

**KANALOA AT KONA  
ASSOCIATION OF APARTMENT OWNERS**

**Meeting of the Board of Directors**

**April 9, 2020**

**2:00 PM MT**

The Board of Directors met via video conferencing to discuss a number of matters relating to the management and administration of the Kanaloa property. All members of the Board were present. Also attending was Donny Iokepa, the Kanaloa association manager, Lori Nakamura, Castle resort manager and Dean Yamamoto, vice president of finance for Castle Hospitality Group. The meeting was presided over by the president, Bill Lamberton.

The first order of business was a discussion relating to the Coronavirus situation and its economic effect on the operation of the Kanaloa property. The available information about the adverse effect of the Hawaii tourist business and the resultant effect on the Kanaloa operation did not provide an optimistic outlook for the Kanaloa rental occupancy and the resultant diminished economic operation.

Alternative actions were presented as to how best to mitigate the severity of the situation. The topics included reducing payments into the Reserve Fund, deferring major improvement projects and continued adjustments to the staff and payroll.

Consideration was given to the idea of reducing the owner-required monthly Association dues, but it was decided that the Association was not able to grant Association dues abatement or reduction without affecting the operation of the property due to the almost complete lack of rental revenue.

Conclusion:

No monthly Association fee reduction is to be made and regular monthly owner payments are expected as required by the AOA Bylaws.

Castle has, and will continue to consider personnel reductions and salary cuts, but only to the extent those actions do not create harm to the property and to its operation and maintenance.

One significant cost reduction was the decision to close all swimming pools, both to reduce operating costs and to provide safety against the Corona virus.

Concern was expressed about the need for adequate securing at what has become an almost vacant property. Such a situation encourages vandalism and theft and the safety of those residents who live on the property.

Conclusion:

An additional security guard is to be hired to supplement the current two-person staff so as to provide more regular presence at the property.

The several improvement projects currently underway was discussed and consideration given to halting or postponing several of these projects. It was determined that those projects being funded from the Reserve Fund, were necessary to keep the property in good condition and would not have an adverse monetary effect on the economics of operating the property.

Conclusion:

The decision was made to continue work on the following projects:

- Complete the re-plaster of the ocean pool currently underway.
- Re-plaster the main pool and adult pool later in the year to take advantage of their being closed.
- The five remaining units of the carport project are to be completed.
- The deteriorating window replacement of some of the ocean-side buildings is to be continued on an as-needed basis.

The need for some additional pool furniture was discussed and questions as to whether the need was appropriate. The matter is important since the furniture is available for purchase only at the early part of each year.

Conclusion:

Donny Iokepa and George Pittman were asked to determine the need, availability and cost for presentation to the Board for a decision.

Dean Yamamoto presented the Hawaii Heroes Program that provides reduced rate condo units for certain first responders and caregivers. There was significant opposition to the proposal due to the need for assessing the applicants, monitoring their presence in a vacant property and ministering to the housekeeping and maintenance with a reduced staff.

Conclusion:

The consensus was that Kanaloa would not participate in the Hawaii Heroes program.

The need to provide all owners with regular communication as to the status of the property, its safety and operation was an important topic along with the most effective means of maintaining the communication.

Conclusion:

Castle headquarters staff, Castle Kanaloa staff and the AOA president will continue to provide status information to the owners on a regular basis.