

From the President

- **owner-investors** have cause for concern
- **resident owners** have cause for concern
- as long as the Board act in the best interests of all owners, all will be well

I'm proud to have had a small role in keeping Waikiki Banyan a place I'm happy to be a part of.

Beyond the constant improvement I see in our building, I'm delighted with our fiscal situation; we have never had to impose a special assessment on our members, we enjoy exceptionally low maintenance fees, our bank balance is healthy and our future is looking good. Unlike many other condos in Hawaii, we've been able to complete major projects, like our lobby renovation and our elevator modernization, without special assessments because we plan ahead. Even in this terrible economy, the value of our investment has stayed high. We owe much of our continued success to the work of an incredibly dedicated and capable staff, put in place and kept happy by our Management team, who in turn were hired by a conscientious Board of Directors.

I'm worried that all our good work could be undone and our investment placed at risk if the group calling itself the "Friends of the Waikiki Banyan," or FoB for short, has its way.

For several years now Ms. Jeannie Phillips has written and distributed a personal newsletter in the name of her "Friends" group. Ms. Phillips has used this platform to spread

misinformation, innuendo and propaganda to other Waikiki Banyan owners.

The Board of Directors, many of whom have been targets of Ms. Phillips's and the FoB's diatribes, has generally taken the high road and refused to indulge in a war of words. The FoB's most recent "Update" of 2/21/10, however, targets me personally and I've had enough of their attacks.

As Board President, I do take ultimate responsibility for the actions of the Board and Management, however I do not personally handle day-to-day operations; that's what we have managers for. I think most of our owners understand that. The proxy forms and notice of meeting are put together by our Admin office, then reviewed and distributed by Hawaiiiana Management. Ms. Phillips and the FoB would have you believe that I personally wrote and sent out the proxies and notices.

The first proxies we sent out were missing brackets next to the names of several candidates for the Board. Owners who gave their proxies to these candidates had no trouble with the missing brackets; apparently you're smart enough to be able to designate your preferred proxy-holder even without a set of brackets to guide you. The error was a simple typo and was corrected in

the second (and only required) set of proxies we mailed you. Our manager took responsibility, the error was corrected in the second mailout, and it was announced prominently in the Newsletter and on our web site. There was no conspiracy. Nobody tried to hide anything. Enough said.

In all their campaigning, I have yet to see any positive, coherent agenda come from the "Friends of the Waikiki Banyan" candidates who have been elected to the Board. As far as I can tell, their whole agenda is based on personal animosity against former president Shraga Dachner and other directors who they call, somewhat offensively, Shraga's "cronies." They seem more interested in stirring things up, creating factions and turmoil than in working together for the good of all owners.

The FoB keeps calling for an "independent" Board and I have to ask, "independent from what?" Since about 1988, when the Board, on behalf of all owners, took control of the Association from the Banyan's developer, WardAir Canada, the Board has been independent and has made decisions based on what is best for all owners, be they full-time residents, part-time residents and investors like Jeannie Phillips, non-resident investors, corporate owners, time-share owners, and so on.

Over the years both the wisdom of those decisions and the high level of competence of our Management team have been amply demonstrated. Presumably Jeannie Phillips and her associates recognize this, as she and various FoB supporters own several apartments and reside here part- or full-time. They seem happy, as they should be, with the Banyan as an investment property.

Another of the FoB's themes is that the Board is not "open and responsive to owners." Over the years owners have made many suggestions that we have adopted. Here are just a few examples: laundry room lockers, coin-operated electric BBQs, spa installation, heated swimming pool, "mauka" and "makai" signs on towers, safety paint on steps. The list goes on.

When owners take the time to go the Admin office and ask questions, our managers are happy to provide them with answers. When owners make suggestions, our managers follow up and take whatever action may be needed, including bringing suggestions to the Board for action when it's appropriate. When the FoB accuses the Board of not being open because we won't divulge sensitive information without a non-disclosure agreement, they are being misleading and irresponsible. When they go to court in an unsuccessful effort to get around signing a simple non-disclosure agreement, then I have to wonder what their real motives are.

So far the "Friends of the Banyan" has accused the Board of not being responsive and of not being independent, implying that we do not represent the owners. The FoB has tried to disenfranchise whole groups of legal owners, such as time-share owners, corporate owners, and non-resident investors, by trying to have them disqualified as Board members. They have accused the Board of perpetrating a "boondoggle" in following the Association's dictates by paying travel expenses for out-of-state Board members to attend Board meetings.

It's worth taking a few moments to clarify this reimbursement issue: the Association is made up of all owners, the majority of whom live someplace other than Hawaii. In order to give us the best opportunity to get the widest range of owners to serve on the Board, thus making the Board truly representative of our ownership, the Association in 2001 voted to allow reimbursement of travel and some expenses for any out-of-state Board member to attend meetings. Since we now have telephone conference capability, our out-of-state members generally only come to Hawaii for the Annual Meeting. These expenses are strictly limited and controlled and consist of economy-class airfare for no more than two flights a year and up to a maximum of \$300 living expense reimbursement. That's it. Total cost to the Association last year: \$939.04. Hardly wasteful, certainly not useless: in other

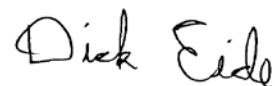
words, not a "boondoggle." Ms. Phillips and the FoB have taken the Association to court three times in unsuccessful attempts to force their views on the rest of us. The resulting legal expenses have largely been paid by our insurance, but the inevitable result is higher insurance costs, not to mention greater reluctance on the part of owners to serve on the Board. Who needs the hassle of defending themselves against legal action by another Board member? I think the message Ms. Phillips has been sending is that you'd better not disagree. If the FoB can't intimidate you with threats and innuendo, they'll take you to court.

I don't want a war. Most of us on the Board don't want a war. We just want to work together to do our job, let management do its job, and continue to reap the benefits. Unfortunately, that doesn't seem to suit the "Friends of the Banyan."

As long as we stay focused on having a knowledgeable Board doing the right thing, all will be well.

As long as we have a constructive, positive and pro-active Board, all will be well.

Aloha,
Dick Eide



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Aloha Nui Loa