

## **PRESIDENTS MESSAGE: MARCH 14, 2023, IHVC AGM**

Good morning, everyone and welcome.

“I would like to recognize our management staff in attendance with us today:

Resort Manager – Bryan Ayakawa

### And other staff members:

Jui Dutt-Spiller, Controller and Assistant Resort Manager

Derek Carvalho, Operations Manager

Ceci Tan, Housekeeping Manager

Stephanie Reuter, Sales & Marketing Manager

Keola Willing, Guest Services Manager

Tony Gabriel, Reservation Manager

### Also helping during the registration process were:

Madelyn Sales, Executive Assistant and Human Resources

Jody Gamiao and Linda Yanagihara of Membership Services

Michelle Nahale \_\_\_\_\_, Manager On Duty (MOD)

### And your IHVC Board of Directors at the Table:

Vice President Ken Nicholls

Treasurer John Tokarcsik

Secretary Don DeBaca

Director Steve Yoshino

And myself, Preston James, President

Also with us today are:

Steve Glanstein, Parliamentarian

Feiloa'i (Fay) Lacaden, Recording Secretary (pronounced Fah low ah e)

and Del Green, Imperial Legal Counsel

Please take note of the [Rules for Member Participation at Member Meetings](#) which were made available at the sign in desk and were also included in your Proxy Mailer. We appreciate your cooperation in observing the stated rules during today's meetings. If you did not pick up a copy, please, raise your hand and we can distribute a copy to you now.

Thank you.

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I and the IHVC Board of Directors extend a very warm welcome to all our Timeshare Owners and friends attending the Imperial Hawaii Vacation Club Annual General Meeting of Owners. Thank you for attending today's meeting and thank you for your support, constructive comments, and ideas that the Board receives during this week of the Annual General Meeting.

If this is your very first AGM, A very special welcome to you and we hope you can attend every year. The week around the AGM is the best time to meet other owners and make new friends.

I will give you an overview of the 2022 IHVC performance and operations:

Last year, Imperial's overall occupancy was 80% and continues strong as we are moving into 2023. Occupancy is anticipated to be above 80 % in the first quarter of 2023 on pace to meet or exceed 2023's budget pending any unforeseen downturn in the economy and hospitality industry. Free Independent Travelers bookings in our hotel operations continue to constitute a balance of about 36 % in the Resort; the remaining being Imperial Owners and Timeshare Exchanges. Reservations Department 2022 Hotel operations significantly exceeded budget income while operating expenses were only up slightly as might be expected when servicing higher occupancy. Maintenance operations costs were below budget while maintaining health and safety protocols, equipment testing and certifications.

Our internally operated Timeshare Sales program continues to be very successful without high-pressure sales techniques associated with competitor's timeshare sales. We continue to offer varied and different purchase incentives, although some incentives could be discontinued at any time. Based on the current timeshare market it is possible that purchase prices will be increased in the future. Stephanie Reuter, Imperial Resort Sales & Marketing Manager is your contact for information on additional timeshare purchases. Owner maintenance assessments delinquencies are reasonably stable and time share sales have increased every quarter since 2021.

We maintained a good IHVC operating cash balance throughout the year resulting in a positive year end result. Cash balance from operations continues to be very positive however no contribution to the capital reserve fund is planned this year. The IHVC Capital Reserve for future projects expense is over \$2 million and the Resort continues to be on sound financial footing with adequate reserves for

future capital projects. Responsible cash management will continue throughout 2023 as the top priority. The IHVC Board Treasurer, John Tokarcsik will give some additional data in a moment.

The prior year 2022 owner assessment increase sent out in November of 2021 was significantly below the rapidly rising inflation rates of the islands including most US mainland regions. However, as you well know, inflation began to rise in 2022 at an unprecedented rate increasing our operations per unit cost basis above budget in some categories. Continuing inflation and the expected significant increase in the land lease payments beginning in 2023 resulted in the larger than average 2023 assessment increase required to meet budget requirements. And speaking of inflation effect on budgets, the Mayor of Honolulu recognizing the inflationary effects also just announced a proposed 6% increase in the next fiscal budget. More information regarding the land lease rents may be made available in the AOA AGM immediately following this meeting.

In the past year of 2022 the Imperial continued the great services to our owners and implemented more activities, complimentary programs, and owner recognitions upon checking into your suite. If you attended a recent Monday morning Owner's meeting, our excellent management gave you an update on our 2022 accomplishments. But not everyone makes it to an owner meeting or the AGM every year. The information I present today will be made available in the documents section of the owner's website particularly for those not able to attend today's meeting. Some of the accomplishments worth highlighting again include:

- Continued upgrades of our timeshare owners' Website. The website was also upgraded to contain a Japanese translated option. This will remain an ongoing process.
- Establishing our strong social media presence promoting the Imperial and the Beachwalk area of Waikiki continues with much emphasis.
- Late last year Japan opened for international travel without required quarantine when returning to Japan. Our Marketing Departments Japanese advertising initiative that started just before Covid had been put on hold. This marketing plan is kicking off this week via a two page advertisement in the Japanese language magazine "Hawaii Aloha Express".
- Greatly expanded cooperative discounting with local restaurants, retailers, and tours in which all our guest can take advantage by showing their Imperial room key.
- Migrated most of our guest literature and information to digital format saving paper, printing, reproduction costs, and providing guests instant secure access via smartphone from most any location.
- The Live Anywhere Concierge Service is always available on your smartphone. Scan the QR code in your room with your smart phone and make your tour reservations right from your room.
- Maintenance labor was utilized to initiate and completed projects in house instead of contracting to outside vendors at a greater cost. Among these were remodel of the owner's lounge kitchen and other common areas; design and remodel of seven 01 Palm units kitchens which were not initiated during the last renovation due to the difference in the kitchen configuration requiring more study of design configuration.

- There have been other improvements during 2022 and our team continues to utilize our in-house resources to control costs of upgrades and other projects. During Covid we learned how much more we could operate efficiently, more economically and sometimes slightly different than in the past. Current operations continue to utilize these improvements learned and incorporated into planning and execution. Overall operations economy has improved over pre-Covid.

The 2022 overall team performance was the very best exceeding all prior year's performance standards and we recognized many of the individual performers for their initiative and team effort.

Our team's performance has also been recognized by Online Travel Organizations such as Booking.com, Hotel's.com, Orbitz and other reservation and guest review award ratings sites consistently ranking the Imperial at 4.4 out of 5 or 8.4 out of 10 which corresponds to an Excellent rating. The Imperial was voted the Number One Vacation Timeshare and Number One Value Resort on Oahu by Hawaii Magazine in 2022 and remains the best timeshare value in the islands. Our marketing plan continues to develop and fulfill that image. We expect to receive additional performance and guest satisfaction recognitions again this year.

Repeating from last year, we continue to Investigate, innovate, and improve to stay competitive knowing the Imperial is a Legacy timeshare operation, but we strive to be the very best. The IHVC board of directors and the dedicated staff at the Imperial understand there cannot be a passive operation or oversight. We will stay aware of our surroundings, the new developments within the timeshare industry, tourism, social media, and competition from outside the immediate timeshare industry. The Imperial is strongly positioned for continued success as the best timeshare value or midsize hotel in the islands. I want to recognize my fellow board members for their contributions the last 12 months and thank them for their service representing the interests of all our IHVC owners.

The board's goal for 2023 is maintaining our increased efficiency of operations, maintaining, and improving quality of service to owners and guests, increasing hotel operations revenue, and continuing to monitor operations to within the 2023 Budget for each department of the Imperial Resort and Vacation Club. The ability of our management, our support staff, and in house service providers along with the oversight from your elected board of directors insures that 2023 will be excellent year of continued operations and performance in service to our loyal owners and all our guests.

I hope each of you are enjoying your vacation at the Imperial and I want to again thank each of you for attending the 2023 Annual General Meeting of IHVC Owners. We together as owners enjoy a resort in a great Waikiki location and I look forward to seeing each of you again next year. Let us all continue the spirit of aloha as part of our Imperial ohana. Help us move forward by telling your friends what a great value you have as an Imperial owner and by inviting them to visit our website and to become part of the Imperial ohana.

Thank you and Mahalo for your attendance today.

The chair now recognizes IHVC Treasurer, John Tokarcsik