

**BANYAN HARBOR TIMESHARE ASSOCIATION  
BOARD MEETING  
Thursday, November 29, 2001  
BANYAN HARBOR – Unit A1**

**1. Roll Call**

President Solberg called the meeting to order at 8:00am

**Board Members**

Jim Solberg, President  
Bob Garcia, Treasurer  
Ed Madamba, Director

Loren Knott, Vice President  
Sharon Baker, Secretary

**Outrigger Lodging Services**

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

**Also in Attendance**

Ben Bregman, Timeshare Liquidators Hawaii, Timeshare Developer

**2. Proof of Notice**

Chris reported that notice was posted on November 09, 2001

**3. Approval of Meeting Minutes**

- a. **Board Meeting, September 13, 2001** – Several corrections were noted.

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

**4. Management Reports**

- a. **Presidents Report** – President Solberg commented that the Board is facing problems, to be addressed today, that will required the finest statesmanship. He reported it is the responsibility of the Board to address these issues and come to a conclusion that best serves the owners.
- b. **Manager's Report** – Chris reported that the staff continues to work well together. He noted that great strides were made as reflected in the RCI comment cards. The good news is that the operations continue to run smooth.

**5. Financial Reports**

- a. **October 2001 Financial** – Rick Ball reported that with the addition of another unit to the timeshare program, revenues exceed budget in October. Expenses were up about the same amount. The net earnings are right at budget forecasts. During October the annual employee bonus previously approved by the Board is reflected. Half of the total amount was posted. The other half will be posted in November.

Loren asked if utilities are going down. Chris reported that the kilowatt per hour charge has not changed and the energy adjustments continue to be very high. Bob Garcia noted that he hopes the sample timers on the air-conditioners will help save money. Chris reported that he had the electric company perform a survey to identify areas of possible savings.

- b. **Collection** – Chris reported that the Board was provided a printed update of all of the accounts now under collection. He recapped specific accounts being handled by Anne Anderson and her firm. Chris also summarized accounts being handled by Timeshare Liquidators as well as those with mortgages or in bankruptcy. A full chronological detailed update was provided to Bob Garcia for his review. Loren reported that he was happy that this report showed progress.

Ben Bregman reported on accounts that are assigned to Timeshare Liquidators. Ben praised the work between his office and the Banyan Harbor accounting staff.

- c. **Sale of T.S. Weeks** – Ben reported on the sale of new timeshare intervals. Because of the September 11<sup>th</sup> attacks, sales have slowed down. He expects to have unit 58 into the timeshare program by the second quarter of 2002.
- d. **Reserve Study** – Rick reviewed the most current update of the reserve study.

## 6. Unfinished Business

- a. **RCI Comment Cards** – Chris reported that the comment scores have increased and reflect a significant change for the better. Although many of our current scores meet Gold Crown standards, our twelve-month average has kept us from retaining our Resort of International Distinction status. Chris reported that RCI has notified him that the status of the property will change for 2002. Because of a more reasonable expectation of the property, Chris feels that the removal of the RID standing will help overall scores.

Ben Bregman gave accolades to Chris for his efforts to bring the scores higher. Ben recommended that the Board join TUG, the Timeshare Users Group. Ben reported that the comments in that group are also significantly better than in the past.

- b. **TCT Numbers** – Tore reported that there is not much new at this time. Through Title Guaranty, Tore is working with the State Registrar at the Bureau of Conveyances to work on an arrangement that will have the Bureau issue new TCT's as timeshare intervals are sold, foregoing the petition process.

Jim reported the he has received requests for help that show concern about the TCT issue. Chris noted that once the owner newsletter went out, many calls came in to the accounting office. Kearn, our owner accounting representative, informed owners of the requirements related to TCT recording.

- c. **Replacement of Washers & Dryers** – Tore reported that this is on the agenda because the Board asked to see an acceleration of the replacement. Chris reported that if either a washer or dryer breaks down, and both are older units, he has instructed maintenance to replace both instead of only the broken unit. Chris reported that maintenance has been successful in keeping the old units working

- d. **Improve Initially Renovated Units** – Chris reported that the initially renovated units did not receive the entire treatment given to the units renovated later in the program. Window treatments, and cabinets are still to be changed. Chris reported that the window treatments are taken lower priority because the project consists of changing the wooden louvers to glass and also will require additional draperies. Chris has looked into alternative draperies in Honolulu but no decision has been made on styles yet.
- e. **General Excise Tax** – Jim reported that the current numbers provided by the State and those owed for 2000 and 2001 will put the amount owed for taxes and penalties at a much higher total than originally expected. The State auditor has indicated that our arguments toward exemption status do not apply to timeshare associations. Current numbers indicate that the amount due will be in excess of \$160,000. The question that needs to be addressed is how to collect the amount due and how to pay for the taxes going forward. There is some indication that the State may be agreeable to taking payment over a 2-year period based on our ability to pay. Rick reported on two documents passed out during the meeting; a sample letter to owners to communicate the need for a special assessments; and a worksheet illustrating possible scenarios for collection.

Tore indicated that, with the Board's direction, he and Chris could address the Association's position with the State and try to reduce the amount due to as little as possible.

Chris reported that if the assessments are disputed and the process reaches the Tax Court, before hearing the case, the tax assessed must be paid. Because no funds have been collected, this is not an option for the Timeshare Association. Chris noted that there is a mediation process but if the Timeshare Board recognizes the assessments, there is no need for this step. Working on payment plans can be done with the tax collector on-island.

Loren reported that based on his knowledge of past disputes, the court system would not side with the Timeshare Association on this matter.

Based on the discussion, Jim indicated that the direction of the Board should be to authorize Chris and Tore to proceed with the State tax agency to reduce the assessment as far as possible and to then work out an arrangement to pay the assessment over time. The Board agreed.

Discussion ensued regarding the best way to present and collect the assessment to the timeshare owners. Sharon Baker suggested scheduling a teleconference, once the State's final assessment is known. The Board agreed that for future assessments, the payment coupons should identify the amount of the tax obligation separate from the maintenance fees.

<b>MOTION:</b>	<b><i>Instruct management to go forward with negotiations with the State to reduce the liability of the Association and to arrange for payment over time.</i></b>
----------------	---

**MOVED BY:** Sharon Baker, Second: Ed Madamba  
**VOTE:** Unanimous, **PASSED**

- f. **Other Unfinished Business** – Other business was discussed as follows
  - i. **Security Uniforms** – Bob reported that the new Security shirts and jackets are very nice. The yellow jacket makes the security guards more visible when they patrolling the property.

## 7. New Business

- a. **Budget 2002** – Rick reviewed the proposed 2002 budget revenues and expenses. Rick highlighted significant variances from 2001's budget/current experience. Insurance, utility expenses, and the collection of the general excise tax comprise the majority of the expense increase. Rick also noted that the additional timeshare units are reflected in the revenue forecasts. Loren expressed his favor toward the proposed budget. Loren noted that with the tax collection in mind, the proposed budget is very fiscally responsible.

<b>MOTION:</b>	<b><i>To accept the budget for 2002 as presented</i></b>
----------------	--

**MOVED BY:** Sharon Baker, Second: Loren Knott  
**VOTE:** Loren Knott: Yes, Sharon Baker: Yes, Bob Garcia: Yes  
Ed Madamba: Yes, Jim Solberg: Yes  
**PASSED**

- b. **Other New Business** –
  - i. Energy saving timers – Chris reported that the timers for air-conditioners were installed into 5 units. No data are available at this time. Chris was asked to give an update on timers during the next Board meeting
  - ii. Hearing no other new business the meeting was adjourned.

ADJOURNED: 10:40am