

KANALOA AT KONA – ASSOCIATION OF APARTMENT OWNERS
2024 ANNUAL OWNERS’ MEETING | APRIL 26, 2024 | 10:00 AM (HST)
KANALOA AT KONA CLUBHOUSE (PHYSICAL LOCATION)
ZOOM (VIRTUAL – OBSERVE ONLY)

A. CALL TO ORDER

The Annual Owners Meeting of Kanaloa at Kona was called to order by President Steve Tanberg at 10:05 am (HST). Zoom videoconferencing to observe-only was provided to owners who were unable to attend the meeting in person.

B. ROLL CALL

Present (Board): President Steve Tanberg, Vice President Bill Lamberton, Treasurer Wayne House, Director Judy Wormington, Director Wendy Benson, and Director Mikel Bryan in person.

President Tanberg announced that George Pittman was absent from today’s meetings recovering from serious injuries he sustained in a head-on collision on Saddle Road. His wife, Diane, was with him and unfortunately lost her life in the accident. Diane was an important part of the Kanaloa ‘Ohana for decades. She was known and loved by many and will be sadly missed. Our hearts and prayers go out to George, and his daughters Susan and Beth.

Present (Invited Guests): Castle Resorts & Hotels – Jim Heather (General Manager), Chelsey Faavesi (Resort Manager), Ken Albert (Maintenance Supervisor), Dean Yamamoto (VP Finance), David Saito (Operations Manager – IT Specialist), and Renette Carpio (Director of Condominium Administration).

Owners present in person introduced themselves.

C. PROOF OF NOTICE OF MEETING

President Tanberg welcomed all owners and noted that a quorum of 53.7183% by owners present in-person or by proxy had been established.

D. APPROVAL OF MINUTES OF PRECEEDING MEETING

2023 annual meeting held on 4/28/23:

MOTION (1): A motion was made by Mike Hoiland (1206) to approve the minutes as submitted; the motion was seconded by Karen Estrella (2604) and approved by unanimous consent.

E. REPORT OF COMMITTEES AND OFFICERS

a) Property Manager’s Report – Jim Heather prepared a detailed annual report and emailed it to all owners for their review ahead of the annual meeting. The report included updates on grounds (outsourced labor to Puna Landscaping, tree trimming, and irrigation), security (incidents of note, reoccurring issues, emergency plans, security camera system, and entry badge system), maintenance (staffing, online maintenance request form), completed reserve projects in 2023 (exterior painting project ocean pool resurfacing, irrigation repairs done in two phases, pool filter replacement for the Ocean and Quiet Pools, pool furniture replacement for the Quiet Pool and structural post repairs in buildings 1 – 14); reserve projects in 2024 (asphalt resurfacing, ocean

pool building reroofing, trash enclosure rebuilt at Building 1, irrigation repairs for the third phase, ocean pool bathroom remodel and structural post repairs for buildings 15 – 27. Jim also reported on pest control, drywood termite tenting test, water leaks recap, Kanaloa Communique and Kanaloa's Facebook page.

b). President's Report – President Tanberg thanked all those who volunteered their time in organizing this year's Owners' party with special thanks to Realtors Kimi Nagatoshi and Lance Owens for sponsoring beverages.

The Lavaman Triathlon was held on April 7th and Team Kanaloa placed 1st in their bracket. Owners Jim Lisy rode the 40k bike leg, Heather Johnson swam 1.5k and Bud Johnson ran 10k. Congratulations!

President Tanberg reported on proper sealing and caulking of lanais, illustrating this with photos of lanais next to photo of caulking gun, followed by photo of wood rot as well as the underside of lanais due to water penetration leading to rot, termites, and birds.

Other topics reported were homeowners' fees unfairly apportioned in comparison to surrounding properties; number of occupants in a rental unit related to no restrictions by any county code or STVR; new audio-visual system being explored by owners David Miller and Mick Manresa and David Saito (Castle).

c) Treasurer's Report – Treasurer House reported on the financial highlights for the period January–December 2023; the annual financial report is attached to these minutes as Exhibit A.

d) Investment Report – Wendy Benson reviewed the highlights of the investment report. The value of the Kanaloa Reserve Account as of March 31, 2024 was \$1,677,307. Included in this amount were Certificates of Deposit (CD) totaling \$1,235,000, cash reserves in the UBS Business Bank Account of \$434,161 and \$8,146 in Credit Union Money Market accounts. \$65,918 was owed to the operating account by the reserve account at the end of March. These funds will be transferred and invested in April.

We continue to monitor and reinvest CD's as they mature. Funds are being re-invested for 3, 6, 9 and 12-month CD's at interest rates between 5% and 5.45%

Your investment committee for 2024 is composed of Steve Tanberg, President, Wayne House, Treasurer and Wendy Benson, Director.

e) Special Projects Report – Wendy Benson presented a report on the roadway and parking paving project on behalf of chair George Pittman.

f) Water Leak Mitigation Committee – Mary Cowen Beitner provided a brief update.

g) Termite Mitigation Committee – Wendy Benson provided an update as discussed at the board meeting held earlier.

F. ELECTION OF DIRECTORS

President Tanberg stated that Kanaloa's bylaws provide for a board of directors of seven (7) persons. The seats of Mikel Bryan and Wayne House are expiring, each for 3-year terms.

A total of two (2) seats will be elected at this year's annual meeting.

The two incumbents agreed to stand for election and were recognized as nominated.

As there were no further nominations from the floor, a motion was entertained to waive the secret ballot process and elect Mikel Bryan and Wayne House by acclamation.

MOTION (2): A motion was made by Bill Wesslund (603) to waive the secret ballot process and elect Mikel Bryan and Wayne House by acclamation, each to serve 3-year terms; the motion was seconded by Karen Diepenbrock (2701) and approved by unanimous consent.

Congratulations to Mikel Bryan and Wayne House on being elected by acclamation to another 3-year term.

G. UNFINISHED BUSINESS

a) Insurance - President Tanberg announced that Renette Carpio of Castle is speaking with an alternative insurance broker to explore insurance options..

H. NEW BUSINESS

a) Tax Resolution – President Tanberg noted that IRS Revenue Ruling 70-604 is an association tax tool that permits funds/income to be carried over to the following tax year, without any tax implications.

MOTION (3): A motion was made by Jim Lisy (2904) to approve any excess member assessments not used by the Association during 2024 be applied toward the 2025 assessments as provided by IRS revenue ruling 70-604; the motion was seconded by Suzanne Schuelke (2905) and approved by unanimous consent.

b) Board Reimbursement for Travel (continuing policy) – This policy was reviewed last year and is done every three years.

c) Fine Policy – Owners were able to submit ballots ahead of the annual meeting and those in person, if not already voted, were able to submit their ballots at the meeting. These ballots will be cross-checked and tallied with results announced as soon as it is known.

d) HO-6 Insurance Requirement – Owners were able to submit ballots ahead of the annual meeting and those in person, if not already voted, were able to submit their ballots at the meeting. These ballots will be cross-checked and tallied with results announced as soon as it is known.

I. OWNERS' COMMENTS

President Tanberg announced that a few owners submitted a request for the board to explore a potential project such as a fitness center. There is a concern for liability here; the only possible location for a fitness facility would be the Ocean Pool restaurant building and there would need to be consideration for deterioration of equipment from equipment air, no air conditioning, etc.

Also, Mary Cowen Beitner conducted a study of AOA demographics – 1. Length of ownership 30% owned less than 5 yrs, 2. Full time residents 6%, part-time residents non-renting 13%, STVR 78%. Long term rentals 1%, 1% unknown.

Judy Wormington announced that due to personal reasons, she is resigning her position on the Board. President Tanberg thanked her for her service.

J. ADJOURNMENT

The meeting was adjourned at 1:30 pm (HST).

Respectfully submitted,

Renette Carpio
Recording Secretary
Director of Condominium Administration, Castle Resorts & Hotels
As Agent for Kanaloa at Kona AOA

Signed: _____ Date: _____
George Pittman, Board Secretary

=====

**MINUTES OF THE ORGANIZATIONAL MEETING OF THE
ASSOCIATION OF APARTMENT OWNERS OF KANALOA AT KONA
APRIL 26, 2024 – KANALOA AT KONA LOBBY CLUBHOUSE**

1. **Called to Order Election of Officers.** The organizational meeting was called to order at 1:50pm. The new Board met to elect its officers for the 2024/2025 term. After a short discussion, the officers were nominated and appointed unanimously as follows:

Office	Name	Term Expiration
President	Wayne House	2027
Vice President	Steve Tanberg	2025
Secretary	George Pittman	2026
Treasurer	Wendy Benson	2026
Director	Bill Lamberton	2025
Director	Mikel Bryan	2027
Director	Bill Wesslund (appointed) due to resignation of Judy Wormington	2025

2. **Adjournment.** There being no further business to come before the Board, the meeting was adjourned at 2:30pm.

Respectfully submitted,

Director of Condominium Administration, Castle Resorts & Hotels, Inc
As Agent for AOA Kanaloa at Kona

Signed: _____ Date: _____
George Pittman, Board Secretary

KEY FINANCIAL DATA THROUGH: DECEMBER 2023

Operating Fund Balance	\$275,368.85
Regular Reserve Acct Balance (net)	\$1,506,698.69
Special Reserve-ADA Compliance (net)	\$98,456.06
YTD Operating Fund Surplus/(Deficit)	\$174,309.51
Other Income (including late fees, Interest, gate fees)	\$7,482.02
Total Registration Fee	\$65,642.85
Less Expenses	\$60,004.50
Net Registration Fee Income	\$5,638.35
Reserve Account Interest	\$31,368.29
Income from Castle Rental Program	\$54,440.00
General Assessment to Operating	\$2,304,692.28
General Assessment to Reserves	\$702,465.96

Favorable YTD December 2023 Variance Explanation

	<u>Variance Amount</u>	<u>% Var to Budget</u>
Water	\$30,079	18%
Contract Plumbing	\$77,033	100
Repairs & Purchases	\$32,938	88
Salaries – Maintenance	\$48,848	17
Salaries – Mgr & Admin	\$20,407	23
Recovery Work Orders	\$41,298	83

Unfavorable

	<u>Variance Amount</u>	<u>% Var to Budget</u>
Insurance	(\$9,617)	(2)%
Recovery Reserve	(14,764)	(22)
Salaries - Security	(16,137)	(11)
Contract Service	(21,834)	(31)

Other

	<u>Variance Amount</u>	<u>% Var to Budget</u>
Misc. Variances	(\$13,941)	

Total Surplus/(Deficit) \$174,310