

Olga Geling  
1777 Ala Moana Blvd  
Honolulu, HI 96815

February 18, 2010

Ilikai AOA Board of Directors (BOD)  
William Moore, BOD President  
Lea Sasak, BOD Vice President  
John Popovich, Ilikai AOA Manager  
Milton Motooka, Ilikai AOA legal counsel

VIA EMAIL  
VIA EMAIL  
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Re: **SERIOUS CONCERNS**

Dear Board of Directors and Mr. Motooka:

Note: If there are any factual misrepresentations below, please let me know at your earliest convenience. If you think my concerns are ungrounded, by all means let me know why.

**Background:**

- The Marina Hawaii Vacations company operates a major rental and sales business at the Ilikai. It is estimated that at least 200 Ilikai units are in the Marina Hawaii Vacations rental program.
- Upon information and belief, Hawaiian Properties and Marina Hawaii Vacations are businesses of the Tokioka family. Records also show Marina Hawaii Vacations as a trade name for Hawaiian Properties, Ltd.
- Upon information and belief, when Ilikai owners place their units in the rental program, the default is such that they give up their proxies to Marina Hawaii Vacations to use. While those owners appear to have the option to withdraw their proxies, the reality is that many owners lack sufficient understanding of proxies and how and for what purposes those are used, or do not care, or would not want to bring up the proxy issue out of fear of potentially jeopardizing their rental income. As a result, upon information and belief, Marina Hawaii Vacations controls the votes of an estimated 200 units at the Ilikai, if not more.
- The Tokioka family, through one of their companies, owns one unit at the Ilikai (# 1623). While it is possible that they own several more units (if under different names), it is certainly not more than five or ten at most.
- Even though the Tokioka family only owns one unit (or several at most, if under different names), they control an estimated 200+ votes – by virtue of the proxy collection mechanism detailed above.
- Dass Ramadass is currently a Board Director, he is also running for re-election. Upon information and belief, Dass Ramadass does not own any property at the Ilikai. I understand that he is an “officer” of one of the Tokiokas’ companies that owns unit # 1623, and that is why he was eligible to get elected to the Board. Nevertheless, he is not an owner at the Ilikai. He is an employee of the Tokiokas’ companies, with “employee” being the key word. How can Mr. Ramadass possibly act in undivided loyalty to the AOA? Wouldn’t it be reasonable to expect his loyalty to be directed to his employer, the Tokiokas’ companies?
- Furthermore, upon information and belief, several Board Directors, Bob Romo, Bill Lawrence and Bob Currie, rent their units through Marina Hawaii Vacations. Others, who rent their units on their own, may still be using Marina Hawaii Vacations’ services as an onsite agent to register tenants, process credit card payments, troubleshoot problems etc, - but I do not have information

on this particular aspect. The Directors who rent through Marina Hawaii Vacations effectively depend on Marina Hawaii Vacations to have their units rented and for rental income. Doesn't this imply a potential conflict of interest?

Based on the above, I am raising the following concerns:

- By now it is no secret around the Ilikai that at the last Board meeting on January 28, 2010, the Board voted to re-bid the managing agent contract currently held by Hawaii First and that Hawaiian Properties would bid for this contract. In light of the considerations delineated above in Background, how can they possibly be even eligible to bid? Wouldn't this create a whole web of potential conflicts of interest?
- Article V of the Ilikai Bylaws pertains to "Managing Agent and Employees." Section 2 of Article V addresses "Prohibition of Association's Employees Selling or Renting Apartments in the Project." I understand that technically, the managing agent is not an "employee." But would you think that the intent of this prohibition was to apply to both the managing agent and employees?
- I understand that there have been some concerns about Hawaii First. But that does not eliminate the issue of whether Hawaiian Properties should be allowed to bid, given the Marina Hawaii Vacations rental and sales operations here. Besides, there are other management companies, such as Certified Management.
- The Tokiokas' companies have commercial interests here that may or may not align with those of the AOA. The Tokiokas' companies own one unit at the Ilikai (several at most, if under different names). Yet, because of the business they are operating here, they hold vote proxies for an estimated 200+ units. With these many proxies, they can elect two Directors. Even if they choose to give those proxies to an owner(s) not employed by the Tokiokas' companies, wouldn't it be natural to expect that the candidate of their choice would strive to represent the Tokiokas' interests? How is this allowed?
- In other words, the Tokiokas' companies – specifically, **their commercial interests that may or may not correspond to those of the AOA and individual owners** - are moving in the direction of practically controlling the Ilikai, even though in terms of ownership they own one unit (or several at most). How is this allowed?

I have absolutely nothing against the Tokiokas. My concerns are about the governance at the Ilikai and the trend that commercial interests of some business that owns one unit in the entire building (or several at most if under different names) have so much influence over the Board and now may be taking over the financial managing agent contract as well.

And last but not least: Why do we, owners, have to find out about such an important development as re-bidding the managing contract through rumors? Why wasn't this item for discussion at the Executive Session announced at the Board meeting? Pursuant to Article III Section 3.B of the Ilikai Bylaws, "The nature of any and all business to be considered in executive sessions shall first be announced in open session." Simply writing the word "contracts" on the agenda, as you did, does not do it.

If there are any factual misrepresentations above, I urge you to let me know ASAP at your earliest convenience. If you think my concerns are ungrounded, I urge you to let me know why. I look forward to hearing from you.

Sincerely,

Olga Geling