

**KAHANA FALLS
ASSOCIATION OF APARTMENT OWNERS (AOAO)
AND
INTERVAL OWNERS ASSOCIATION (IOA)
COMBINED BOARD OF DIRECTORS MEETING**

**KAHANA FALLS RESORT
WEDNESDAY, MARCH 23, 2016; 1:00 P.M. (HST)**

MINUTES

I. CALL TO ORDER / ROLL CALL

The meeting was called to order by AOA/IOA President Richard Roll at 2:18 p.m. (HST). Those in attendance were:

AOAO/IOA Board Members Present

Richard Roll	President
Milton Jantzen	Vice President
Katherine Ivey	Secretary
Jesse Arman	Treasurer
Karen Cornwell	Director
Kevin Ramage	Director
Martin Hewitt	Director

Management Present

Joanne Hallert	Director of Resort Operations
Loren Gallagher	CEO for VRI/TPI
Gail Turner	Senior V.P., HOA Accounting
Suzie Moore	Resort General Manager
Kristen Makinen	Administrative Assistant

Guests

Mike Fitzgerald	Auditor
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II. APPROVAL OF AGENDA

A motion to approve the agenda as amended was made by Karen Cornwell, seconded by Kevin Ramage and approved.

Joanne Hallert requested to add a staffing discussion to the executive session.

III. APPROVAL OF MINUTES

A motion to approve the minutes as submitted from the September 22, 2015 meeting was made by Karen Cornwell, seconded by Kevin Ramage and approved.

IV. REPORTS

MANAGEMENT REPORTS

Action Items/Ongoing Activities

The board reviewed and discussed the action item list.

Onsite Management Report

The board reviewed and discussed the onsite management report with Suzie Moore.

Martin Hewitt asked to confirm the 2017 meeting dates. The dates for 2017 are March 22nd and 23rd for the board and annual meetings, September 6th for a webinar, and September 19th for the budget meeting.

March 21st and 22nd were also confirmed for the 2018 board and annual meeting dates.

Occupancy Report

The board reviewed and discussed the occupancy reports.

Inventory/Sales Report

The board had previously discussed the Great Destination reports while in committee.

The waterfall chart normally provided as a standard within board packets was identified as a “projected” report and its value was discussed.

Management was directed to add a waterfall chart to the roster reconciliation report thus eliminating the waterfall chart and ensuring the reports are based on solid data.

FINANCIAL REPORTS

2015 Draft Audit

A motion to accept the 2015 Draft Audit was made by Jesse Arman, seconded by Kevin Ramage and approved.

February Financial Statements (Combined)

A motion to accept the combined financial reports through February 2016 was made by Richard Roll and seconded by Jesse Arman. The motion passed.

Proposed Reserve Expenditures

The board reviewed and discussed the proposed reserve expenditures and projections.

The board directed management to move exhibits into the committee packets from the general board meeting packet.

V. CONTINUING BUSINESS

COMMITTEE REPORTS

Nomination Committee

Martin Hewitt noted that the Nomination Committee minutes were approved and it was confirmed that only the incumbents were running for reelection to the BOD.

Refurbishment Committee

Martin Hewitt reported that the Refurbishment Committee minutes were approved.

The committee had directed Suzie Moore to obtain shower remodel quotes.

The committee had requested concepts and quotes on the bathroom and kitchen remodels.

The committee had recommended new carpet for front desk.

Mr. Hewitt reported that the committee advised that inventory could be pulled to allow completion of the upgrades.

The committee had directed that the floors and walls be finished in the A units, and to create an example room with a blue accent wall rather than a white to allow the board to more accurately assess the aesthetics.

A motion to purchase four sun beds for the pool area was made by Martin Hewitt and seconded by Kevin Ramage. The motion passed with Jesse Arman abstaining.

Management Committee

Karen Cornwell reported that the Management Committee minutes were approved.

The committee had recommended approving the TEGG proposal.

A motion to accept TEGG was made by Karen Cornwell and seconded by Martin Hewitt. The motion passed.

A motion to approve the TPI Extras with the stipulation that the board be able to review all future offers was made by Karen Cornwell, seconded by Katherine Ivey and approved. A resolution to this effect was signed by all board members and is on file with these minutes.

The committee had directed management to obtain quotes for an ADA study and to determine if they can align these enhancements with the remodel projects already being planned.

Ms. Cornwell reported that the committee is researching ways to best entice future owners; the committee will see if they can work on this as a joint venture with colleges. Karen Cornwell and Jesse Arman will head this project.

Finance Committee

Jesse Arman confirmed the minutes of the Finance Committee had been approved.

Mr. Arman further reported that Richard Roll and he intended to contact Great Destinations regarding lagging sales.

The committee had decided not to appeal the property taxes as assessed as this would not be financially prudent.

It was decided that a study of the B unit rentals to compare to variable rentals was needed to see if any changes would need to be made.

The Board deliberated how to beef up the replacement reserves, with Mike Fitzgerald suggesting that it would be prudent to maintain one month's operating expenses in each association's retained earnings. Upon consideration, a motion to transfer \$175K from IOA retained earnings into the replacement reserves accounts, with \$150K going to AOA reserves and \$25K going to IOA reserves was made by Jesse Arman and seconded by Karen Cornwell. The motion was approved.

Mike Fitzgerald suggested consulting legal counsel about the legality or prudence of making transfers out of retained earnings between the associations to beef up reserves vs. executing a loan for that purpose.

VI. EXECUTIVE SESSION

The board moved into executive session at 3:08 p.m. (HST).

The board reconvened into the regular session at 3:47 p.m. (HST).

VII. ADJOURNMENT

With no further business, the meeting was adjourned at 3:47 p.m. (PDT).

Submitted by:
Trading Places International
Its: Managing Agent

Approved by:
Kahana Falls Resort AOA/IOA

By: _____
Joanne Hallert
Director of Resort Operations

By: _____
Richard Roll
President (AOAO & IOA)