

**BANYAN HARBOR TIMESHARE ASSOCIATION  
BOARD MEETING  
Friday February 22, 2002  
BANYAN HARBOR – Unit A1**

**1. Roll Call**

President Solberg called the meeting to order at 9:00am

**Board Members present**

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

Loren Knott, Vice President

**Board Members Absent**

Sharon Baker

<p><b>Note:</b> Issues voted and noted as passing unanimously reflect Board members in attendance and do not include votes from Director Sharon Baker</p>
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**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; Richard Reis, Timeshare Owner, AOA BOD;  
Linda Garcia, Timeshare Owner; Stephanie Gonos, Timeshare Owner; Richard Rentz,  
Timeshare Owner, AOA BOD; Gus Enderlin, AOA BOD.

**2. Proof of Notice**

Chris reported that notice was posted on January 11, 2002

**3. Approval of Meeting Minutes**

- a. **Board Meeting, November 29, 2001** – President Solberg asked for any corrections to the minutes. Hearing none, the minutes were approved as distributed.
- b. **Special Board Meeting, January 24, 2002** - President Solberg asked for any corrections to the minutes. Hearing none, the minutes were approved as distributed.

**4. Management Reports**

- a. **President's Report** – Jim commended the staff for the continued fine work. He reported that although the assessment to pay for the back taxes was approved at \$110 per interval, he has since concluded that this was unfair to new owners. He would like to discuss this further during this meeting.

Jim added that because the required assessment is more than 5% over the operating budget, a vote to ratify the collection would be required during the homeowners meeting to be held on February 23, 2002.

- b. **Manager's Report** – Chris reported that the staff continues to work well together. Chris added that the processing of the annual meeting notices and proxies went smoothly. As in the past, several owners complained about no return envelopes when the proxies were mailed. In the future Chris will include return envelopes.

Chris expressed a heartfelt Mahalo on behalf of the staff. He noted that everyone was very grateful for the bonuses that were distributed during the December appreciation party.

## 5. Financial Reports

- a. **December 2001 Financial** – Rick reviewed the 2001 year-end financial report (12/31/01). Rick noted that increased revenues reflected the addition of units to the Timeshare Association. He added that at year-end all legal fees that would not be recovered by interval sales were applied to the operating expenses. The recoverable amount will remain on the balance sheet until revenues from sales are deposited. Rick reported that the reserve study is properly funded and that the cash position of the Association is good. Rick added that for 2002 there was a dramatic increase in insurance premiums. The net increase will total \$10,000.
- b. **Collection** – Chris reviewed the reports generated by the Banyan Harbor administration and by Neeley and Anderson. Working with Timeshare Liquidators, Kearn (owner accounting) is staying up to date with the status off accounts. Neeley and Anderson's report is encouraging. Most of the accounts at Neeley and Anderson are now with commissioners and are moving forward.
- c. **Sale of T.S. Weeks** – Ben Bregman reported that although the last quarter of 2002 was tough, sales are now going very well. TCT issues are still a problem with foreclosure resales. Based on interval sales in unit #58, Ben intends to add another unit to the Timeshare program before years end.

President Solberg asked if Ben had any plan to help current owners who would like to sell their interval(s). Ben responded that listing sales of units he does not own poses a conflict. As an alternative to listing the unit for resale, Ben offers owners a cash purchase option. If owners are not interested, Ben offers names of other sales offices on the island that may be able to assist the owners.

- d. **Reserve Study** – Rick reported that there have been very few changes to the study since the last Board meeting. The loan payment schedule has been recalculated to reflect lower interest rates.

## 6. Unfinished Business

- a. **RCI Comment Cards** – Chris reported that the comment card scores remain strong. Chris noted that many guests do not report problems until they are checking out. In order to head-off these comments, Chris is attending the weekly orientation. After welcoming the guests and owners, Chris asks them to report any problems to the Front Desk so we can correct them right away.

- b. **TCT Numbers** – Tore reported that a petition was drafted by Title Guarantee and signed by Hawaii E&R (the original developer) that asks Hawaii Land court to issue a new TCT number anytime a Banyan Harbor timeshare sale is recorded. If accepted, this will clear up TCT issues for all interval owners.
- c. **Improve Initially Renovated Units** – Chris reported that there is still work to be done on installing a cabinet in #121. Chris will be traveling to Oahu soon and will review options for drapes that can be used over glass jalousies.
- d. **General Excise Tax** – President Solberg reviewed the General Excise Tax situation. Jim reported that Chris and Tore were able to negotiate with the State and get the penalties removed from the assessment. Jim reported that since the Board's conclusion during the January meeting, he has reviewed the issue further and feels there is a need to address the issue again. A plan to address the collection on a prorated basis has been developed. The new format bases the individual assessment amount on the number of years owned. Because the collection is to satisfy tax obligations, Jim considers this approach to be the most equitable. Bob Garcia agreed. Loren Knott had concerns with this approach. Loren feels all units should pay the same amount with exceptions only for units purchased in 2001.

<b>MOTION:</b>	<b><i>To use an equal assessment for intervals except those purchased in 2001.</i></b>
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**MOVED BY:** Loren Knott, Second: None  
**MOTION DIES**

<b>MOTION:</b>	<b><i>To accept the assessment breakdown based on a prorating of \$25 per year.</i></b>
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**MOVED BY:** Bob Garcia, Second: Jim Solberg  
**VOTE:** Jim Solberg: Yes; Bob Garcia: Yes; Loren Knott: No  
Ed Madamba: Yes; Sharon Baker: Absent  
**PASSED**

- e. **Energy Savers** – Chris reported that his analysis was not definitive due to factors such as number of guests, weather, etc. He does however believe that the timers are effective. Chris noted that there have been no complaints from any guests staying in the units currently equipped with air-conditioner timers. Ben Bregman indicated that he also believes this is an effective way to conserve energy. Ben volunteered to pay for the material needed to have timers installed in the units he plans to bring into the timeshare program.

<b>MOTION:</b>	<b><i>Proceed with the installation of timers in all timeshare units and pay for the installation from the FF&amp;E reserves.</i></b>
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**MOVED BY:** Loren Knott, Second Ed Madamba  
**VOTE:** Unanimous, **PASSED**

- f. **Other Unfinished Business** – President Solberg asked if there was any other unfinished business to be addressed. Hearing none, he proceeded with new business.

## 7. New Business

- a. **Audit 2001** – President Solberg reviewed the proposals submitted by Hirose, Kato, & Co. and Terry Wong.

**MOTION:** *To accept the proposal submitted by Terry Wong.*

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

**MOTION:** *That the Board direct Chris to write Terry Wong regarding General Excise taxes, and express the unhappiness with past analysis in that regard*

**MOVED BY:** Bob Garcia, Second: Ed Madamba  
**VOTE:** Jim Solberg: Yes; Bob Garcia: Yes; Loren Knott: No  
Ed Madamba: Yes; Sharon Baker: Absent

**PASSED**

- b. **Mailing Expenses** – Chris reported that Clem Buckley, a timeshare owner, contacted President Solberg and himself regarding the necessity of mailing multiple coupon booklets to owners of more than one interval. He suggested mailing only one in these cases. He also complained that sending coupon books to owners on the electronic funds transfer (EFT) program is confusing. Mr. Buckley suggested omitting EFT participants from the mailing. Chris explained to the Board that the current structure of the owner database does not allow for filtering out these exceptions. If the filter was performed manually it would have proved counter productive due to labor considerations. Chris added that if the Board would like to modify the owner database filtering people who are on EFT this could be accomplished before the next mailing of coupon books. Loren feels that filtering out the EFT participants is a good idea. The Board agreed. Chris will update the file accordingly.
- c. **Annual Meeting Agenda & Voting** – President Solberg reviewed the annual meeting agenda and the procedures that will be followed to conduct the meeting.

Loren requested that the 5% restriction on assessments be put on the next Board meeting agenda for further discussion.

- d. **AOAO Meeting Matters & Voting** – Issues for voting during the annual meeting of the Association of Apartment Owners to be held on February 23, 2002 were discussed in executive session

Meeting adjourned to executive session: 10:45am  
Meeting reconvened: 10:54am

- e. **Other New Business** – Other new business was heard has follows
  - i. **Calendar of Meeting Dates** – A calendar of proposed meeting dates was distributed. The Board was informed that this is the time that the next annual meeting should be confirmed for announcement during the annual meeting to be held on February 23, 2002.

<b>MOTION:</b>	<b><i>To set the next annual meeting date to Saturday February 22, 2003</i></b>
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**MOVED BY:** Loren Knott, Second: Bob Garcia  
**VOTE:** Unanimous, **PASSED**

**8. Adjournment**

Hearing no further business, President Solberg adjourned the meeting at 10:55am