

ALOHA KAKOU

May there be friendship between us.

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Royal Aloha Vacation Club Newsletter

Summer 2011

2011 ANNUAL MEETING OF MEMBERS

Royal Aloha's 2011 Annual Meeting was held in Honolulu, Hawaii at the Hilton Waikiki Beach Hotel on May 14, 2011.

Members representing 2,571 weeks were present or mailed in their proxy.

Chairman George A. "Red" Morris called the meeting to order. He reported that this year's total operating expenses are projected to be almost \$93,000 less than in 2010 — provided state lawmakers, including the Hawaii State

Legislature, do not pass bills that would hike taxes on timeshare. He urged members to lobby their district legislators to vote against proposals that impose additional taxes on timeshare companies and owners.

President's Report



Jack Corteway

Timeshare remains strong in these challenging times.

Royal Aloha has been tightening its belt and will continue watching every expense; however, increased energy costs, federal health care reform, and devaluation of the US dollar will have a negative impact on this year's budget.

Recent and planned capital improvements: new sofa beds, chairs, 42-inch flat screen TVs for Hawaii


units; cable TV in 43 Acapulco units (number will be reduced during the slow season). Appliances (refrigerators, stoves, washers and dryers, dishwashers) are due for replacement this year or next at most locations. Kitchens and bathrooms in Branson and Maui will be renovated in 2011-2012.

Some discretionary refurbishment has been rescheduled so we could decrease the reserve component of the 2011 annual dues, but the reduction should not impact the quality of your vacation experiences.

Royal Aloha managers gathered in Honolulu this past April for a very productive week. They last met as a group in 2003, so this year's meeting was long overdue.

Royal Aloha is still on Facebook, Twitter and YouTube and is improving its website to provide better information to current and prospective members. Wi-Fi is available in Lake Tahoe and Chandler as well as selected "hot spots" in Kona, Waikiki, Branson, Otter Crest and Acapulco. In Spain, Wi-Fi service is available at a nearby restaurant and hotel.

In 2010, the Honolulu City Council recognized Royal Aloha's business excellence and dedication to serving the tourism industry for over 30 years. I proudly accepted the award. If we continue the Club's marketing program, keep our belt tightened,

and seek more ways to increase our revenue stream, I am confident Royal Aloha can provide the best possible vacation with the least possible increase in annual dues for many years to come. 

ELECTION RESULTS



Charles Burgett

Charles Burgett of San Martin, California, was re-elected to a second term as a Member Director. Dr. Burgett had a successful business career at Hewlett Packard, Dionex and Varian, Inc. A research scientist, he brings to the board experience in the technology industry with expertise in corporate leadership, marketing, sales and customer satisfaction.




Richard Geatty

Richard Geatty of Dayton, Ohio was elected to his first term as a Member Director. Mr. Geatty has over 30 years of experience as an entrepreneur and corporate executive sourcing new business opportunities, implementing strategic market introductions, and executing operational turnarounds. Semi-retired, he is actively involved with supporting and fund raising for ALS (Lou Gehrig's disease).



"Red" Morris

G. A. "Red" Morris of Kaneohe, Hawaii has been a Professional Director and Chairman of the Board since 1990. For the past 36 years, his firm has been representing various clients at the Hawaii State Legislature. He has also served as chairman of the Hawaii Real Estate Commission and as a special assistant for Real Estate for Hawaii's Department of Commerce and Consumer Affairs. He is highly regarded as an advocate for consumer protection in real estate and timesharing. 

Treasurer's Report



Stephen Lin

CONSOLIDATED BALANCE SHEET

Royal Aloha had \$1,541,438 in operating cash and \$543,995 in investments for a total cash balance of \$2,085,433 at fiscal year-end 2010. Restricted cash and investments totaled \$2,947,806. Combined cash and investments were just over \$5 million, approximately \$1.1 million more than

at the end of 2009, primarily due to the increase in the Refurbishment Reserve Account. The Club will continue accumulating cash in the reserve fund in anticipation of major projects to be undertaken in 2014–2016.

Deferred revenues totaled \$3,314,874; these are annual dues billed or collected but for accounting purposes not yet recognized as income.

Net property and equipment balance decreased approximately \$1.1 million to \$11,027,955 due to the slowdown of capital expenditures.

The Club's fixed-rate term loan with Bank of Hawaii had a balance of just over \$1 million. The loan was used to finance the construction and renovation costs at Royal Aloha Tahoe and will be repaid by the end of 2014.

Assets totaled \$16,428,752, almost \$82,000 higher than fiscal year-end 2009.

Members' equity increased to over \$11.7 million.

STATEMENT OF INCOME

Total revenue increased to \$7,226,793; total operating expenses, including depreciation expense, totaled \$6,976,905.

The Club generated \$140,675 in membership sales (178 weeks) and \$537,608 in other operating income (e. g., Christmas surcharge, energy surcharge, transfer fees, internal exchange

fees, rental of excess units). Investment income dropped over 40% due to low interest rates.

Royal Aloha had a capital gain of \$116,000 from the sale of two Acapulco units, which were fully depreciated. The Club's long-term goal is to sell at least 20 TorreBlanca units and use the cash to purchase units in existing or new locations with a higher demand.

Net income at fiscal year-end was \$367,358.

Refurbishment expenditures in 2010 were only about \$270,000. Our 10-year refurbishment projection is updated annually after an analysis of the age and condition of each unit. Based on the most current projection, over \$12 million will be spent for refurbishment over the next 10 years.

I would like to thank members who actively voiced concerns when the Hawaii State Legislature attempted to raise occupancy taxes on timeshare owners by 400%. Legislators received many letters and e-mails, and the tax increase was defeated. We continue to be concerned about increases in real property taxes in Maui County. There was a 70% increase six years ago; Maui's mayor is now proposing another 40% on timeshare properties. Fighting unfair taxes will be a constant battle for Royal Aloha and the timeshare industry as a whole.

Prior to adjournment, the board presented a certificate to Chairman Morris thanking him for his many contributions for over 20 years. His ongoing leadership and extremely effective role as a lobbyist and advocate for RAVC regarding many political issues in the State of Hawaii have been exemplary.

Please Note: As this newsletter was going to press, Maui County passed a revised proposal calling for a 7.14% increase in real property taxes for timeshare units. 

Royal Aloha thanks Harry Cummings for his 12 years of dedicated service to the Club. He chaired the Member Services Committee for many of those years and served on almost every other committee during his four terms. The Club is especially grateful to Harry for contributing his time and architectural skills to the successful renovation of the Lake Tahoe units and construction of the new on-site office building.

INTERESTED IN SERVING?

Are you interested in committing time and energy to serve as a director?

If so, please mail your resume to Jack Corteway by October 1.

The Nominating Committee will make its recommendations at the January 2012 board meeting. 

Next Annual Meeting date: May 12, 2012



Channing Bridges

For the past year, I've been facilitating RAVC's Tuesday morning breakfast briefings in Waikiki. Come and join us — I have some great deals!

- Guest pass for the Plaza Club (www.theplazaclub.com) in downtown Honolulu. Treat yourself to "happy hour" or a special dinner at this private club at the top of Pioneer Plaza.

- Golf at Mid Pacific Country Club (www.mpcchi.org) on Oahu's windward coast. Cost is \$100 per person for 18 holes - less than at most resort courses in Hawaii. I can make tee times for you and your guests.
- "2-for-1" breakfast deals at a restaurant one block away from Aloha Towers.

Best "happy hour" deals in Waikiki, favorite Oahu restaurants and secluded beaches.

- Rental cars as low as \$8.95 per day! Just before your trip to Hawaii, contact me at (808) 847-8050/x101 (or see me Tuesday a.m.), and I might be able to assist you.
- Hawaii Magazine subscription for only \$10 a year. An entertaining publication to help you enjoy your island vacation to the fullest. Call (800) 788-4230, tell them you are an RAVC member.
- Exclusive discounts on Oahu's most popular tours and activities. Royal Aloha has teamed up with Sav-on Tours Hawaii (www.saveontourshawaii.com) to save you money.

Don't forget our Pau Hana Reception from 4:00–5:00 p.m. every Thursday in the Diamond Head Tower, third floor. This get-together offers complimentary refreshments and a chance to socialize with fellow members. And you don't have to dress up!

I hope to see you and your family on your next vacation in Waikiki! 🌐

11th Annual Benefit Held In Acapulco

Even with a slightly smaller attendance, the 2011 benefit for the Marsh Children's Home raised almost \$9,000 for Mama Jovita and her kids. Mama will use the funds for interior and exterior painting and infrastructure repairs.

The kids are always the heart and soul of the evening, and they delighted everyone with three songs and three dances. Several new children at the Home are from one of the poorest mountainous regions in Mexico. When they arrived at Mama's, they didn't speak Spanish, much less English, and they are now learning both. Mama also encourages them to speak their native language among themselves to retain an important part of their heritage.

This year **Robert and Priscilla Cox** of Renton, Washington won the top raffle prize of one week in a Royal Aloha unit at any location. **Rich and Sigrid Polanek** of Elmwood Park, Illinois won one week at TorreBlanca. Acapulco restaurants donated ten other prizes. **Howard and Amelia Goldberg, Fritz Schmid** (now deceased), and an anonymous donor were recognized for their exceptional generosity.

From Mama Jovita and all of her children, many thanks to everyone for the enthusiastic support you so freely give!

Next year's party: February 12, 2010. 🌐



COMMENT CARD WINNERS

4TH QUARTER, 2010

James and Jeanie Heavner
North Highlands, CA

1ST QUARTER, 2011

Janet Thrasher
Los Gatos, CA

Take a moment to fill out a comment card after your next Royal Aloha vacation. It's an easy way to communicate with management and your board, and we will include you in the drawings for a free week's accommodations at TorreBlanca, Acapulco.



Royal Aloha resort managers meet with members of the Corporate staff in Honolulu. After a week of sharing common concerns, challenges and solutions, the managers returned to their respective resorts with renewed enthusiasm.

ROYAL ALOHA'S CORPORATE OFFICE WILL BE CLOSED:

July 4, 2011	Independence Day
August 19, 2011	Hawaii Statehood Day
September 5, 2011	Labor Day

PLEASE NOTE:

If you have Branson reservations in mid-August, the Branson-Springfield Airport is scheduled to be closed August 12-15 for runway resurfacing.



SPECIAL ENROLLMENT OFFER FOR OWNERS AT ROYAL ALOHA VACATION CLUB

Get 2 Years Of Interval Membership For The Price Of 1: Only \$89^{U.S.}

If you're not already a member, you can take advantage of this special enrollment offer and join Interval International today. You'll have access to our global network of quality member resorts and a wide array of benefits and privileges, including:

Worldwide Exchange Privileges • Low-Cost Getaway Vacations
Special Travel Discounts • Golf Resort Program
Convenient Online Access • And Much More!

Don't wait, enroll today! Call toll-free: 1-888-784-1242
or 305-666-1884 ext. 7751 (outside toll-free limits)

Refer to **Promotion Code 93501NM** to receive this special offer. **Offer expires December 31, 2011** and is available for new member enrollment only.



THE ROYAL ALOHA VACATION CLUB

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