Report - President Solberg had nothing new to report. He stated that property continues to look good. He stated that he was disappointed in September RCI evaluations and questioned if there were merits to the complaints received. Chris reported there was some merit to the complaints. All of the negative responses were investigated. Most problems have to do with the nature of the trade and our ability to accommodate special needs.

President Solberg also wanted to write a letter to the interval owners addressing the options available for paying (credit card payments). He also extended to the staff his compliments for a job well done.

- b. Manager's Report - Chris Gampon reported that since the September meeting there wasn't a great deal to report on. The staff continues to work well.

5. FINANCIAL REPORTS

- a. **October 2000 Financial** - Alan Baer reported that the October financial statement shows year-to-date revenues in excess of budget. All expenses are in line and the surplus forecasted is right on line.

Loren Knott asked about the help wanted ads. He feels that retaining staff is critical. Chris reported that the ad was due to a relocation of a staff member into a newly created position in accounting. The ad placement was to look for a replacement for the position left vacant. Loren also asked about donations to different charities. Jim Solberg asked that a list of donations be provided for review. Loren feels that all donations should be approved by the Association.

Ben Bregman advised the Board that, on behalf of the Timeshare Association, his company would donate up to \$500 annually to a charity of Board's choice. Ben will work that into his budget for the beginning of each year.

Bob Garcia asked for information on the employee assistance program. Chris reported that this service is available to all staff members to assist with any difficulties that may be experienced at work or in their personal lives. The Board commended Outrigger Lodging Services for making that available.

- b. **Collection** - President Solberg noted that he appreciated the A/R Analysis that was provided with the collection reports. Chris stated that Ann Anderson has made

some progress and that a judicial foreclosure process is underway on some of these accounts. There has been focus on the accounts remaining with Anne. Chris feels this is probably a result of her not getting any new workload from us.

Loren Knott indicated that #119 Z-1 Hall-Ogunniyi should be transferred to Pat Childs if he can pursue a non-judicial foreclosure. Ben indicated that they would review the file at no cost to the Board. Loren also asked that #126 U-2 Kalinowski be moved transferred to Ben for collection.

Chris reported that collections with Ben Bregman's service have been complicated by the fact that the service is provided at no charge to the Association. Chris has run across people who try to get around paying legal fees due to Ben's agency. The problem we see is that, at this time, no posting is made to the owners account for legal fees. If during the collection effort, an owner pays their maintenance fees, we cannot determine if they owe any legal fee to Ben's legal office. Should a unit be sold at that point, there will be nothing for us to report when a maintenance fee demand is made by an escrow company. We will be investigating ways to post the fees and not have them adversely affect our receivables balance.

Loren asked if we could check with the lock box service to see if we can stop them from accepting checks from owners who we have sent for collection. Ben suggested that once the fees are posted onto the owners account, we will have a mechanism to collect them. He suggests testing this mode of operation first before altering the lock box services. Loren agreed with Ben.

MOTION: *To approved proposed collection procedures as state above.*

MOVED BY: Robert Garcia, Second: Ed Madamba

VOTED: Unanimous, **PASSED**

Loren Knott asked about the tracking of bankruptcies. Chris reported that Kearn will be tracking those and check in to see if we can submit a claim as a creditor. Loren is concerned about bankruptcies because of a case at Maui Hill that has gone on for more than 5 years. Chris noted that there is a new law in HRS 514A that allows the Association to file a lien of up to \$1,800 against an account. That money would be collected from the successful purchaser of the bankrupt unit if it is sold. Chris was not clear as to whether this is effective in timeshare bankruptcies. Ben indicated that this rule does apply to Timeshare. Ben feels that he can proceed with foreclosure even through a bankruptcy. *Ben will get an opinion on this matter.*

- c. **Sale of Timeshare Weeks –** Ben Bregman reported that he made progress with all of the accounts assigned to him for collection. Chris and Kearn Sukisaki have worked together with Nancy Bregman to streamline this process. The majority of them have already settled. There was an auction November 01, 2000 with 12 intervals closed. The units foreclosed on should be all sold and closed by March which, is in the 90 window he had specified. Ben has 15 units remaining in unit #22. Ben will be out of inventory in unit #22 by mid-January and will turn the unit over by February 01, 2001.

6. UNFINISHED BUSINESS

- a. **RCI Comment Cards** - Chris reported that there were a few remarks that were unfavorable to property. He tried to remedy the situations where ever possible. October comments are better. He stated that Ginger and the entire Front Office Staff and Maintenance staff always get high marks.
- b. **Unit Safe** - Chris reported that safes have not been delivered. The safes that were reported as being available for installation did not come through. Elsafe/Saflok has indicated that he will have new stock soon. If Elsafe/Saflok is not able to provide the safes, we'll have to look for other vendors.
- c. **Air Conditioner Covers** - Chris reported he received one (1) cover and it was installed. It took a long time to get it in. Chris reported that the sleeve/cover does work for Quasar units but we could not find similar solutions for other brands. Maintenance will evaluate the life of the cover versus the life of the internal parts. He further noted that this was such an unusual order that it took an extremely long time to receive the goods.
- d. **Cable TV- In Room** - Chris reported that after his investigation of the proposed system, he does not recommend that equipment. The system would run on a compact disk making the information static and not allowing for insertion of any material not predefined during the production process. The proposal to the Association would have their advertisements spliced between commercial ads. Chris believes that the ads would include direct numbers for four vendors. This would circumvent our commitment to the activity desk operation.
- e. **Other Unfinished Business -**
 - a. **Meeting Dates** - There was discussion about September 15, 2001 meeting date in California vs. September 13, 2001 meeting date in Hawaii. It was decided that the Board Meeting will be on September 13, 2001 in Hawaii at Banyan Harbor at 9:00 a.m. Meeting date were confirmed as follows:

DATE	TYPE	LOCATION	TIME
Friday February 23, 2001	Board Meeting	(Banyan Harbor)	9:00 am
Saturday February 24, 2001	Annual Meeting	(Kauai Marriott)	9:00 am
Thursday May 31, 2001	Board Meeting	(Banyan Harbor)	9:00 am
Thursday, September 13, 2001	Board Meeting	(Banyan Harbor)	9:00 am
Thursday November 29, 2001	Board Meeting	(Banyan Harbor)	9:00 am

7. NEW BUSINESS

- a. **Budget 2001** - Chris distributed a newly revised budget packet to all Board members. This revision includes adjustments for an anticipated insurance premiums increase as is currently being experienced.

Alan Baer reported that rates for insurance (nationally) are going up. Alan noted that the letter that accompanied the original budget was accurate except where insurance was concerned. He noted that the increases in several geographic areas have been dramatic. The renewal date for our current policy has been extended for the purpose of negotiating rates better than the premiums applied as of October 2000. Loren Knott asked what the percentage of increase in premium was starting October 2000. Chris reported that the overall (combined w/AOAO) increase was more than 100% and as to timeshares portion was along this line. Alan feels the insurance market will be tough for the next year or two.

Alan reported that the budget proposed for approval shows a deficit of \$12,005. This is done with the expectation that we will have a surplus in 2000 of at least \$10,000. There is also an anticipated reduction in the renegotiated insurance premium. We are forecasting that, together, these factors will offset the forecasted deficit bringing the 2001 year-end balance to zero.

Loren Knott voiced his concern that the salaries offered to the employees are in line and competitive. Chris reported that the salaries are in line and we have had very little turn over, even with casual staff. President Solberg commented on continuity and assurances in taking care of Banyan Harbor employees' salaries.

There was discussion regarding legal fees for foreclosures. The Board is concerned that Neeley and Anderson accounts are taking too long to be closed. Chris reported that the accounts held by Anne Anderson have taken a long time but there has been progress made as of late. Loren Knott requested that the accounts listed on Anne Anderson's update as numbers 4 to 7 and number 12 be transferred to Pat Childs if he could close these sooner.

MOTION: *To approve the budget as presented*

MOVED BY: Sharon Baker, Second: Ed Madamba

DISCUSSION: Loren Knott voiced his opposition to passing a deficit budget. He will vote for this budget based on the forecasted savings via the 2000 year-end surplus and renegotiated insurance premiums balancing the budget before year-end 2001. Otherwise it is his policy not to vote for a deficit budget.

VOTE: Unanimous, **PASSED**

b. **Other New Business** -

- a. **Notice of Annual Meeting** - Chris Gampon distributed a copy of the Banyan Harbor Timeshare Association Notice of Annual Association Meeting flyer to the Board. Notice is already posted on the property bulletin board and it will be sent via mail early next week. Chris also noted that all interval owners will receive notification of the AOA meeting to be held on the same day.

8. ADJOURNMENT

Meeting adjourned @ 10:38 a.m. by President Solberg.