

# BANYAN HARBOR

ADOPTED MEETING MINUTES  
REVISION DATE: 29 November 2002  
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**BANYAN HARBOR TIMESHARE ASSOCIATION  
BOARD MEETING - Teleconference  
THURSDAY, September 13, 2001 - 7:30am  
BANYAN HARBOR, Unit L145**

**1. Roll Call**

The meeting was called to order at 7:35am

**Board Members**

**Present in Person**

Jim Solberg, President  
Bob Garcia, Treasurer

**Present by Phone**

Loren Knott, Vice President  
Sharon Baker, Secretary

**Absent**

Ed Madamba, Director

**Note:**

**Issues voted and noted as passing  
unanimously reflect Board members  
in attendance and do not include  
votes from Director Ed Madamba.**

**Outrigger Lodging Services**

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

**Others in attendance**

Linda Garcia (Owner), Bonnie Solberg (Owner), Ben Bregman (Owner/Developer)

**2. Proof of Notice**

Chris reported that notice was posted on August 10, 2001.

**3. Approval of Meeting Minutes**

- a. **Board Meeting, May 31, 2001** – Several corrections were noted.

Hearing no further corrections or objections, President Solberg accepted the minutes as corrected.

**4. Management Reports**

- a. **President's Report** – President Solberg reported that everything is going well. We now have time to focus on the small things. There is a common thread in the quality of the people who represent the timeshare.

He added that there are some areas, such as pest control, that should be improved. Chris reported that there is a plan to increase the frequency of the interior pest control services.

- b. **Management Report** – Staff working well together as always. Comments reflect high praise for Front Desk and Maintenance. We will not be able to keep the Resort of International Distinction Award due to no change in some of the scores required to maintain that status.

## 5. Financial Reports

- a. **July 2001 Financial** – Rick reviewed the report for the period ending July 31, 2001. He noted that total revenues are favorable to budget, Other operating expenses are favorable due in part to savings on insurance. Utility costs remain high. An adjustment to reflect our current expenses will be made for 2002.

Rick reviewed the reserve study, noting that only a few changes were made since the meeting in May. Adjustments to reflect actual expenses were incorporated. Rick also has reflected the loan pay-down in the year 2006 which would be the last year of the loan schedule. Rick confirmed that the methodology used for collection and spending of reserve funds is in line with the Hawaii Revised Statutes.

- b. **Collections** – Chris reported on the new report format. Per the Board's request for more detailed information, Chris wrote a program that will track all collection cases and report on them with both account balances and chronological notes. The reports were reviewed along with Neeley and Anderson updates and Timeshare Liquidator updates.
- c. **Foreclosure Cost** – Jim and Bob had questions related to status report notes from Anne Anderson. Loren Knott was able to answer some of the inquiries by referring to previous status reports. Other questions such as publication costs will need further clarification.
- d. **Sale of Timeshare Weeks** – Ben Bregman reported that he has sold all of the Timeshare weeks turned over to him by the Association. Ben is sold out of intervals for unit E57 and has sold more than half of the intervals available in unit E58. Unit E57 will be added to the timeshare inventory on October 01, 2001. Ben's goal is to add at least three (3) units per year to the timeshare program.
- e. **Paying Down Loan** – Tore reported that this issue was discussed in February for review in May but was overlooked. The Board was to evaluate the actual operational expenses and determine if the surplus of \$15,658 was to be left in the operating account or moved to the reserve account for pay-down of the renovation loan.

<b>MOTION:</b>	<b><i>To apply the 2000 operating surplus of \$15,658 toward the renovation loan.</i></b>
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**MOVED BY:** Loren Knott, Second: Bob Garcia

**DISCUSSION:** Tore reminded the Board that the interest rate for the loan is tied to the prime lending rate. We have seen a reduction of 2% in interest since the loan originated. If this trend continues, the loan may be paid off by 2004, two years ahead of schedule.

**VOTE:** Bob Garcia: Yes, Loren Knott: Yes, Sharon Baker: Yes,  
James Solberg: Yes, Ed Madamba: Absent

**PASSED**

## 6. Unfinished Business

- a. **RCI Comment Cards** – Jim reported that he noted a wide range of scores from 5 to 1. He further noted that now that we have come so far, our Housekeeping staff would have to work on the details.

Chris again reported that after his meeting with RCI's regional representative, he was made aware that it is very unlikely that the Banyan Harbor will be able to keep the Resort of International Distinction (RID) designation. He noted that both he and Ben Bregman have noticed many of the negative comments coming from owners from resorts that hold a Gold Crown status. Chris believes the focus on the resort has changed due to its RID designation. There is a higher expectation and greater scrutiny. Chris added that RCI's representative commented positively on the effort we make throughout the year to maintain the unit interiors.

- b. **TCT Numbers** – Tore reported that he obtained records from Sharon Baker to get an indication of the title companies used. He found that Title Guarantee and First Hawaii Title completed her recordations. Tore contacted both companies to get a feel for their outlook on the situation. Thus far, only Title Guarantee has taken an active role in resolving the issue. Title Guarantee is looking into the possibility of filing a single document that would ask the Hawaii Land Court Registrar to issue new TCT numbers to all of the effected intervals from a single document. The Land Court would then look at that document each time a Banyan Harbor interval is sold and reference the appropriate numbers. Chris reported that he had met with the Registrar in Honolulu when this issue first came up and asked for a similar solution. At that time, the idea was rejected due to Land Court's requirement that all documents be signed by the interval owner for proper notification. Chris noted that it is possible that without other clear alternatives to solving this problem, it may be possible Land Court has adjusted their notification requirements.
- c. **Coupon Books / Newsletters** – Chris reported that the financial impact of the both coupon books and statements is about the same. The significant difference is the work load to process one or the other. The coupon books require tremendous coordination and an all out, one-time, effort. In contrast the statements would require a tight, time lined, intermediate effort four times throughout the year. Jim Solberg feels it would be a mistake to change the billing format at this time. Loren added that he prefers the billing statement to the coupon system.

<b>MOTION:</b>	<b><i>To stay with the coupon book system.</i></b>
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**MOVED BY:** Sharon Baker, Second: Bob Garcia  
**VOTE:** Bob Garcia: Yes, Loren Knott: No, Sharon Baker: Yes,  
James Solberg: Yes, Ed Madamba: Absent

**PASSED**

- d. **Energy Wise Cards** – Chris reported that in response to high energy costs, he has put together a bookmark sized card that will be used to ask the guests to conserve energy by turning off electrical devices when they are not in the unit.

- e. **Replacement of Washers/Dryers** – Chris reported that this issue was brought up by Loren Knott in a previous meeting. The idea at the time was to see if the replacement of the clothes washers and dryers could be accelerated. Chris reported that the Maintenance Staff is now replacing washer or dryers that would previously be repaired. Chris has not replaced any units that are operating properly. Tore added that with the age of the dryers it is a good idea to actively replace the units. Rick commented that the new units are more energy efficient and that the dryers dry better than the old units. Jim agreed that, especially for the dryers, it is a good idea to make replacements instead of repairs. He is not sure that the reserve account can support a replacement program of all of the older units. Rick reported that this would be looked at each time the reserve study is updated.
- f. **Improve Initially Renovated Units** – Chris reported that maintenance is working on the cabinets and telephone connections and is planning to have these items installed during the next interval cleaning in October. The windows will not be changed from wood to glass louvers until we have a suitable roman shade that can be installed to block the light.
- Jim asked about the toe kicks for the cabinets that were installed during the last renovation. Chris reported that Drake has been working with LMR construction to have them come in and finish that work. It has been difficult getting time coordinated. Chris will have Drake try to accelerate that work
- g. **Other Unfinished Business** – Jim Solberg asked if there was any other unfinished business to be brought before the Board. Hearing none, he moved to new business.

## 7. New Business

- a. **Allocation of Expenses for 2002** – Tore reviewed the proposed allocations for 2002. He noted that changes to the occupancy percentage and electrical costs were most significant. Sharon Baker asked for information on the subsidies provided to rental. Tore reported that the proposed allocation has reduced the subsidies. He reviewed the recommended changes to the recovery for service and supplies from rental.

Loren reported that during the AOA Board meeting held on September 12, 2001 he asked that Board to consider reducing the proposed electrical payments from Timeshare and Rental. The numbers factored into the allocation proposal did not consider a possible rebate from Kauai Electric for the future installation of a solar heating system. The AOA agreed to look at this again if they do receive a credit from Kauai Electric.

<b>MOTION:</b>	<b><i>To approve the proposed allocations and to revisit the electrical charges if there is a credit to AOA for the solar heating system.</i></b>
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**MOVED BY:** Loren Knott, Second: Bob Garcia  
**VOTE:** Unanimous, **PASSED**

- b. **General Excise Tax** – Jim reported that the State Auditor notified Chris that he believes the Timeshare Association should be paying 4% General Excise Tax on the maintenance fees collected. Chris reported that he discussed this with the Auditor during the initial audit session. Chris disputed the requirement to pay the tax noting that it is not a requirement of the Hawaii Revised Statutes and that the statutes do list exemptions to the tax for non-profit organizations. Jim asked the other Board members for their opinions on this matter. Loren Knott reported that he is aware that some timeshare associations are paying the tax and added that Chris is correct that the statutes clearly exempt non-profit organizations. Loren added that the statute of limitations for collection of G.E. taxes is 3-years. Jim is concerned that if it is found that the timeshare association is liable for the tax, this expense will have to be passed on to the owners. Jim would like this monitored so that information can be passed on to the owners if the tax must be paid. The Board decided it was premature to notify the owners at this time. As soon as the auditor sends his report, a decision will be made.
- c. **Budget 2002** – Per the previous topic, Jim instructed OLS to prepare the 2002 budget without a line item for this tax. Bob added that if the tax issue does become a factor and impacts the maintenance fees, it must be clearly defined to the owners.
- d. **Other New Business** – Other business discussed as follows
- i. **Auditors Report 2000** – Rick reviewed the 2000 Auditor's Report.

<b>MOTION:</b>	<b><i>To accept the 2000 auditors report.</i></b>
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**MOVED BY:** Bob Garcia, Second: Loren Knott  
**VOTE:** Bob Garcia: Yes, Loren Knott: Yes, Sharon Baker: Abstain,  
James Solberg: Yes, Ed Madamba: Absent

**PASSED**

- ii. **Staff Incentives** – Ben Bregman reported that he continues to offer travel and lodging to the staff as a thank you for helping him. Ginger, Front Desk Supervisor, is currently on vacation in Connecticut. Luci, also at FD will be going to Arizona and the East Coast, and Heather will be visiting her in-laws later this year. Chris added that Stephanie recently returned from a trip to the west coast. Chris thanked Ben for his generosity. Chris added that this type of incentive program is unprecedented.
- iii. **Storage Closets** – Bob reported that the AOA Board is considering charging for the use of the breezeway closets. Chris reported that during the AOA meeting, he responded that if the timeshare were charged for this space, it would be management's recommendation to pull the inventory from the closets and find alternative storage. Tore noted that there are services that the timeshare provides at no cost to the AOA that must be considered by the AOA if it decides to charge for the space. Sharon added that the Timeshare Board should be prepared with estimated costs of the services currently provided gratis. Jim will rebut the charges if they are presented to Timeshare.

- iv. **Combination Locks** – Jim asked how did we decide on changing from the key lock to the combination lock for the pool gates. Chris reported that this was an ADA upgrade. He also noted that the key blanks for the old lock were expensive, \$4 each, and at least 100 blanks were required annually.
- v. **Derelict Cars** - Jim asked what was being done about the old cars on property. Chris reported that the Security regularly patrols the property looking for cars that do not meet the House Rule requirements. Cars that are off-property are in the jurisdiction of the County of Kauai. Chris recently had Drake, Maintenance Supervisor, report the parked cars not being used outside the property as abandoned.
- vi. **Newsletters** – Linda Garcia asked, on behalf of Bonnie Solberg, if the newsletters will be sent out. Bonnie feels it is a very important means of communication. Chris reported that there was a newsletter due out at the end of summer, but he was unable to produce it due to internal scheduling difficulties at that time.
- vii. **Telephone Costs** – Linda Garcia reported, on behalf of Bonnie Solberg, that she was concerned about the telephone charges related to recent tragedies. Chris reported that the AOA owns the phone system; and Timeshare does not pay a surcharge for local or toll-free numbers. Chris will have the FD look at the guests charges and authorize them to adjust local and toll-free surcharges, for rental guests, related to rescheduling air travel due to the shut down of the airports. Loren noted, as an AOA Board member that he believes the AOA Board would not be averse to this action based on the circumstances.

## 8. **Adjournment**

The meeting was adjourned at 10:15 am