

TO: Kauai Beach Villas Board of Directors

FR: Jeff Bellin, Kauai Beach Villas Owner

RE: Change in Plan Manager requires KBV Owner Majority Vote

DA: September 1, 2019

Dear KBV Board of Directors,

Most of you know me as a long time, outspoken Owner at the Kauai Beach Villas who, for the past few years, has not been a fan of the KBV Board's behavior. Overly influenced by Wyndham Vacation Club and their self-serving corporate interests, the current KBV Board conducts the affairs of our Association with little transparency and without the fullest regard for what is in the best interests of the KBV Ownership (your primary responsibility).

During the May 16th Board meeting, which I attended, the KBV Board (who had met in executive session earlier in the day) announced that they had passed a resolution to not automatically renew the existing management contract with Grand Pacific Resorts. This was done secretly and without any notice to KBV Owners, nor any mention of the item on any related meeting agenda. Further, I understand that the KBV Board is presently engaged in interviewing timeshare management companies to potentially replace Grand Pacific.

Based on my review and understanding of our Association Governing Documents (posted in the Owners Community section of the KBV website), before you can pursue replacing KBV's "Plan Manager" (Grand Pacific) you (our Board) must first conduct a vote of the Association Owners and receive a majority vote in

support to do so. To be specific, from the third amendment of our CC&R's (dated August 7<sup>th</sup>, 1996), Article V., section 7.a., 1.b. states:

“Any decision by the Association not to renew any contract with a Plan Manager must be made by the vote or written consent of at least a majority of the voting power of all Owners excluding the Developer...”

I would like to know, what is not clear about this language?

Does the KBV Board agree that such a majority vote of the Association's Owners is required “not to renew any contract with a Plan Manager” or has the Board figured out some clever work-around so they can proceed with their own agenda? I would like to know the answer to this very simple question. And, I would like the Board's response communicated to ALL KBV Owners, as we are ALL entitled to understand the Board's thinking and intended actions regarding this critical issue.

It should not be lost on the Board that most every KBV Owner that I speak with is delighted with the performance of our current Plan Manager. Under Grand Pacific, in less than three years, Owner/Guest satisfaction is up dramatically, Rental proceeds to our Association have increased *exponentially*, our Association finances are significantly improved and, what, the Board wants to go back to the previous Plan Manager, Wyndham (under whom KBV floundered)? Why? Is there something the KBV Board knows that the KBV Owners do not? If so, share it with your 5,000+ Owners and then, conduct a vote, as you should.

The only logical explanation for the Board's behavior is that you were unaware of this Governing Document requirement prior to acting (unless there exists some another more nefarious

motivation for proceeding in secrecy, without an Owner vote). By virtue of this communication, you now have full knowledge.

Based on what I currently understand of this matter, I demand that the Board immediately **cease and desist** any action related to terminating the existing Plan Manager until an Owner vote is conducted in accordance with the CCR's and related Hawaii state statutes.

Please reply and acknowledge receipt of my request and provide an update regarding the Board's intended course of action as it relates to pursuing the required Owner vote. In an effort to keep all Owners informed, this communication, and any related responses from the Board, will be posted on the SaveKBV website.

Finally, I would like to remind the KBV Board that over 300 KBV Owners recently signed a Demand Letter (to which the Board has provided no material response) to investigate the highly questionable behavior of our Board and we are in the process of retaining Hawaiian legal counsel to pursue this matter. In summary, this will not go away. It is not OK for our elected Board to remain silent on these serious issues significantly impacting our Ownerships.

I look forward to your reply,

Jeff Bellin  
KBV Owner