

**Subject:** KBV Follow Up Call  
**Start:** Tue 9/6/2016 3:30 PM  
**End:** Tue 9/6/2016 4:30 PM  
**Recurrence:** (none)  
**Meeting Status:** Accepted  
**Organizer:** Morrice, Robert  
**Required Attendees:** McCann, Orin; Ragasa, Melissa; Kolstad, Linda; Ramos, Danielle; Crivello, Kai; Pasco, Monica



Notes KBV Catch  
up Call 8.18.1...

To discuss/follow up from our last call on 08/18.

Phone number: 1 (877) 319-8524  
Passcode: 720 587 5329

Kauai Beach Villas AOA Annual Meeting  
CHANGED TO 9am, Thursday, 10/20  
Strategic Planning Notes -- CONFIDENTIAL

**GOALS:** To retain the AOA management contract as we head into the KBV AOA annual meeting; to replace Trish Harrington as board president  
**Strategy:** Gaining control of the KBV AOA board via KBV IOA bulk vote  
**Risk:** Current AOA board votes to terminate WVO prior to the AOA Annual Meeting, in the same manner as transpired with the IOA. (RISK IS BASICALLY NON-EXISTANT AT THIS TIME)

Board composition:

<u>Director</u>	<u>Officer</u>	<u>Term Expires</u>	<u>WVO Affinity</u>
Trish Harrington*	President	2017	Unqualified
Jonathan Bridge*	VP	2017	Qualified
Dani Ramos	Secretary	2016	WVO Associate
Ross Tilton	Treasurer	2016	<b>Unqualified</b>
Duane Carlson	N/A	2016	Qualified

\*nominating committee members

WVO Ownership – N/A, therefore, **our only way to influence the KBV IOA bulk vote is to control the IOA board.** (Please refer to the KBV IOA 2016 Annual Meeting Strategic Plan). The successful execution of the IOA plan created an IOA board composed of:

Linda Kolstad -- President  
Troy Spalding – Vice President  
Dani Ramos – Treasurer  
Karen Blackford – Secretary  
Trish Harrington -- Officer

**With majority control, Dani, Linda and Troy can now determine how to cast the IOA votes in the AOA election.**

Though AOA board president Harrington is a member of the nominating committee, so is Jon Bridge, who currently appears to be supporting WVO. Therefore, we may expect that our WVO preferred candidate, Don Hazelquist, would be placed on the ballot. In conversations with Orin, he has shared that the KBV AOA whole owner board members would prefer another whole owner (as opposed to IOA), and that they support Don, to boot, so this is another factor in our favor to get Don on the board in the place of Ross Tilton. Don has submitted his candidate statement to the nominating committee. Though it is fairly certain that Don will be added to the ballot, if, for some reason, Trish blocks that from happening, we will have him nominated from the floor and use IOA votes to elect him.

*The words of current board president Linda Kolstad?*

I have also submitted a candidate statement so that I can potentially step in as board president in place of Trish. As with Don, if, for some reason, Trish blocks me from being added to the ballot, we will have me nominated from the floor and elected with IOA votes. Incumbents Duane Carlson (whole owner) and Ross Tilton (timeshare/unqualified) have also submitted their candidate statements.

In the May 5 KBV Annual Meeting, WVO successfully took control of the IOA board. As the singular large bulk owner within KBV AOA, the IOA vote will sway the outcome of the AOA annual election, which will be held on Thursday, October 20 at 9am. The IOA will be holding their committee meeting on Wednesday, October 19 at 1pm. In accordance with the association's By-Laws, five days or more prior to the committee meeting I will call a special board meeting to be held immediately following the committee meeting. In that special meeting the board will establish how the IOA will vote in the AOA annual meeting (for Don Hazelquist and Linda) as well as who on the board will "carry" the IOA's votes. I have created a meeting invite for myself, Tricia, Orin and Kanani to remind us (me) on October 10th to call the special meeting. We will have Troy vote on behalf of the IOA, since he's not "in play" in the AOA election.

Interest has been expressed to have Linda take Dani's seat to relieve Dani of that responsibility. This leads to the following questions:

- Is there anything in the AOA docs or management agreement that precludes management reps from serving on the board? In this case, the WVO associates are acting as representatives of the developer entity, not the managing agent.
- Could Linda be President? YES
- Would the WVO rep(s) have to recuse themselves from any WVO management contract negotiations? YES, per HRS 514B

Orin has confirmed that Jon, Duane and Don are all amenable to Linda serving as president once elected to the board. We will ensure that Jon Bridge is prepared to present one of the two following slates of officers (depending if Linda ultimately takes Dani's place):

- President – Don Hazelquist
- Vice President – Jon Bridge
- Secretary – Linda Kolstad
- Treasurer – Duane Carlson
- Member – Trish Harrington

OR (preferred)....

- President – Linda Kolstad
- Vice President – Jon Bridge
- Secretary – Don Hazelquist
- Treasurer – Duane Carlson

- Member – Trish Harrington

**Contract renewal specifics:**

- WVO management contract for the AOAQ automatically rolls over on 10/03/16, unless all non-conflicted board members (this excludes Dani) agree to send notification more than 90 days prior to renewal on 01/01/17. (see Management Agreement: Term excerpt at end of document)
- KBV AOAQ annual meeting occurs 10/20/2016
- It's the board's intent to enter into new contract negotiations for better terms along the lines of the RFP we had submitted earlier in 2016

**Pros and Cons of Linda being president vs. Don Hazelquist**

Pros of Linda being president:

- Consistency from IOA to AOAQ
- Experienced board president; facile at conducting meetings
- As a WVO leader, tied in to WVO processes and team members, familiar with reporting formats, etc.
- As an active corporate executive, easy to conduct business (most current technology, notary, etc.)
- Strong relationship with iStar (primary owner of KBRA)
- Aware of Trish H. and on guard

Cons of Linda being president:

- Not on-island
- Currently has limited knowledge of the physical plant and pressing issues
- Would be conflicted and have to recuse on any WVO related votes

Pros of Don being president:

- He owns in the AOAQ and therefore is intimately knowledgeable of the physical plant
- The other AOAQ board members know and like him

Cons of Don being president:

- Not an experienced board president
- Lives out of state part of the year which may hamper his availability as president

Amended and Restated Management Agreement between Pahio Resorts, INC and AOAQ KBV  
 This management agreement is made and entered into effective as of the **1<sup>st</sup> day of January, 2014...**

4. **Term and Termination.** The term of this agreement shall be effective and commence as of the date first stated above (the "Commencement Date") and shall continue for a term of three (3) years, unless sooner terminated pursuant to the terms of the agreement or applicable law. Thereafter, this agreement shall automatically renew on the same terms and conditions as stated herein for successive periods of one (1) year, unless, not less than ninety (90) days prior to the expiration of the then current term, either party provides written notice of its intent not to renew, in which event this agreement shall then terminate upon the last day of such term. Any such notice by the association must have been approved by the unanimous vote of the board at a duly called meeting of the board at which a quorum is established, provided however that any employee, contractor, subcontractor or supplier of the management firm or any of its parent, affiliates or subsidiaries, or any other member of the board who in any other manner has a legitimate conflict of interest with respect to continuing the agreement (hereinafter "conflicted Members") shall, to the extent they hold a seat on the board, be required to abstain from voting on the non-renewal.