The 2012 Annual Meeting of the Royal Aloha Vacation Club was held in Honolulu, Hawaii at the Hilton Waikiki Beach Hotel on May 12, 2012.

Members representing 2,493 weeks were present or mailed in a valid proxy. Chairman G. A. “Red” Morris talked about how the industry has changed from the 70s and 80s. In the 1990s, the industry experienced a renaissance when major hotel brands became interested in the concept of timeshare. Rapid growth and expansion ensued, and sales reached record highs. Today millions of people own timeshare worldwide.

Chairman Morris urged everyone to tell their family and friends about Royal Aloha Vacation Club. With some of our older members relinquishing their weeks, the Club must bring in new members to replace those weeks in order to keep the annual dues at an affordable level. There is no increase in annual dues for 2012 — Royal Aloha’s third consecutive year of no increase.

The Chairman presented a plaque to President Jack Corteway in recognition of his appointment to a term on the board of the Hawaii Tourism Authority. The HTA is the lead state agency to market, develop and support Hawaii’s visitor industry, and President Corteway’s appointment is the first within the timeshare industry.

President’s Report

It is an honor to be selected as our industry’s first representative to serve on the Hawaii Tourism Authority. Timeshare finally has a voice in the State’s policy deliberations on tourism.

Timeshare in Hawaii outpaces the State’s overall visitor industry with an almost 91 percent occupancy rate, consistently higher than traditional hotel rooms. According to the most recent economic study, Hawaii timeshare business supports $4.5 billion in spending, almost 35,000 full- and part-time jobs, and $1.4 billion in salaries and wages. About 1.2 million timeshare vacationers come to Hawaii annually.

Royal Aloha members continue to enjoy the benefits of timeshare ownership here in Hawaii and at all nine Royal Aloha locations — also at our direct exchanges in Orlando, Las Vegas, Kauai, and two new locations in Mexico (Puerto Vallarta and Cancún). RAVC is putting some of its TorreBlanca units on the market in an effort to shrink Acapulco to a manageable size due to a dwindling number of members visiting Royal Aloha de Mexico.

Management is watching every dollar and maintaining many of the austerity measures adopted during the recession. Although increased energy costs, federal health care reform, and devaluation of the US dollar will negatively impact this year’s budget, the Club’s long-term plan still includes close to $12 million for projected refurbishment during the next 10 years.

Most recent capital improvements: new sofa beds, chairs and 42-inch flat-screen TVs in all Hawaii units; new king-size beds and sheer draperies in Waikiki; new TVs in Chandler and Otter Crest; renovated kitchens and bathrooms in six Branson units (six more to be completed by 2013); appliances replaced as needed. Work will begin this summer on kitchens and baths in the Maui handicapped units.

Last year, Royal Aloha managers gathered in Honolulu for the first time since 2003. It was a very productive week of sharing ideas on how to run the resorts more efficiently and effectively.

Royal Aloha is still on Facebook, Twitter and YouTube, and the Club’s website has been modernized to provide more information for current and prospective members. Wi-Fi is available in Lake Tahoe, Chandler and Waikiki and in selected “hot spots” in Kona, Branson, Otter Crest and Acapulco. The cost is still too prohibitive to install in the Spain office, but alternative service is available nearby.

Royal Aloha is keeping pace within the industry that includes some of the biggest hospitality brands in the world. If you have been contemplating adding weeks to your ownership, now is an opportune time to take advantage of the Club’s promotional offers — also to refer family and friends who would like to enjoy the benefits of Royal Aloha. We are giving members a small “thank-you” for referrals who become new members.
Treasurer’s Report

Stephen Lin highlighted the Club’s financial operation for fiscal year 2011:

Consolidated Balance Sheet

Royal Aloha had a cash balance of approximately $1,858,000 and reserve cash of approximately $3.6 million for a total cash balance of approximately $5.4 million. The reserve is invested conservatively in CDs or U.S. Treasury securities. The Club will continue accumulating cash in the reserve fund in anticipation of major refurbishment projects in 2014-2016.

Deferred revenues (annual dues billed or collected but not yet recognized as income) totaled $3,129,898.

Assets totaled $15,940,017; members’ equity totaled $11,540,453 (a decrease of about $198,000).

The term loan with Bank of Hawaii (financing for construction and renovation in Lake Tahoe) had a balance of approximately $776,000. We anticipate paying the loan in full before the balloon payment is due September 2014.

Statement of Income

Total annual dues income (operating and restricted reserve) totaled almost $6.41 million, a decrease of about $141,000 due to a lower membership count.

Total operating expenses (including depreciation) totaled $7,289,590, an increase of almost $313,000. Major reason for increased operating expenses: legal expenses related to a labor claim filed by a former Acapulco employee in 2008. Royal Aloha challenged the claim as having no merit; however, as a foreign corporation operating in an extremely pro-labor country with a less-than-transparent legal system, RAVC’s board of directors prudently decided to settle the case.

The Club generated close to $95,000 in membership sales and $549,855 in other operating income (energy charge, Christmas surcharge, transfer fees, internal exchange fees and rental income). Investment income was approximately $44,000.

Refurbishment expenditures were only about $241,000 last year, but spending will increase as work continues on aging kitchens. The Club’s 10-year refurbishment projection is annually updated based on an analysis of the age and conditions of each unit in each location. We constantly examine the timing of future projects and sometimes reschedule, for economy’s sake, if we can do so without impacting the quality of vacation experiences.

Thank you to our members who have traveled along on the Club’s 35-year journey. Royal Aloha has withstood many challenges through the years and continues to deliver services so our members can enjoy their vacations.

Recognition of Retiring Directors

Chairman Morris presented proclamations from Hawaii’s Governor, State Senate and House of Representatives, recognizing Edward Swofford for his contributions to the Hawaii tourism industry and his 22 years as a Professional Director on the Board of Directors of Royal Aloha Vacation Club. May 12, 2012 was “Ed Swofford Day in Hawaii.”

Ted Rohde was thanked for his outstanding service to Royal Aloha as a Member Director for 12 years. With his extensive business and financial background, Mr. Rohde has been a key contributor to the Club’s continuing success.

New Professional Director Appointed

With the retirement of Edward Swofford, a Professional Director Search Committee of Royal Aloha’s Board of Directors appointed David DiBerardino to fulfill Mr. Swofford’s remaining term, which expires May 11, 2013.

Thirty-four years ago, a new college graduate worked his way from sales associate to General Sales Manager of the Royal Aloha Vacation Club. During his subsequent career, Mr. DiBerardino became a Senior Sales Manager for Marriott International Vacation Club, Director of Sales for the Hilton Grand Vacation Club, and Vice President of Sales Operations in Hawaii for Starwood Vacation Ownership where he generated over $1.7 billion in net sales!

With Dave DiBerardino’s appointment as Royal Aloha’s new Professional Director, we like to proudly proclaim that young Dave has “come full circle”!

If Mr. DiBerardino chooses to run for a three-year term in next year’s election, Royal Aloha’s membership will have the opportunity to cast their vote.
Member Directors Elected

Randall Beeson of Frisco, Colorado is the Club’s newest Member Director.

A CPA with over 30 years of experience in accounting and business, Mr. Beeson has expertise in construction, real-estate development, and property management.

Randall Beeson has been affiliated with timeshare organizations for over 20 years. He pledges to work enthusiastically on behalf of all the Royal Aloha members.

Wayne Carney of Auburn, Pennsylvania was re-elected to second term as a Member Director.

During 34 years with Rohm and Haas Company, Mr. Carney developed new businesses, both domestic and global, worked with joint ventures in France and China, and served as President of Canadian Salt Company, Ltd. (a division of Morton Salt).

Wayne Carney wants to tap into his marketing and business background to find new ways to improve the Club while keeping costs under control.

MEMBERS HOST ANNUAL CHARITY EVENT

Benefit organizers for the Marsh Children’s Home traditionally sell at least half of their party tickets by January 1 – but, early this year, only 28 people had signed up. Upon hearing the count, Royal Aloha members began hustling. On party day, 92 people attended, including friends from the Pierre Marques and Mayan Palace. The event raised $6,643 for Mama Jovita and her 70 children!

It was a fun evening! The children sang and danced – and got a big kick out of getting many of the adults onto the dance floor.

Ann and Don Fahrman of Stewartville, Minnesota won the top raffle prize, one week at any Royal Aloha location. Other prizes included one week at TorreBlanca and gift certificates for Acapulco restaurants.

Since 2001, Royal Aloha members have raised approximately $75,000 for the Marsh Children’s Home. The next party will be held February 17, 2013.

Many of our members are concerned about drug-related violence in Mexico. The Committee reported “everyone felt very safe and enjoyed the many benefits of RAVC Acapulco – the city was vibrant with activity . . . there are still many good restaurants close to TorreBlanca with beautiful vistas across the Bay.”

Board Resumes Wanted!

At Royal Aloha’s 2013 Annual Meeting, the membership will elect one Member Director and one Professional Director. If interested in serving on the board of directors, you may download a copy of the Director Application Form from the Club’s website at www.ravc.com/directorapps.pdf. Please forward to the Corporate Office by September 30. The Nominating Committee will make its recommendations at next January’s board meeting.

COMMENTS CARD WINNERS

4th Quarter, 2011
Don and Bev Unruh
Otis, Oregon

1st Quarter, 2012
Rudy and Marlene Spiess
Calgary, Alberta, Canada
Beware, new timeshare scam!

The American Resort Development Association (ARDA) recently learned of another fraudulent marketing practice targeting consumers.

PLEASE TAKE HEED of anyone claiming billing discrepancies in your annual maintenance fees and requesting delinquent payments. If contacted, please get in touch with Royal Aloha immediately to be sure the bill and the company collecting it are legitimate. Fraudulent companies are illegally obtaining logos from company websites, then contacting timeshare owners to collect “overdue” maintenance fees.

RAVC members Randy and Sondra Jordan had a GREAT time at Coral Mar, one of Royal Aloha’s newest direct-exchange locations. Here we share Randy’s report (and Sondra’s huge catch!):

“This is a wonderful alternative for a great Mexican experience . . . and a great trade for the Club.

“Coral Mar provides van service directly to and from the airport for a nominal fee. The property is located on a peninsula, and the condos are right on the bay. With only one road in and out of the peninsula, traffic is kept to a minimum – Coral Mar is very quiet and tranquil. Hop a cab out to the main street (for only a couple of bucks), then use their fabulous bus system to see the sights or use the on-site tour agency.

“Besides the best fishing we’ve ever experienced, we loved the small island of Isla Mujeres and went three times! It’s just a 20-minute ferry ride. We rented a golf cart from the ferry guys and drove completely around the island in less than an hour. The carts are inexpensive and a ton of fun! It’s best to go in the early morning, spend the day, and watch the sunset on the beach.

“Management staff is very helpful, and someone’s in the office from early morning to late at night.”

(Randy served as a Royal Aloha director from 2004-2007.)

I just stayed at the Inn at Otter Crest and want to tell you how wonderful our stay was – the facility is beautiful and the staff operating it is excellent. When it became an RAVC property, I had doubts that Oregon would be on a par with Hawaii, but it far exceeded my expectations. Good job and thank you for allowing the experience of Oregon.

Debra Heinen
Mt. Prospect, Illinois

MEMBER ALERT!

CORPORATE OFFICE WILL BE CLOSED:
August 17, 2012 Hawaii Statehood Day
September 3, 2012 Labor Day