

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

TUESDAY, SEPTEMBER 26, 2017; 1:00 P.M. (PDT)

MINUTES

I. CALL TO ORDER / ROLL CALL

The meeting was called to order by AOA/IOA Vice President Milton Jantzen at 12:50 p.m. (PDT).

Those in attendance were:

AOAO Board Members Present

Milton Jantzen	Vice President
Jesse Arman	Treasurer
Katherine Ivey	Secretary
Martin Hewitt	Director
Karen Cornwell	Director
Kevin Ramage	Director (<i>via telephone</i>)

IOA Board Members Present

Milton Jantzen	Vice President
Jesse Arman	Treasurer
Katherine Ivey	Secretary
Martin Hewitt	Director
Karen Cornwell	Director
Kevin Ramage	Director (<i>via telephone</i>)

Management Present

Tom O'Brien	Sr. VP of Resort Operations
Suzie Moore	Resort General Manager
Kristen Makinen	Administrative Assistant

Guests

Bernard Tan	VRI/TPI Rentals
Bryan Jackson	TPI Exchange

II. APPROVAL OF AGENDA

The agenda was accepted as presented.

III. APPROVAL OF MINUTES

The board reviewed meeting minutes from the March 22, 2017 board meeting and the March 23, 2017 organizational meeting.

Katherine Ivey noted that verbiage should be changed from “tax compensation” to “tax computation” within the board meeting minutes.

Both the board and organizational minutes were approved as corrected.

IV. REPORTS

MANAGEMENT REPORTS

Action Items/Ongoing Activities

The board reviewed and discussed the action item list.

Item #13 should be renumbered item #11

The board requested that dates of completion be added to the action items table.

On-Site Management Report

The board reviewed the onsite management report.

Suzie Moore answered questions from the board regarding the fence, plumbing, gardener, staffing and TV service.

Occupancy Report

The board reviewed and discussed the occupancy report, noting the number of no shows.

It was decided a piece should be added to the newsletter encouraging owners to let the resort know if they are not coming for a booked reservation.

RCI Report

The board reviewed and discussed the RCI report, TripAdvisor and the resort ratings in general.

Rental Report

Bernard Tan joined the meeting at 1:30 p.m. to conduct a presentation of TPI’s rental program, explaining in detail marketing tactics and relationships with different Online Travel Agents (OTAs).

Mr. Tan answered questions posed by the board before leaving at 2:20 p.m. (PDT).

FINANCIAL REPORTS

July 2017 Financial reports

Jesse Arman reviewed the July 2017 financial reports, noting that he anticipated a small surplus to budget at year end. He stated rental income was again a significant contributing factor in the resort's financial success.

Proposed Reserve Expenditures

Katherine Ivey advised the reserve spending and balances were on track with amounts anticipated.

A motion to transfer \$130K from IOA retained earnings into IOA reserves was made by Katherine Ivey, seconded by Jesse Arman and approved.

Delinquency/Collection Reports

Jesse Arman noted the systemic increase in timeshare delinquency. Mr. Arman stated that while Kahana Falls and Hawaiian properties were better off than most, the Kahana Falls delinquency percentage would still have increased from the year prior. The board expressed their concern and intent to closely monitor this number.

V. CONTINUING BUSINESS

COMMITTEE REPORTS

Nominating Committee

Katherine Ivey reported on the committee meeting.

The committee recommended that the board accept Richard Roll's resignation from the board. Each board member decided they would send a personal letter to Mr. Roll.

A motion to accept Richard Roll's resignation from the board was made by Katherine Ivey, seconded by Karen Cornwell. The motion passed, with noted regret.

A motion to assign Jesse Arman to the role of President, Katherine Ivey as Treasurer and Chairperson of the finance committee, and Martin Hewitt as Secretary was made by Katherine Ivey, seconded by Karen Cornwell and passed.

A motion to solicit someone with a public relations background to assist the board, was made by Katherine Ivey, seconded by Jesse Arman and approved.

Management Committee

Karen Cornwell reported on the committee meeting.

Ms. Cornwell moved that the board accept the Michael Kaplan agreement and sign such agreement if no changes were proposed by legal counsel, or to again review if any substantial changes were proposed. Katherine Ivey seconded the motion, which was approved.

Karen Cornwell moved to terminate Trading Places' obligation to pay rent for the concierge desk once the Michael Kaplan agreement was in place; Martin Hewitt seconded the motion, which passed.

A motion to approve and sign the Chicago Title agreement to process association foreclosures was made by Karen Cornwell, seconded by Katherine Ivey and approved.

A motion to approve economy plus upgrades, not first class, for board member meeting travel reimbursement was made by Karen Cornwell, seconded by Jesse Arman and passed.

A motion to approve the purchase, up to \$250, of a Hawaiian themed gift item for Rich Roll, as well as a dinner to be attended by Mr. Roll and his spouse and any board members available, was made by Karen Cornwell, seconded by Kevin Ramage and approved.

ADA Committee

Kevin Ramage reviewed the committee meeting and stated that a plan was being developed which would identify ADA projects that were affordable and feasible. The committee recommended that the board pursue ADA requirements based on the ADA study.

Refurbishment Committee

Martin Hewitt reviewed the committee meeting.

The committee requested Suzie Moore obtain quotes for a four-year bathroom remodel project as well as three model units. It was recommended that 2021 cost be added once a quote was received regarding ADA compliance.

A motion to purchase equipment for the fitness room not to exceed \$25,321K was made by Kevin Ramage, seconded by Jesse Arman and passed.

Finance Committee

Jesse Arman reviewed the committee meeting, highlighting the 2017 year to date financials and the 2018 budget.

Jesse Arman moved to approve a 3.8% increase to maintenance fees. Karen Cornwell seconded and the motion passed.

VI. NEW BUSINESS

2018 Budget

Jesse Arman briefly summarized the proposed 2018 budget, noting increases in property taxes and health insurance. Although the anticipated rental income was calculated conservatively, the board agreed an increase in fees would ensure a healthy operating budget and reserve contribution.

A motion to accept the 2018 budget as presented was made by Jesse Arman, seconded by Karen Cornwell and passed.

A motion to approve the 2018 cover letter pending board approval of editing by Karen Cornwell and Katherine Ivey was made by Jesse Arman, seconded by Karen Cornwell and approved.

A motion to accept the 2018 ABC Policy with the presented updates was made by Jesse Arman, seconded by Martin Hewitt and approved.

The board discussed ARDA ROC and inquired about how many Kahana owners donated in past years. Tom O'Brien consulted with accounts receivable to confirm three owners had contributed last year, but before that the number was much higher as there had been a box to check on the statement.

The board took a five-minute break, returning at 3:30 p.m. (PDT).

Bryan Jackson from TPI Exchange joined the meeting to present to the board the exchange programs offered, specifically the Prime program, which was up for consideration to be included as an advertisement in the 2018 billing mailer. Mr. Jackson left the meeting at 3:50 p.m. (PDT).

A motion to include the TPI Exchange flier and to add a solicitation insert to be penned by Karen Cornwell was made by Jesse Arman, seconded by Katherine Ivey and passed.

The board did not approve including the ARDA ROC letter in the 2018 billing mailer.

2017 Audit Engagement

A motion to accept and sign the audit engagement letter from Fitzgerald and Associates was made by Jesse Arman, seconded by Martin Hewitt and passed.

VII. OTHER BUSINESS

The board accepted the resignation of Richard Roll with deep regret.

The election of Jesse Arman as president, Katherine Ivey as Treasurer and Martin Hewitt as Secretary was approved by the board.

VIII. EXECUTIVE SESSION

The board went into executive session at 4:00 p.m. (PDT).

The board exited executive session at 4:48 p.m. (PDT).

IX. ADJOURNMENT

With no further business for discussion, the meeting was adjourned at 4:48 p.m. (PDT).

Submitted by:
Trading Places International
Its: Managing Agent

Approved by:
Kahana Falls Resort AOA/IOA

By: _____
Tom O'Brien
Sr. VP of Resort Operations

By: _____
Martin Hewitt
Secretary (AOAO & IOA)