

KANALOA AT KONA
ASSOCIATION OF APARTMENT OWNERS
MEETING OF THE BOARD OF DIRECTORS - MINUTES
JULY 29, 2022 | 9:00 AM HST
KANALOA CLUBHOUSE AND ZOOM CONFERENCING

I. CALL TO ORDER

President Stephen Tanberg called the meeting to order at 9:00am.

II. ROLL CALL/ ESTABLISH QUORUM

Board of Directors Present in Person: Stephen Tanberg, Bill Lamberton, George Pittman, Wayne House, Judy Wormington, Wendy Benson (all in person) & Mikel Bryan (via Zoom).

Managing Agent Representatives: Castle Resorts & Hotels – Jim Heather, Dean Yamamoto, Glen Shimabukuro, Violet Carlsberg, & Renette Carpio.

III. PROOF OF NOTICE OF MEETING – Notice of meeting was posted on July 21, 2022.

IV. APPROVAL OF MINUTES

MOTION (1): Wendy Benson moved to approve the minutes of the 04/29/22 regular board meeting as presented; seconded by Judy Wormington.

The motion was approved by unanimous consent.

V. PROPERTY MANAGER’S REPORT (Jim Heather)

- a. Grounds – Gary and Puna Angels continue to perform well for the property. Great progress was made in fixing irrigation leaks, particularly in Phase III (buildings 15 to 37). Phases I and II covers the fairway side of the property (buildings 1 to 14); the team is working with Puna to monitor and determine the source of increased water consumption in the past few months. The Board will be presented with several proposals for various leak detection and repairs. The team is also looking at painting exposed irrigation pipes brown to help blend in with the ground as an alternative to a cost prohibitive proposal of reburying the exposed pipes under the soil and cover with lava rock.
- b. Security – Reported updates on various issues and incidents which have occurred in the last quarter. Security staff is stable with no turnovers. Owners were reminded of STVR and Kanaloa’s house rules when storing their personal vehicles on property. Jim is rewriting the entry gate badge procedures targeting end of August to have it implemented.
- c. Maintenance – Randy Oleyte has returned to Kanaloa bringing his carpentry and mechanic skills to the team. He has been doing a great job repairing unit front entryways and lanai railings. Additional casual position filled by Scott Schreier to cover Raul’s shift while he is on medical leave. He will also be trained on covering security shifts and special maintenance

projects, as needed. Owners were encouraged to continue using the on-line maintenance request form so that requests may be properly scheduled, tracked, and billed.

- d. Reserve Projects – The exterior painting project remains on schedule since its start in April at building 17; it is currently at building 25 with 4 more buildings remaining in this Phase I. The Board is preparing for Phase II in 2023; this will include buildings 30 through 37 and 13 through 16. The Board and the management team is in the process of reviewing the first draft of the new reserve study.
- e. Other – The Board will be reviewing proposals for pest control later in the meeting.

VI. OFFICERS / COMMITTEE REPORTS

- a. President’s Remarks (Stephen Tanberg) – President Tanberg extended his thanks to outgoing President Bill Lamberton for his contributions to the association, particularly during the COVID pandemic. He announced that the new legal representation for the AOAO is Ekimoto & Morris. Other updates included car window stickers, property insurance and owners’ H06 insurance policies, unit sales of about 50% in owner turnovers in the last three years, bringing back employee luncheons by owners in January. President Tanberg reminded owners to refer to his President’s Letters (posted on the Communique) for current updates and relevant information.
- b. Treasurer’s Report 2Q 2022 (Wayne House) – Treasurer House reported on the financial highlights for the period January - June 2022:

Operating Fund Balance	\$347,141.56
Regular Reserve Account Balance	\$1,919,724.16
Special Reserve-ADA Compliance	\$78,456.14
YTD Operating Fund Surplus	(\$78,438.71)
Other Income (including late fees, net registration fees, interest, gate fees)	\$2,867.33
Total Registration Fee	\$32,419.13
Less Expenses	\$47,671.00
Net Registration Fee Income	(\$15,251.87)
Reserve Account Interest	\$1,379.22
Income from Castle Rental Program	\$19,200.00
General Assessment to Operating	\$893,592.48
General Assessment to Reserves	\$281,496.24

Registration Data for Non-Castle Rentals (NCR)	Q1	Q2	Total
Total NCR Rentals	469	665	1,134
Total Reported in advance to FD	162	463	625
Percentage in compliance	35%	70%	55%

Favorable Variances—Year to Date

1. Grounds and Grounds Supply
 We saved \$3,304 (73%) on supplies due to lower-than-expected extra charges from Puna through June.
2. Salaries – Maintenance
 Variance due to one employee out on leave \$31,270 year to date for a 21% savings.
3. Salaries – Manager & Admin
 We are under budget by \$9,458 or 21%. Variance due to new manager starting on January 11, 2022.
4. Salaries – Security
 YTD \$20,623 or 25% under budget. Staffing levels have been increased to 24 hours/day. \$4,560 per month is being allocated to Registration Fee expenses.
5. Recovery - Reserves
 Variance of \$17,748 (72%) KAK maintenance focusing on carpentry repairs in conjunction with the exterior painting project.
6. Recovery Work Orders
 YTD variance of \$2,474 (10%) due to increased work order load completed in June.

Unfavorable Variances—Year to Date

1. Reservation Fees
 Variances due to Front Desk Reservation fees for Jan to Jun 2022. YTD expenses exceeds fees charged by \$15,252.
2. Electric
 YTD \$9,179 over budget (25%) Rate increase over last year. Usage slightly higher than last year.
3. Water
 We are \$18,156 over budget (30%) due to insufficient budgeting and severe leaks in Phase I, II and III, fixed in April and May (\$2,279 under budget in May).
4. Pest Control
 Dry wood termite interior treatments (owner billing) fewer than anticipated when budgeting expense. \$5,364 or 28% over budget.

5. Repairs and Purchases
 \$14,207 over budget through June (189%). Unit interior maintenance work to be billed back to owners as well as new golf cart battery and tires (\$2,321).
6. Insurance
 YTD Variance of \$9,162 (5%) due to increase in Property Insurance by \$13,172 per month as of June 2022 renewal.
7. Legal Fees
 YTD Variance of \$3,575 due to processing of 2021 invoices not received until June 2022.
8. Contract Service
 YTD Variance of \$11,469 (43%). Variances primarily due to tree trimming in March, and exterior window cleaning and pool services.
9. Office Supplies
 YTD variance of \$2,510 (64%) due to purchase of entry gate badges, new water cooler, and other office supplies.
10. Miscellaneous Expense
 Variance of \$3,191 (100%) due to Reserve Study with Barrera (\$2,450) and purchase of portable pickle ball net and supplies (\$270) as well as Vehicle window tags for parking (will be billed to owners at \$40 each).

Delinquencies as of 6/30/22

1 unit more than 90 days late	<u>\$ 2,366.39</u>
Total	<u>\$ 2,366.39</u>
Doubtful Account Balance	<u>\$ 5,965.74</u>
Difference	<u>\$ 3,599.35</u>

- c. Grounds and Safety Report (George Pittman) – Chair Pittman reported that in reference to the irrigation lines during the curbing project, these needed to be turned off over the course of the project and are being repaired as the team moves through the various phases. Emphasized the painting project is going well and respective repairs to the entryways and lanai railings are being handled by the onsite maintenance team. Chair Pittman also recognized Jim Heather and commented on the remarkable job he’s done in the last 6 months.
- d. Investment Report (Wendy Benson) – Chair Benson reported that the value of the Kanaloa Reserve Account as of June 30, 2022, was \$2,009,196.55. Included in this amount were Certificates of Deposit (CD) totaling \$593,104.12, cash reserves in the UBS Business Bank and investment accounts of \$1,414,249.33 and \$1,843.10 in Credit Union Money Market accounts. \$64,598.40 was owed to the operating account by the reserve account at the end of June.

Since interest rate greatly improved, on July 5th, \$1,030,000 in UBS accounts were used to purchase 5 separate CDs from 5 different banks. No CD exceeded the \$250,000 FDIC/NCUA insurance limit. Maturation dates ranged from Oct 2022 to July 2023. Interest returns varied from 2.15% to 2.70%.

Your investment committee for 2022 is composed of Stephen Tanberg, President of the Kanaloa Board, Wendy Benson, Director and Wayne House, Treasurer.

VII. UNFINISHED BUSINESS

- a. New Reserve Study – President Tanberg reported that an updated components report is currently being analyzed; there are two major projects that are due to occur in 2023 – 1) asphalt driveway and, 2) Phase II building painting.
- b. New (revised) Registration Policy (All) – President Tanberg noted that the policy and reservations document has been revised to provide easier payment options. He acknowledged that there are many new owners at Kanaloa and encouraged all to review the history of this policy in documents posted on the Communique.
- c. Solar Installation Update – President Tanberg stated that Director Bryan did a lot of work in procuring proposals to give the Board an initial perspective on costs (one proposal was astronomically priced). This topic will remain on the agenda while the proposal process continues.
- d. Other – Painting Project – The Board discussed Phase II of the painting project, which will include buildings 30 – 37 and 13 - 16.

MOTION (2): George Pittman moved to approve the proposal submitted by West Side Painting for \$455,429; seconded by Judy Wormington.

The motion was approved by unanimous consent.

VIII. NEW BUSINESS

- a. Pest Control Contract (All / Jim) – Jim presented a pest control proposals package for Board review and approval.

MOTION (3): Wendy Benson moved to approve the proposal submitted by Terminix for \$21,240/yr (\$1,770/month); seconded by Wayne House.

The motion was approved by unanimous consent.

- b. Planned Maintenance for Plumbing, Electrical Inspections, Dryer Vent Cleaning (Steve) – Informational discussion about electrical inspections (should be performed every 5 years), plumbing inspections (recommended every 2 years). The team will research the cost of a camera for wiring and plumbing inspections.

- c. Additional Cameras in Pool Area (Jim) – Jim presented a proposal he received from JB’s Electronics & Controls for additional cameras. Following discussion, the Board opted to defer action at this time.
- d. ADA Plan and Checklist – President Tanberg reported that Renette Carpio has worked on a very comprehensive ADA Plan. The Board will be developing a written policy using the ADA plan as a guide.
- e. Tops for BBQs (All) –

MOTION (4): George Pittman moved to approve the replacement of the BBQ tops at the Ocean Pool at a cost not to exceed \$3,950; seconded by Wendy Benson.

The motion was approved by majority consent; with one dissention vote recorded by Mikel Bryan.

- f. Puna Bids – Submitted by Jim Heather for Board approval.

MOTION (5): George Pittman moved to approve the proposal submitted by Puna Landscaping for \$1,675 to replace the lateral valve that goes through the road and to replace an RCV valve; seconded by Wayne House.

The motion was approved by unanimous consent.

MOTION (6): Judy Wormington moved to approve the proposal submitted by Puna Landscaping not to exceed \$1,000 to add lava rocks at the common area walkways for accent; seconded by Wendy Benson.

The motion was approved by unanimous consent.

MOTION (7): Wendy Benson moved to approve the proposal submitted by Puna Landscaping for \$628.27 to improve conditions and add red cinder by the garage at unit 2801; seconded by George Pittman.

The motion was approved by unanimous consent.

IX. MEETING SCHEDULE

- a. Next Board Meeting – Friday, October 28, 2022, 9:00am (HST)
- b. 2023 Annual Meeting Owners’ Party – (owners’ party – Thursday, April 27, 2023, and annual meeting – Friday, April 28, 2023) –
President Tanberg announced that as there are currently no gathering or travel restrictions related to the COVID-19 pandemic, he would like to revive the annual meeting owners’ party starting in 2023.

X. EXECUTIVE SESSION – Delinquency fees, legal matters.

None.

XI. OWNERS' FORUM

A few owners posed questions on various topics including cameras at pool (action deferred at this time), new (revised registration policy, bid procurement process, plumbing inspections.

MOTION (8): Wendy Benson moved to direct Jim Heather to research and collect bids for camera work related to inspection of sewer system; seconded by Bill Lamberton.

The motion was approved by unanimous consent.

Jim will report back to President Tanberg before the budget meeting and October board meeting.

XII. ADJOURNMENT

Meeting adjourned at 11:15am.

Respectfully submitted,

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

Approved and signed: _____
George Pittman, Board Secretary Date