

## Kihei Akahi Timeshare Owners Association

Meeting Minutes: October 27, 2016



**Call to Order** - Paul Showstead (1500 CT)

**Roll Call** - Bill Feld

Board Members in Attendance: Lane Durgin, Paul Showstead, Susan Eisenberger, Ed Norcutt, Don Swatman, Mary Hyodo-Polk

Management: Kayc Reed & Matt Tarasenko

**Approval of Sept 8, 2016 & Sept 17, 2016 Meeting Minutes**

No vote was taken. Will review at next meeting December 15, 2016

**Treasurer Report** - Lane Durgin

- Copy/Handout distributed with monthly report
- Everything in good shape. Expected surplus to be \$20,000
- This amount (\$20,000) will barely cover expenses and leave nothing for remodel
- Total reserves projected to be at \$120,000, and \$100,000 must remain
- Remodeling project is currently \$5000 under budget

Motion to Approve: Susan

Second: Ed

Approved

**Management Report** - Matt Tarasenko

- Much time and work has been spent on 2017 budget
- Tying loose ends on website with first billing cycle (CC payment process)
- Remodels coming to completion and under budget (finishing up on D306)
- Question whether possible to separate cost of Kitchen and Bathroom

- D307 remodel is totally completed except for laundry room door
- Ordered and installed shower glass panel for \$700-\$800 savings
- Feedback on remodel has been very positive
- Remodeled areas are easier to clean and maintain
- Lanai screen door repaired in 302
- Sun shades on 4<sup>th</sup> floor unit lanais replaced (\$6.5K)

## **New Business**

1. Subcommittee Report: Suggestions to Increase Ownership (Susan Eisenberger)
    - Send out a survey to owners to determine priorities for improvement
    - Install A/C - Recommend purchasing 4 portable units for trial
    - Adjust booking protocol to accommodate owners with fewer weeks (Ed)
      - Set peak season Nov1-Mar30
      - 3 units restricted during peak to owners w/≤ 2 weeks
      - All reservations limited to 4 weeks scroll at any single booking during peak
    - Rent out unused/KTOA units
      - We now have 30 weeks available
      - KTOA is non-profit in Hawaii (at State level) and considered to be a C-Corp on Federal level
      - We are allowed to rent units that are KTOA-owned but there may be tax implications unless rented at same cost of dues.
      - Paul and Susan will investigate further for clarification
  2. Budget:
    - Income reduced by \$21K due to loss of owners and owner non-payment
    - Renting income amounted to \$14K
    - Question for \$5K revenue to be allocated into Reserves or Doubtful Accounts
    - How do we move forward and remain strong financially without unnecessary risk?
      - Foreclosure process is too expensive @ \$1200-\$2000 each with value to KTOA at only \$400 each
      - Death w/out KTOA ownership in Will goes to probate (KTOA cost approx. \$2000)
      - Ed to confer with attorney regarding "Deed in lieu of Forclosures"
      - Don suggested adding a "sunset clause" pertaining to non-payment
    - Not enough money in reserves to continue with renovations
- Motion to Approve Budget with \$20 fee surcharge added to 2017 dues:
- Moved: Ed
  - Second: Lane
  - Approved: "Yes" - Paul, Don, Ed, Lane "No" - Mary, Susan "Abstain" - Bill

## **Old Business**

1. Discussion on proposed changes to booking protocol
  - Owners were allowed to scroll booking as incentive to purchase units during a period following KTOA restructure and with looming insolvency

- To now change this policy would be seen as unfair and put us at risk of losing more owners and additional non-payment
- There is no "silver bullet" or easy solution

Motion to Table subject until next meeting (Dec 15):

- o Moved: Lane
- o Second: Bill
- o Approved

2. KTOA-owned 2-bedroom unit

- This unit is in high demand and can generate revenue
- Opportunity to offer these 2 weeks to Hawaii Realty for sale @ \$4K each

Motion for KTOA to turn over 2 weeks of 2 BR to Hawaii Realty for sale at suggested price of \$4K each:

- o Moved: Lane
- o Second: Don
- o Approved

**Director Comments:** Much uncertainty over how to move forward in this current environment which is challenging to all timeshare organizations

**Next Meeting:** Thurs Dec 15, 2016

**Adjournment (1709 CT)**

Moved: Susan

Second: Don

Approved