

BFK, Inc. Minutes
Meetings of the Board of Directors

1977

BFK, Inc.

Minutes of the Board of Directors
with Ancillary Correspondence
(Chronological)

YEAR:

1977

B. F. KNEUBUHL, INC.

P. O. BOX 39 - PAGO PAGO
AMERICAN SAMOA 96799

RADIO ADDRESS:
"KNEUBUHLINC" PAGO PAGO

March 17th, 1977

Mr. Ben F. Kneubuhl, Jr.
c/o Kneubuhl Maritime Services
Iumana'i Building
Faatogo, American Samoa

Dear Ben:

There will be meeting of the Board of Directors of BFK, Inc. on April 18, 1977 commencing at 9:30 am. D. C. Kneubuhl has asked that you keep April 19th and 20th for additional meeting if necessary.

Respectfully yours,

Margaret K Landrican
Margaret K. Landrican
Secretary

MKL/mf.

MINUTES OF THE SHAREHOLDERS MEETING

OF

KNEUBUHL MARITIME SERVICE, INC.

Ben Kneubühl, duly authorized to vote the stock of Kneubuhl Maritime Service, Inc., hereby elects a Board of Directors for Kneubuhl Maritime Service, Inc. to commence service immediately for the year 1975 or until removed by a vote of the shareholders.

The directors of Kneubuhl Maritime Service, Inc. for 1975 will be Lena Kneubuhl, James P. Kneubuhl, Francis Opelle, Douglas C. Kneubuhl, Ben Kneubuhl, Margaret Landrigan, and John Alexander Kneubuhl.

Ben Kneubuhl
Chairman of the Board

BOARD OF DIRECTORS MEETING

AGENDA

April 18, 1977

- 1) Meeting will be called to order at 9:30 A.M. by the Chairman of the Board, Mr. James P. Kneubuhl, and opening remarks by the Chairman.
- 2) The President of B. F. Kneubuhl, Inc. Mrs. Lena P. Kneubuhl, will make some opening remarks.
- 3) The Chairman will call for a report on the activities or summary of operations of the various subsidiary Companies of B. F. Kneubuhl, Inc., for the year 1976. This should also include analysis of the projections made for the first quarter of 1977 and the actual results. Also at this time the various subsidiary Companies should project what there activities and results will be for the remainder of 1977. Budgets and Fore-cast should be presented.
 - a) Kneubuhl Maritime Services
 - b) Kneubuhl Store
 - c) Kneubuhl Datsun Agency
 - d) Pacifica Foods
 - e) South Pacific Tour & Travel
- 4) Financial position of B. F. Kneubuhl, Inc. presented by Mr. Klauk and Mr. Savella. This report will include all the loans and monies owed by B. F. Kneubuhl, Inc.. This report should also summerize all loans which might be owed by the subsidiary Companies of B. F. Kneubuhl, Inc..
- 5) The Chairman will bring up for discussion and possible dis-cussion and possible decision the following subjects per his letter of November 30, 1976.
 - 1) List of officers and Director of B. F. Kneubuhl, Inc.
 - 2) What to do with quarantees to Panks and monies now in the Trust but stated for Stock holder now receiving B. F. Kneubuhl, Inc. Loans.

- 3) Borrowings and owings of various officers, employees, and Director of the Company now showing on the Books.
- 4) Lands:
 - a) Olo
 - b) Employee housing
 - 1) Solving previous decisions and bring all this to coincide with the present - All parties should come to an agreement on this once and for all. Also a future plan for protecting everyone's interest should be agreed upon.
 - c) Mother's other lands - Present Status and what should be done.
- 5) Tiimalu Lease and what to with situation. Lease expires 1980, what action should be take, now.
- 9) For greater economic benefit to stockholders, recapitalization is to be discussed of B. F. Kneubuhl, Inc.

BOARD OF DIRECTORS MEETING



April 19, 1977

Meeting will be called to order by Chairman at 1:30 P.M.

- X1) Kneubuhl Maritime Services proposals if any.
- X2) Kneubuhl Store proposals if any.
- X3) Kneubuhl Datsun proposals if any.
- 4) Pacifica Foods proposals if any.
- 5) Proposals by any Director of any item pertaining to Business opportunities or direction for the Company.
- X6) Proposal by Safari Tour of Honolulu, Hawai'i with respect to South Pacific Tour and Travel by Mr. L. Leasure, President of Safari Tour.
- 7) Any other subjects or matter desired by any Board Member for discussion and decision.
- 8) Director Fees for 1976.
- 9) Closing remarks by the Chairman.

155,600
186,480
341,480

240 / 50,000
240
200

BFK
BOARD OF DIRECTORS MEETING

agenda

APRIL 18th, 1977

The meeting was called to order by James Kneubuhl at 10.50 a.m.

PRESENT:

L.P. Kneubuhl
J. Kneubuhl
B.F. Kneubuhl, Jr
M.K. Landrigan
W.R. Opelle
D.C. Kneubuhl
H. Klauk

1. In Jim's opening remarks he stated that in spite of the recession the Trust had done well through market investments. He personally felt the company had made progress:

- (a) Several new companies had been started
- (b) The total value of B.F. Kneubuhl, Inc. greatly increased over 1972.

Jim stated the meeting was merely an effort to iron out family as well as business problems. He felt with better communication some of these problems might be resolved.

- (i) He suggested L.P. Kneubuhl estate be frozen at a given figure.
- (ii) Non-working family members should be paid a dividend, rather than a salary for tax purposes. All heirs would receive the same dividend.

2. Jim welcomed by L.P. Kneubuhl - she thanked D.C. Kneubuhl as well as B.F. Kneubuhl, Jr for doing a good job.

3. The Chairman called for reports on various subsidiaries of B.F. Kneubuhl, Inc. He suggested monthly reports be not quite as detailed for non-working directors.

(a) Kneubuhl Maritime Services

Ben reported K.M.S. had a new contract with Farrell. The proposal accepted in October 1976 is for an indefinite period with a ninety (90) day close-off stipulation, in case of change. For various reasons there had never been a contract with P.F.E.L. Jim suggested audited figures on reports be changed from two (2) year period to five (5).

Kneubuhl Maritime Services needs new equipment - present maintenance costs are too high on forklifts and trucks as well as on other equipment. Furthermore, as a result of the cash flow, principals cannot be paid.

Mike offered to pursue in San Francisco the possibilities of getting a competitive rate to ship tuna to San Diego. D.C. Kneubuhl made a motion that K.M.S. pursue as soon as possible any avenues for the company to get tuna cargo from Starkist and Van Camp for shipment to Los Angeles and San Diego. Jim seconded the motion - all in favour.

(b) B.F. Kneubuhl - Store

Margaret K. Landrigan stated the store building needed improvement - more modern equipment especially freezing facilities for the store as well as the warehouse.

The local Recession new stores in more convenient locations, as well as the physical appearance of the store, have all contributed to a reduction in volume. However, with competitive prices, minimizing frozen items that lead to spoilage, concentrating on high mark/up specials as well as keeping a high inventory, we hope to increase the volume of sales.

(c) Datsun Agency

Helmuth reported twelve (12) cars were sold in 1976 with a \$350 - 400 profit per car. Because of a cash deficiency, the Agency could not buy more. In 1977 there was a 20% increase in price - five (5) cars were sold in January - five (5) in February and ten (10) in April. Helmuth plans to maintain the five (5) car per month shipments for the remaining months of 1977. The four orders of 20 - 240Z (80 cars) began in April with a 333.50 net per car. With the new exchange, the remaining three shipments of twenty (20) each (or 60 cars) will net \$200 per 240z or \$300 for 2 + 2, guaranteed by Harbor Datsun.

(d) Pacifica Foods

In spite of lifting the ban that restricted the importation of salt beef, Sonny Betham said Pacifica would not lose business. He stated the local U.S.D.A. man is most co-operative. Furthermore, labeling for any new firm would be a problem. Hellaby being the only firm with an approved label. D.C. Kneubuhl said a N.Z. company with a plastic container would be the only competitive model. Considering all aspects shipment of this keg would be in the latter part of 1977. At that point Pacifica might have to lower margins to compete.

D.C. Kneubuhl stated the cubing operation might be resumed later in the year.

4. Financial position of B.F. Kneubuhl -

Rudy reported the following outstanding loans:

Kneubuhl Maritime Services: Two seven (7) years loans

- A. Secured by the Forklift with a monthly payment of for three years. \$64,742.00
2,900.00
- B. Generator - Pacific Machinery \$18,256.00
Monthly payment of 760.00-23 Instalments
And a final payment of 776.00-24th "

B.F. Kneubuhl - Store

- Two 90 day loans at Wells Fargo \$27,000.00
- and \$20,000.00
- Up to line of credit also at Wells Fargo. \$50,000.00
- Pacifica Foods \$80,000.00
- to be paid monthly 3,674.00

Helmuth suggested we review loans with the possibility of reducing payment to ease the cash flow. D.C. Kneubuhl moved that Helmuth and Rudy review all loans and make a proposal with a view of easing the financial strain on the company. Seconded by B.F. Kneubuhl, Jr - all in favour.

5-1. List of Officers

Jim recommended the officers stay the same.

5-2. Jim explained the Bank value of the Trust, approximately as of March 10th, \$475,000.00 - In the event of Recapitalization - 1200 shares of common stock issue would be split six (6) ways for \$200.00 a share. This plus directors fees would be paid as a dividend. Helmuth would provide a figure at which the value of the company would be frozen. Each heir is obligated to sell to another heir at Bank value should he wish to dispose of his/her stock. B.F. Kneubuhl Jr moved we accept the preceding paragraph as a motion. M.K. Landrigan seconded - all in favour. Jim added \$5,000.00 could be spent on attorney fees if necessary.

5-3. See minutes November 10th 1971 - "a motion by W.R. Opelle starting January 1st, 1972" etc. (Will be added as insert).

5-4. Lands

(a) Olo

Jim felt the company should maintain grounds. D.C. Kneubuhl moved a committee be formed to protect the interest of the company. An Olo Association would be created with By-laws as to how the Association should be run. Board members are to be Ben Kneubuhl and

L.P. Kneubuhl mentioned that Frank Pritchard needed 10,000.00 to improve Savai'i property. D.C. Kneubuhl hoped to meet with Frank in Apia.

D.C. Kneubuhl stated they hoped to survey and fence Fagaiofu and to engage a tenant farmer. Jim made the motion the Board should allocate \$10,000.00 in case it is needed for Improvements and to begin above programme at Fagaiofu. Bob Opelle seconded - all in favour.

APRIL 19th, 1977 - 9 a.m.

The meeting was called to order by the Chairman -

PRESENT:

- L.P. Kneubuhl
- J. Kneubuhl
- B.F. Kneubuhl, Jr
- M.K. Landrigan
- W.R. Opelle
- H. Klauk

Resolved the Chairman settle B.F. Kneubuhl tax problems for 1969 - 1971 with G.A.S. With the understanding that the settlement not exceed \$30,000.00. Ben Kneubuhl made a motion that the preceding paragraph be approved - L.P. Kneubuhl seconded - all in favour.

D.C. Kneubuhl made a motion that Helmut Klauk's job description be approved.

APRIL 19th, 1977

Meeting called to order by Jim Kneubuhl.

PRESENT:

L.P. Kneubuhl
J. Kneubuhl
B.F. Kneubuhl, Jr
M.K. Landrigan
M. Kneubuhl
W.R. Opelle
H. Klauk

Mr Lynn Leasure of Safari Tours was introduced. He said Safari Tours wished to open a local office. They have already established offices in Apia, Fiji and Tonga. The projection is that they would bring 100 people a week through the summer and 179 per charter every two weeks during the winter months. He hopes to open an office at the Rainmaker Hotel.

D.C. Kneubuhl explained that Safari Tours would run and finance the "new" company completely. We would settle a fair figure for an equity. Safari would use our agencies - our license. Safari and South Pacific Tours would form a new company each with its own designated shares of stock, possibly a 60 - 40 split. Mike moved that B.F. Kneubuhl Jr write a proposal protecting South Pacific Tours completely. W.R. Opelle seconded - all in favour. Mike stated he would meet with Lynn in Apia and tell him the Board approves the plan pending the final proposal along the lines of what Lynn proposed.

The Chairman asked for proposals from various B.F. Kneubuhl subsidiaries.

1. Kneubuhl Maritime Services

No proposal.

2. B.F. Kneubuhl - Store

Marge K. Landrigan proposed that \$10,000.00 be budgeted and allotted to the store for a new truck and general upgrading of material. Helmuth stated there was a \$40,000.00 shortage in the store cash flow for May. Helmuth was asked to research a proposal within two weeks resolving the cash deficiency. The proposal to be submitted to James Kneubuhl with the possibility that the Trust might loan B.F. Kneubuhl the necessary funds.

3. Datsun

No proposal.

- 0 -

Tax Office. It was also suggested that Pacifica Foods might be used as collateral. It was suggested that D.C. Kneubuhl research all these points and report back to the Board.

APRIL 21st, 1977 - 5.10 p.m.

The meeting was called to order by James Kneubuhl.

PRESENT:

L.P. Kneubuhl
J. Kneubuhl
B.F. Kneubuhl
M.K. Landrigan
W.R. Opelle
D.C. Kneubuhl
H. Klauk

D.C. Kneubuhl said he had made quite a study of the Tuimalu lease. Tuimalu land is useless without L.P. Kneubuhl property and/or adjoining properties and L.P. Kneubuhl land not usable without Tuimalu portion. Therefore, the only practical solution would be to combine both properties. B.F. Kneubuhl should offer to buy or sell whichever is more advantageous. The alternatives are:

1. To negotiate a new lease
2. Build and maintain a small building to retain the Right-of-way through Meredith property.
3. Sell building to Tuimalu family and lease land for 30 years.
4. Tear down the building.

The Tuimalu lease is up in 1980. D.C. Kneubuhl proposed Ben seek out a line of discussion with John Tuimalu and report back to Board within 30 days. W.R. Opelle seconded - all approved.

D.C. Kneubuhl made a motion directors fees for 1976 of \$3,000.00 be paid each director on or before May 30th. B.F. Kneubuhl seconded - all approved. Jim suggested B.F. Kneubuhl, Inc. and subsidiaries budget for Board of directors fees in the future.

Chairman stated the Coke house was for sale for \$50,000.00 plus a lease on the two (2) acre parcel the house is on for \$40.00 a month. Bob said he wished to give B.F. Kneubuhl first refusal on the house with the hope of keeping the property in the family.

Jim felt the house should include the land and there would be no "land lease". He further suggested that the Opelle's be given the right to buy back the house if and when they desire at our price of \$50,000.00. D.C. Kneubuhl made a motion that we investigate financing the house by a bank for \$50,000.00 with a \$40,000.00 mortgage - Ben seconded - all in favour.

D.C. Kneubuhl made a motion that B.F. Kneubuhl write-off the W.R. Opelle debt now showing on books of approximately \$15,000.00. To be equitable \$15,000.00 is to be credited to Ben Kneubuhl and D.C. Kneubuhl accounts. After much discussion D.C. Kneubuhl withdrew his motion.

Jim stated the Board has considered all past claims to housing and there would be no further discussion. M.K. Landrigan said "I so move". Ben Kneubuhl seconded the motion - L.P. Kneubuhl, Ben Kneubuhl, W.R. Opelle, Jim, M.K. Landrigan in favour - D.C. Kneubuhl opposed.

Jim asked for Board approval of minutes from Board meeting of March 22nd, 1975.

There being no further business, the meeting was adjourned.

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Margaret K Landrigan
Margaret K. Landrigan
SECRETARY

Bob Opelle moved that starting January 1, 1972, all loans to individual family members be finalized as of the balance of this date (November 10, 1971) into individual notes from the individual to the company - such notes having a term as individually decided prior to November 13, 1971. That these notes bear simple 6% interest for the term involved, with option of being paid at the termination of the loan. It is understood that in the event of non-payment of the principal and accumulated interest at the end of the loan term, any such indebtedness would be deductible from such proceeds as due the family member at the time of trust distribution.

Nov 11 1971

B. F. KNEUBUHL, INC.

P. O. BOX 39 - PAGO PAGO

AMERICAN SAMOA 96799

RADIO ADDRESS:
"KNEUBUHLINC" PAGO PAGO

21st November 1977

BOARD MEETING

There will be a meeting of the B.F. Kneubuhl Board & Directors at Surf Rider Hotel, Waikiki commencing February 1st at 10 a.m. There will also be meetings on the 2nd and 3rd of February at the same time.

Margaret K Landrigan

MARGARET K. LANDRIGAN
SECRETARY

c.c. A.P. Kneubuhl
B.F. Kneubuhl, Jr
Mrs F. Opelle
James Kneubuhl

Board of Directors Meeting

Agenda

July 29th, 1977

The meeting was called to order by Benjamin F. Kneubuhl, Jr., at 09:00 A.M.

Present:

L.P. Kneubuhl, Director
M.K. Landrigan, Director
W.R. Opelle, Proxy for F.K. Opelle, Director
H. Klauk, Comptroller

Absent:

J.P. Kneubuhl
D.C. Kneubuhl

In Ben's opening statement, he summarized the minutes of the last Board Meeting, held on June 27, 1977 and made a motion that those minutes be approved. Lena seconded the motion - all in favor.

A motion followed that major issues for the proposed Canning Operation be discussed in detail. Motion seconded - all in favor.

P.F.C.'s Tax Exemption Certificate.

Helmuth stated that the current tax exemption is limited to the local manufacturing and processing of Keg Beef and Locally produced food only. Capital investment for the Canning Operation will not create additional tax forgiveness, unless the Tax Exemption Certificate is amended accordingly. A Letter to this effect is on file with the Tax Exemption Board. The chances of obtaining a new tax exemption certificate at this time do not appear very favorable.

Plant Financing.

Discussion was entertained over the question and character of the plant financing plan, which indicates lack of sufficient equity in the overall venture. One of the major objections raised, was the overextension of the trust's borrowing power and the consequent risk exposure. The fixed investment into the Canning Operation, given the size of such investment, would seem unwise, due to the poor working capital position of B.F. Kneubuhl, Inc. and its subsidiaries.

Sales Projection.

Some doubt was expressed as to the realism of capturing the estimated 18,500 cases in sales potential. No allowance is evident for additional cost provision in the event P.F.C. would have to enter the overseas market to make up any shortfall in the projected sales. It was brought to the board's attention that at least one store was retailing the product at below our suggested whole sale price of 75 cent per can.

Break-Even Point.

Overall Analysis.

The most disturbing consensus was the jeopardy to both the trust and operating companies, where any misstep could seriously undermine the very existence of these entities. The recent serving of a 30 day Letter by G.A.S. Tax Office, proposing certain adjustments to our Local income tax liability for 1972, 1973 and 1974 and potential repercussion for ensuing years, stressed the need for better financial planning.

After much discussion, Margaret made a motion whether to proceed with the proposed canning operation at this time, as previously considered, but for which no final determination had been made. Lena seconded the motion.

The Pisupo Canning Proposition was rejected at this time upon unanimous vote.

There being no further business, the meeting was adjourned.

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Margaret K. Landrigan
Margaret K. Landrigan
Secretary

BOARD OF DIRECTORS MEETING

AGENDA

April 18, 1977.

The meeting was called to order by James Kneubuhl, Chairman, at 10:50 AM.

Present: L. P. Kneubuhl, Director
J. P. Kneubuhl, Director
B. F. Kneubuhl, Jr., Director
M. K. Landrigan, Director
W. R. Opelle, Proxy for F. K. Opelle, Director
D. C. Kneubuhl, Director
H. Klauk, Comptroller

Absent: J. A. Kneubuhl, Director

- I. In Jim's opening remarks he stated that in spite of the recession the Trust had done well. Operating reports of the Assets of the Marital & Residual Trusts were sent to each of the beneficiaries involved approximately a month in advance of this meeting for the purpose of keeping all informed and to encourage questions about them.
 - A. B. F. Kneubuhl, Inc., had made considerable progress since 1972. New companies had been formed (KMS & Pacifica Foods) and were profitable. The total value of the corporation and its subsidiaries had increased substantially in the five year period since 1972.
 - B. Planning for the future had also improved so that we could set aside reserves for potential large bills.
- II. The Chairman called for reports on various subsidiaries of B. F. Kneubuhl, Inc. He suggested monthly reports be not quite as detailed for directors as for operating executives.

A. Kneubuhl Maritime Services

Ben reported K.M.S. had a new contract with Farrell. The proposal accepted in October 1976 is for an indefinite period with a ninety (90) day close-off stipulation. For various reasons there had never been a contract with P.F.E.L.

1. Ben reported K.M.S. had a cash flow problem as a result of unpaid bills. It was the Board recommendation that intercompany bills shown below be settled as soon as possible even if this meant additional borrowings by those owing money to K.M.S. All future bills between the companies are to be paid promptly. Major bills outstanding as of this date are:

Govt. of American Samoa	\$20,000.00
B. F. Kneubuhl, Inc.	\$51,000.00
Pacifica	\$11,000.00
B. F. Kneubuhl - Datsun	\$11,000.00

2. K.M.S. needs new equipment - present maintenance costs are too high on forklifts and trucks as well as on other equipment. The Board agreed we had to maintain the quality and efficiency of equipment for the K.M.S. operation and requested Ben to submit a capital budget for Board review and approval showing costs of individual pieces of equipment and when needed.
3. It was determined in further discussion of K.M.S. operations that since they were quite profitable on present work load any additional business obtained would generate an unusually good profit. Mike offered to pursue in San Francisco the possibilities of getting a competitive rate to ship tuna to San Diego. He made a motion that K.M.S. pursue as soon as possible any avenues for the company to get tuna cargo from Starkist and Van Camp for shipment to Los Angeles and San Diego. Jim seconded the motion - all in favor.

B. B. F. Kneubuhl - Store

1. Marge stated the store building needed improvements but since the Tiimalu lease expired in 1980, it might not be wise to spend money on major building improvements. She did suggest that certain frozen food equipment could be

replaced profitably and it was recommended that she go ahead with such purchases up to the amount of \$10,000.00 previously approved by the Board.

2. The local recession, new stores in more convenient locations, as well as the physical appearance of the store, have all contributed to a reduction in volume. However, by setting competitive prices, minimizing frozen items that lead to spoilage, concentrating on high mark-up specials, keeping a high inventory, and purchasing such freezing equipment as is required for the near future, we hope to increase the volume of sales.
3. After considerable discussion regarding the effect of loss of the Tiimalu lease, it was recommended that Ben contact that family to try to determine what their wishes were. It was pointed out at the meeting that the present building with additions occupies all of the leased Tiimalu land and almost all of the land purchased by LPK. It was questioned whether or not a retail store could be operated without control of both properties.

C. Datsun Agency

Helmuth reported twelve (12) cars were sold in 1976 with a \$350 - 400 profit per car. Because of a cash deficiency, the Agency could not buy more. In 1977 there was a 20% increase in price - five (5) cars were sold in January - five (5) in February and ten (10) in April. Helmuth plans to maintain the five (5) car per month shipments for the remaining months of 1977. The four orders of 20 - 240Z (80 cars) began in April with a \$333.50 net per car. With the new exchange, the remaining three shipments of twenty (20) each (or 60 cars) will net \$200 per 240Z or \$300 for 2 + 2, guaranteed by Harbor Datsun.

D. Pacifica Foods

1. In spite of lifting the ban that restricted the importation of salt beef into American Samoa, Sonny Betham said Pacifica would not lose business. Furthermore, labeling for any new firm would be a problem. Hellaby being the only firm with an approved label. D. C. Kneubuhl said a N.Z. company with a plastic container would be the only competitive model? Considering all aspects, shipment of this keg would be in the latter part of 1977. At that point Pacifica might have to lower margins to compete.

2. D. C. Kneubuhl stated the cubing operation might be resumed later in the year.

E. Financial Position of the Corporation

1. Rudy reported the following outstanding loans of the Corporation:

(a) Development Bank for the "Little House" at Olo	\$2,484.00
(b) Marital Trust	\$82,000.00
(c) Keith & Marge Landrigan	\$45,000.00
(d) B. F. Kneubuhl, Sr. Estate	\$50,000.00

2. Loans of Kneubuhl Maritime Services: Two seven (7) year loans.

(a) Secured by the Forklift with a monthly payment of for three years.	\$64,742.00 2,900.00
(b) Generator - Pacific Machinery Monthly payment of And a final payment of	18,256.00 760.00 (23 Instalm'ts) 776.00 (24th ")

3. Loans of B. F. Kneubuhl - Store

(a) Two 90-day loans at Wells Fargo and	\$27,000.00 \$20,000.00
(b) Up to line of credit also at Wells Fargo.	\$50,000.00

4. Loans of Pacifica Foods

(a) One loan in the amount of	\$80,000.00
to be paid monthly at	\$3,674.00

5. There was considerable discussion relating to the tight cash flow situation in all operations of the Corporation. It was recommended that Helmuth and Rudy Savella review all loans and make a proposal to the Board with the goal of easing the cash flow strain to all operations. Motion seconded and approved unanimously. Said proposal to be before the Board within 90-days.

III. Officers of the Corporation and Subsidiaries

In a memo to all Directors the Chairman had solicited ideas regarding any changes that might be proposed to make our business more effective. On question, there being no suggestions, the Chairman recommended that officers remain the same as at present. Motion seconded and carried.

IV. Recapitalization of B. F. Kneubuhl, Inc.

The portfolios of both the Marital and Residual Trusts have never shown their equity in B. F. Kneubuhl, Inc., as being an asset of the Trusts. In reality each Trust owns a 50% share of the company. For many reasons it is desirable to fix a value to be assigned to each Trust for its share and it was recommended to the Board that this opportunity be taken to protect Trust assets and at the same time establish a means whereby the beneficiaries of the Trusts could be motivated to take a greater interest in the company and work harder to make it more successful. Jim suggested that to accomplish these goals the Board should consider establishing two classes of stock in the company - new preferred stock to be held by the Trusts and new common stock to be held in equal shares by the children of Benjamin and Lena Kneubuhl. The value of the preferred stock would be set at the book value of the company at the close of business December 31, 1976. The value of the common stock would be set at the nominal value of one dollar per share for 1200 new shares which are to be purchased in 200 share portions by each of the children. This recapitalization would provide the Trusts with an assigned value for the company, give the Trusts preference in protecting its assets and at the same time permit participation by the holders of the common shares in the growth of the company and any dividends which might be declared. The only restriction recommended has to do with sale of the shares of common stock. In the event any holder of common stock wishes to dispose of a part or all of his or her holdings, it is recommended that the Board require that such stock be sold only to the company. A fair value for such a transaction could be the book value of the company at the close of the previous business year less, of course, the value previously assigned to the preferred stock held by the Trusts. As an example, if the preferred stock were to be assigned a value of \$225,000.00 which for example purposes we say is the value of the company at December 31, 1976, and a common stock shareholder wished to dispose of 200 shares at a later date when the company was valued at say \$120,000.00 more or \$345,000.00; the selling shareholder would receive \$20,000.00 for his 200 shares or one-sixth of \$120,000.00. Since we believe the last named figure is one that should represent the growth in value of the company in each business year, it is evident that it is to

a common stock shareholder's interest to hold on to the stock as long as he or she can. This plan is recommended as being good for the company, good for the family and good for the stockholders that make the company grow.

After discussion this plan was accepted by motion, duly seconded and approved by all attending. Activation of the plan would be through attorneys in American Samoa. They will be asked to arrange for implementation of this recapitalization as soon as possible. The Board understands that attorney's fees for such work will not exceed \$5,000.00 without further Board review and approval.

V. Loans by the Company to Family Members

- A. The Chairman wished to confirm his understanding as Trustee of the Marital and Residual Trusts regarding those loans made by the company to members of the family. His understanding is based upon a resolution passed by the Board in its meeting of November 1971, to wit:

"Bob Opelle moved that starting January 1, 1972, all loans to individual family members be finalized as of the balance of this date (November 10, 1971) into individual notes from the individual to the company - such notes having a term as individually decided prior to November 13, 1971. That these notes bear simple 6% interest for the term involved, with option of being paid at the termination of the loan. It is understood that in the event of non-payment of the principal and accumulated interest at the end of the loan term, any such indebtedness would be deductible from such proceeds as due the family member at the time of trust distribution. John Kneubuhl seconded the motion. W. R. Opelle, Margaret K. Landrigan, John Kneubuhl, Ben Kneubuhl in favor - Mrs. Lena P. Kneubuhl, having left the meeting, did not vote."

- B. Since discussion of this program brought forth no new ideas as to how to settle these debts to the company, the Trustee is requested to take such debts into account on distribution of the Trusts and shall pay the company for individual debts, deducting a like amount from the share of the Trusts to be distributed to any individual beneficiary so involved.

VI. Lands

Since various properties under Trust for the benefit of the family members are also assets of value in the planning of the activities and growth of the company, the Chairman suggested that certain actions

be taken to assure that the company's interest in such properties be protected and its right to use those which it selects to use is unencumbered.

- A. The property on which our store is situated will be discussed in greater detail later in these meetings.
- B. The property on which Pacifica Foods is conducting its main operations is considered to be completely within the control of the family and does not represent any problem to the future operation of our business at that location.
- C. The property at Olo - there is already substantial company investment and Jim felt it would be to the company's interest to assume proper maintenance and grounds-keeping, security and whatever else was required to protect its investment.
D. C. Kneubuhl moved a committee be formed to protect the interest of the company. An Olo Association would be created with By-Laws as to how the Association should be run. Board members are to be Ben Kneubuhl and Marge Landrigan. Jim seconded - all in favor.
- D. Fagaiofu and Talimatau

D. C. Kneubuhl stated the transfer to trustee recorded in December 1976 in American Samoa.

D. C. Kneubuhl stated they hoped to survey and fence Fagaiofu and to engage a tenant farmer. Jim made the motion the Board should allocate \$10,000.00 in case it is needed for improvements and to begin above program at Fagaiofu. Bob Opelle seconded - all in favor.

Meeting concluded for the day at 5:00 PM and business carried over until next day.

April 19, 1977

The meeting was called to order by the Chairman at 9:00 AM.

Present: L. P. Kneubuhl
J. P. Kneubuhl
B. F. Kneubuhl, Jr.
M. K. Landrigan
W. R. Opelle
H. Klauk

Absent: J. A. Kneubuhl

VII. Tax Dispute with the GAS

Resolved the Chairman settle B. F. Kneubuhl tax problems for 1969 - 1971 with G.A.S. With the understanding that the settlement not exceed \$30,000.00. Ben Kneubuhl made a motion to this effect. L. P. Kneubuhl seconded - all in favor.

VIII. Comptroller

Helmuth Klauk's job as Comptroller was discussed. A job description was reviewed and approved. After much discussion the Board agreed to the new position and to the attendance of the Comptroller at Board meetings. As with other officers of the company his compensation, benefits, responsibility and authority are subject to the approval of the Board.

April 19, 1977

Meeting called to order after lunch by the Chairman.

Present: L. P. Kneubuhl
J. P. Kneubuhl
B. F. Kneubuhl, Jr.
M. K. Landrigan
D. C. Kneubuhl
W. R. Opelle
H. Klauk

IX. Tour Business Proposal

Mr. Lynn Leasure of Safari Tours was introduced. He said Safari Tours wished to open a local office. They have already established offices in Apia, Fiji and Tonga. The projection is that they would bring 100 people a week through the summer and 179 per charter every two weeks during the winter months. He hopes to open an office at the Rainmaker Hotel.

D. C. Kneubuhl explained that Safari Tours would run and finance a "new" company completely. We would settle a fair figure for an equity. Safari would use our agencies - our license. Safari and South Pacific Tours would form a new company each with its own designated shares of stock, possibly a 60 - 40 split. Mike moved that B. F. Kneubuhl, Jr., write a proposal protecting South Pacific Tours completely. W. R. Opelle seconded - all in favor. Mike stated he would meet with Lynn in Apia and tell him the Board approves the plan pending the final proposal along the lines of what Lynn proposed.

X. The Chairman asked for proposals from various B. F. Kneubuhl subsidiaries for capital expenditures or investment they wish considering for the immediate future.

A. Kneubuhl Maritime Services

No proposal.

B. B. F. Kneubuhl - Store

Marge K. Landrigan proposed that \$10,000.00 be budgeted and allotted to the store for a new truck and general upgrading of material. Helmuth stated there was a \$40,000.00 shortage in the store cash flow for May. Helmuth was asked to research a proposal within two weeks resolving the cash deficiency. The proposal to be submitted to James Kneubuhl with the possibility that the Trust might loan B. F. Kneubuhl the necessary funds.

C. Datsun

No proposal.

D. Pacifica Foods

D. C. Kneubuhl proposed the company go into the "canning" operation of "Pisupo". The Chairman proposed D. C. Kneubuhl has to provide storage space for B. F. Kneubuhl store if he intends taking over all storage at the warehouse. D. C. Kneubuhl said he hoped to arrange financing for the plant through Wells Fargo or Small Businessmen Association. Jim suggested a Bank be approached for an evaluation of the plan then possibly the Trust might arrange a loan. Jim further suggested Pacifica Foods try for a bigger incentive from the Tax office. It was also suggested that Pacifica Foods might be used as collateral. It was suggested that D. C. Kneubuhl research all these points and report back to the Board.

Meeting adjourned for the day and further business carried over to April 21, 1977.

April 21, 1977.

The meeting was called to order by the Chairman at 5:10 PM.

Present:

- L. P. Kneubuhl
- J. P. Kneubuhl
- B. F. Kneubuhl
- M. K. Landrigan
- W. R. Opelle
- D. C. Kneubuhl
- H. Klauk

XI. Tiumalu Lease and Store Location

D. C. Kneubuhl said he had made quite a study of the Tiumalu lease. Land is useless without L. P. Kneubuhl property and/or adjoining properties and L. P. Kneubuhl land not usable without Tiumalu portion. Therefore, the only practical solution would be to combine both properties. B. F. Kneubuhl should offer to buy or sell whichever is more advantageous. The alternatives are:

1. To negotiate a new lease.
2. Build and maintain a small building to retain the right-of-way through Meredith property.
3. Sell building to Tiumalu family and lease land for 30 years.
4. Tear down the building.

The Tiumalu lease is up in 1980. It was suggested that Ben seek out a line of discussion with John Tiumalu and report back to Board within 30 days. W. R. Opelle seconded - all approved.

XII. Directors' Fees

D. C. Kneubuhl made a motion that Directors' Fees for 1976 of \$3,000.00 be paid each director on or before May 30th. B. F. Kneubuhl seconded - all approved. Jim suggested B. F. Kneubuhl, Inc., and subsidiaries budget for Board of Directors fees in the future and pay on time.

XIII. Election of Board of Directors

A motion was made and seconded electing a new Board of Directors. Motion carried by five votes for and one dissenting. The new directors are:

James Kneubuhl
Lena P. Kneubuhl
D. C. Kneubuhl

Ben Kneubuhl, Jr.
M. K. Landrigan
F. K. Opelle

XIV. Purchase of Coke Plant House at Olo

Chairman stated the Coke house was for sale for \$50,000.00 plus a lease on the two (2) acre parcel the house is on for \$40.00/month. Bob said he wished to give B. F. Kneubuhl first refusal on the house with the hope of keeping the property in the family.

Jim felt the house should include the land and there would be no "land lease". He further suggested that the Opelle's be given the right to buy back the house if and when they desire at our price of \$50,000.00. D. C. Kneubuhl made a motion that we investigate financing the house by a bank for \$50,000.00 with a \$40,000.00 mortgage - Ben seconded - all in favor.

XV. Settlement of Early Claims on Housing Costs Charged to Company

This is a subject that has been discussed many times in previous Board meetings. In all cases nothing was produced in writing to show the desires of B. F. Kneubuhl, Sr., regarding housing for his executives, which ones were to benefit, or any other written evidence that would be useful to the Board in making a decision on the merits of any claim. In at least one prior meeting the Board decision was to disapprove such a claim and nothing has been uncovered since to cause a change in that decision.

It was moved that we stop further discussion on this subject. Motion was seconded and approved by a vote of five in favor and one opposed.

XVI. Minutes of Meeting of March 22, 1975.

Jim asked for Board approval of minutes from Board meeting of March 22, 1975.

There being no further business, the meeting was adjourned.

Soifua

Margaret K. Landrigan
Margaret K. Landrigan
Secretary

B. F. KNEUBUHL, INC.

P. O. BOX 39 - PAGO PAGO
AMERICAN SAMOA 96799

RADIO ADDRESS:
"KNEUBUHLINC" PAGO PAGO

June 27, 1977

The meeting was called to order by D.C. Kneubuhl at 10:10 A.M. Present were D.C. Kneubuhl, Ben Kneubuhl, Iena P. Kneubuhl, Helmuth Klauk & Marge K. Landrigan. It was moved that the minutes of the last meeting (April 18, 19 & 20), be approved as presented. Motion seconded - All in favor.

A motion was made that minutes of all Board Meetings be typed as soon as possible after conclusion of such meetings, allowing one full day for preparation. A subsequent Board Meeting to be held at least a day after, specifically for the purpose of approving the minutes of the Board Meeting concluded. No other business should be presented or discussed at this meeting. Motion seconded - All in favor.

D.C. Kneubuhl said he was reporting to the Board on the Canning Operation as stated in the minutes of April 20, 1977 Meeting.

1. D.C. Kneubuhl stated we could build a loft for Store Storage to be completed before plant building commences. This Storage was pointed out to Marge, who thought it was adequate for Store.
2. Plant Financing
 - A. AnFac Financial was approached. They didn't reply favorably or against loan - they wanted to use the machinery as collateral.
 - B. A second firm in L.A., (Largest in U.S.) wanted complete financial statements from B.F. Kneubuhl, Inc. & a guarantee from - owners of B.F. Kneubuhl, Inc. plus mortgage on expt.

B. F. KNEUBUHL, INC.

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3. FNCB - - This Bank closing.
4. Bank of Hawaii - Loan has to be guaranteed by the Development Bank - 90% at 11 1/2%. They wanted Collateral- Stocks or Bonds Amounting to 100,000. and the Equipment assigned to them as further Collateral.
5. Wells Fargo - They want trust pledge \$94,000. Cash now in Bank Savings Account security. They would lend Pacifica Foods Corporation \$180,000. for 5 years at 11 1/2% with a sooner pay-off option if desired. They didn't require the equipment as collateral. This best loan ever attained.

D.C. Kneubuhl stated the Pacifica Bank Account now at Bank of Hawaii would be transferred to Wells Fargo, (Newport Center). This to further strengthen ties. He stated Bank of Hawaii (Local) useless.

In the original proposal (April Meeting) 200,000. was projected. D.C. Kneubuhl feels 180,000. is all that is required as Pacifica will get 30 day terms on meats and cans, easing the cash flow somewhat.

Tax Incentive:

D.C. Kneubuhl said he might pursue this further at a later Date, but thinks it best to refrain at this time.

D.C. Kneubuhl stated he believed now more so than before sales estimates projected in the study are realistic & attainable. He stated he encountered with all lenders greatest difficulty in justifying capturing 60% of local market in first year. He stated that he believed this projection of the cheaper price, better packaging, taste equal to Hellaby Crown Label, and availability. Also the export market & potential is

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much bigger & stronger than originally estimated. So he believes that even if we capture a percentage less than 60% of local market the difference would be picked up by the export market. He believes on selling 18,500 Cases the first year. D.C. Kneubuhl said that if all of us studied the report we should by now formulate in our minds how many cases can be sold in a year & what percentage of market we capture.

D.C. Kneubuhl believes this is excellent business opportunity for further growth & profits of Pacifica Foods Corp. & recommends on going into canning as proposed in the study.

B.F. Kneubuhl stated he felt all areas of study are reasonable with two exceptions.

1. Loans
2. Projection of Sales

He believes 60% of local market as stated is too high. Also believed that other Companies such as Hellaby's & Globe could reduce price, especially Hellaby with their own meat plants. B.F. Kneubuhl states that PFC price of .75¢ per can is only .01¢ lower than Globe & .30¢ lower than Hellaby. Because canned Pisupo is a volume business with Hellaby throughout Pacific, they could reduce price if they felt competition hurting them in any Market.

D.C. Kneubuhl brought up that Hellaby is more or less stuck at those prices as they could sell their meat in frozen form more advantageously than canning if they lowered can product cost. This sale to other world markets.

Breakeven point our product around 3500 - 4000 Cases per year. It was brought up that if we do not commit on this project by August, 1977-

B. F. KNEUBUHL, INC.

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July 28, 1977

TO: All Members of the Board of Directors

FROM: Margaret K. Landrigan

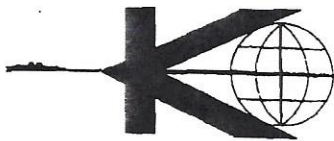
SUBJECT - BOARD OF DIRECTOR MEETING

There will be meeting of the Board of Directors,
B.F. Kneubuhl, Inc., on July 29, 1977, at 8:00 AM in
Faatofo.

Sincerely yours,

MARGARET K. LANDRIGAN

cc: Lena P. Kneubuhl
James P. Kneubuhl
✓ Ben F. Kneubuhl, Jr.
Margaret K. Landrigan
D.C. Mike Kneubuhl
Frances K. Oelle
Helmuth W. Klauk



KNEUBUHL MARITIME SERVICES CORPORATION

A SUBSIDIARY OF B F KNEUBUHL INC
SHIPPING AGENTS AND STEVEDORING CONTRACTORS

PAGO PAGO - AMERICAN SAMOA - 96799 - PHONE: 633 - 5121 - RADIO & CABLE: 'KNEUBUHLINC'

16th AUGUST 1977

Mr James P. Kneubuhl,
600 South Commonwealth Ave,
Suite 1808,
Los Angeles, CALIFORNIA 90005

Handwritten initials: JPK

Dear Jim,

On the matter of Mother's Wills, it has been a little difficult trying to get them sorted out, particularly so when Mother cannot remember what has transpired in the past as concerns the various documents presented to her for her signature.

I have in possession at this time copies of the following which I am enclosing:-

1. Conveyance in Trust dated August 15, 1960. I do not know where the signed original is at this time. This copy was enclosed with your letter June 1, 1977.
2. Last Will and Testament dated March 24, 1965. This is a signed copy obtained from the Clerk of Court of American Samoa and is the only Will registered with the Court according to the Clerk's Office. I do not know where this original is.
3. Last Will and Testament dated May 1, 1965. This is a signed original I found going through Bob Opelle's old files of Dad's Trust. I did not read this one too closely. It appears to be the same as the above but as it is witnessed by Chick Diehl and Bob there must have been a reason for drawing it up.
4. Trust Agreement dated September 30, 1969 naming Bob Opelle as Trustee and conveying certain properties to various beneficiaries. I cannot locate original of this document.
5. Last Will and Testament dated November 17, 1976. This Will drawn up by Roy Hall at Mike's request and witnessed by Roy and Helmuth. Roy tells me that only the original is signed and this document is in Mother's deposit box at the Bank of Hawaii. Mike and Mother are the only ones possessing keys. Roy further informs me that this Will supersedes all prior ones.

16th August 1977

Mother's memory is not too good at times and I had to go over the document in detail with her before she seemed to have any recollection of it. According to Mother this is her real Will. If we can find her key I will get a copy for you.

Very truly yours,

Ben

B.F. KNEUBUHL, Jr

ENCL.