

BANYAN HARBOR TIMESHARE ASSOCIATION

BOARD MEETING

Thursday September 6, 2012 – 9:00am

Banyan Harbor Unit A4

1. Roll Call

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

Board Members Present at Banyan Harbor

Jim Solberg, *President*

Sharon Baker, *Vice President*

Ed Madamba, *Treasurer*

Deborah Rice, *Director*

Stephanie Gonos, *Secretary (absent due to husbands passing)*

OLS Hotels & Resorts

Rick Ball, *Vice-President, OLS Hotels & Resorts*

Lyle Otsuka, *General Manager, Banyan Harbor*

Dale Verkaaik, *Controller / HR, Banyan Harbor*

Tore Wistrom, *Consultant, OLS Hotels & Resorts*

Others in Attendance

Penny Madamba (1111-G2), Meryl Ferrari (AOAO Board), Gus Enderlin (AOAO Board), Linda Garcia (AOAO Board), Jill Briley (AOAO Board) and Ben Bregman (Timeshare Developer).

2. Proof of Notice

Lyle reported that notice was posted on 8/11/2012

3. Approval of Meeting Minutes

- a. Board meeting minutes of May 10, 2012 – Jim asked if there were any changes or corrections to submitted minutes. Hearing no other changes, the following motion was made:

MOTION:	<i>To adopt the minutes as presented.</i>
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MOVED BY: Sharon Baker, Second: Ed Madamba

VOTE: Unanimous

RESULT: PASSED

4. Management Reports

- a. Board President's Report – Jim spoke to the financial condition of the timeshare association and in comparison to other timeshares, Banyan continues on an even keel. RCI comments are also on an even keel and a big thank you to the staff. He believes our units are in good shape and are continually being improved within our funding means. Jim also let the board know he will not be able to attend the November Board meeting as he will be on a European trip and Sharon will chair the meeting.
- b. Manager's Report – Lyle once again acknowledged our great team of Banyan Harbor associates. He also updated the Board that Banyan Harbor is currently in 3rd place in Year to Date OLS guest comment scores, with a 97.2% satisfaction rating. Lyle then briefly reviewed the distributed 2012 summary of projects completed to date.

5. Financial Reports

- a. **March 2012 Financial** – Rick reviewed the financial results through July 2012. Revenues year-to-date were behind budget by \$24,217 due to write off of late fee income (year to date and last year) for uncollected bad debts. Despite doing an excellent job in controlling controllable expenses, Payroll taxes, health insurance and increased bad debt write off contributed to an operating expenses over budget of \$35,647. Year to date. Through June 30, 2012, Net Earnings are \$59,864 unfavorable to budget. Rick reiterated that our 2012 budget is a really tight budget and with the finalization of the deed backs and foreclosures of prior years, it's a huge impact to the year to date budget. Tore also mentioned it becomes extremely important we continue to rent the Timeshare Association foreclosed units to generate cash for the association (\$40,000 year to date).
- b. **Reserve Study** – Rick reviewed the reserve study highlighting 2012 projects. We are continue to be cautious with projects as we need to offset legal & foreclosure costs. Overall we are in good shape. We will continue to monitor capital projects as to not over-extend ourselves, but insure we maintain the furnishings, fixtures and equipment of the units. The 20 year Reserve Study, which is reviewed by the Board quarterly continues to be a good tool to show funding for anticipated future projects.
- c. **Collection** – Rick reported and reviewed a recapped summary of outstanding maintenance fees. Year to date we have a lot of inventory and it is imperative we continue to run this inventory to assist with cash flow of the Timeshare Association. Tore recapped the Timeshare Association will have shortly in excess of 150 weeks available for sale and/or rental. This is without A5 which has been deannexed from the timeshare program. Rick also reported we continue to work with owners to keep dues current and are aggressively pursuing foreclosure processing, and to convert foreclosed weeks into dues paying owners. Foreclosed and weeks taken back by Banyan Harbor Timeshare Association continues to be rented through RCI to supplement maintenance fees for the Timeshare Owners Association.

6. Unfinished Business

- a. **RCI Comment Cards** – RCI comments overall continue to be positive. Overall our Banyan Harbor comments continue to very favorable for our type property and are as good as or better than other RCI properties. Discussion turned to Wi-Fi times out to quickly. Lyle to review remedies which include expanding Wi-Fi hot spots.
- b. **Car rental compensation** – After discussions board decided to not pursue for 2012 however to include car rental taxes into 2013 budget.
- c. **Update on unit #5** – Tore updated the board that sale is completed and new owner put into vacation rental program. Unit is now de-annexed and timeshare now has 39 units. Ben commented how it was a total team effort and everyone contributed to its completion. He also updated the board on Timeshare resale trends and the struggles with an overabundance of Timeshare weeks available throughout the industry. President Solberg thanked Ben for all of his hard work in getting unit #5 deannexed and processed.

- d. **Other** – Discussions ensued regarding an owner letter (Mr. Thompson) to the Board. Lyle updated the Board that he discussed it personally with Mr. Thompson and worked out all of the issues with owner. Hearing no other unfinished business President Solberg moved on to new business.

7. **New Business**

- a. **Allocations 2013** – Tore presented allocations as included in the Board packets. After discussions the following motion was made.

MOTION: *To adopt the allocations as presented.*

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

- b. **Audit 2011** – Rick reviewed audit as included in the Board packets. After discussion, the following motion was made.

MOTION: *To adopt the 2011 audit as presented.*

MOVED BY: Sharon Baker, Second: Deborah Rice
VOTE: Unanimous
RESULT: **PASSED**

- c. **Audit Quote 2012** – Rick presented audit quote as included in the Board packets. After discussion, the following motion was made.

MOTION: *To accept the 2012 audit quote as presented.*

MOVED BY: Jim Solberg, Second: Ed Madamba
VOTE: Unanimous
RESULT: **PASSED**

- d. **Billing Sequence** – Rick presented management's suggestion to forego annual maintenance fee billing for 2013 and to review at the end of next year. Board agreed and the following motion was made.

MOTION: *To continue semi annual maintenance fee billings in 2013.*

MOVED BY: Deborah Rice, Second: Ed Madamba
VOTE: Unanimous
RESULT: **PASSED**

- e. Rick also presented management recommendation of increasing the late fee charge. In the past late fees were assessed after each months delinquency up to \$80 per quarter. Charging interest was also discussed and Board decided best to do the additional late fee and forego the interest charge at this point. After much discussion the board made the following motion.

MOTION: *To increase the late fee to include a 2nd letter additional \$40 late fee.*

MOVED BY: Deborah Rice, Second: Ed Madamba
VOTE: Unanimous
RESULT: **PASSED**

- f. **Other new business** –Management reviewed the new “Amenity Fee” to be charged to all exchange and rental guests. This will drive more revenue to the Timeshare Association an will began August 15th. Hearing no further business the Chair entertained the following motion.

MOTION: *To move into Executive Session for personnel matters (10:25am)*

MOVED BY: Ed Madamba, Second: Deborah Rice
VOTE: Unanimous
RESULT: **PASSED**

Board reconvened Into Regular Session at 10:30 am.

8. **Adjournment-** Hearing no further new business the following motion to adjourn was made:

MOTION: *To Adjourn meeting at 10:30 am*

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