

**KANALOA AT KONA  
ASSOCIATION OF APARTMENT OWNERS  
MEETING OF THE BOARD OF DIRECTORS - MINUTES  
JANUARY 29, 2021 | 1:00 PM HST**

**I. CALL TO ORDER**

President Bill Lamberton called the meeting to order at 12:59pm.

**II. ROLL CALL/ ESTABLISH QUORUM**

Board Directors Present (in-person or via online): Bill Lamberton, George Pittman, Stephen Tanberg, Judy Wormington, Forbes Burdette, and Bill Dallenbach

Rex Sawyer resigned from the Board and Wayne House was appointed to serve in his seat until the next annual meeting.

Managing Agent Representatives: Castle Resorts & Hotels – Donny Iokepa, Association Manager; Lori Nakamura, Resort Manager; Dean Yamamoto, VP of Finance; Renette Carpio, Director of Condominium Administration.

**III. APPROVAL OF MINUTES**

Deferred until next board meeting.

**IV. COMMITTEE REPORTS**

1. Treasurer’s Report (Steve Tanberg) - Treasurer Tanberg reported on the financial highlights for the period October – December 2020:

Operating Fund Balance	\$482,506.80
Regular Reserve Account Balance	\$1,554,023.41
Special Reserve-ADA Compliance	\$68,456.18
YTD Operating Fund Surplus	\$244,631.40
Other Income (including late fees, Interest, gate fees)	\$1,631.97
Reserve Account Interest	\$579.62
Income from Castle Rental Program	\$6,274.00
General Assessment to Operating	\$473,266.26
General Assessment to Reserves	\$82,301.34

**Favorable Variances—Year to Date**

**a. Electric**

Savings of \$18,632 due to all three pools closed during renovation and two pools closed for COVID-19. (23% savings).

**b. Water**

We had a savings of \$30,614 (25%) from a budget based on last years' usage which included several leaks and less use during pandemic.

**c. Building**

\$11,098 was saved for a 72% savings due to supplies such as lumber and paint ordered ahead of time and used when needed, less work done on owners' units, and an overall effort to cut expenses.

**d. Grounds and Grounds Supply**

We had a savings of \$19,444 (19%) due to fewer supplies needed, limited new plantings, and an effort to cut expenses.

**e. Refuse**

\$23,642 under budget for a savings of 39% due to successful negotiations with the vendor to reduce fees due to COVID-19 and reducing number of bins, while increasing pickups.

**f. Repairs and Purchases**

\$10,885 under budget for a savings of 27% due to a decrease in repairs and billings and a general cost-cutting effort.

**g. Salaries – Maintenance**

\$79,222 saved, which was 22%, due to under-staffing and one position being moved to management position and lower rates of pay.

**h. Salaries – Grounds**

\$24,383 was saved for a savings of 13% due to multiple employees on leave without pay and resignation of lead employee.

**i. Payroll Taxes and Benefits**

Variance due to lower salaries and wages resulted in a \$16,677 savings, 17%.

**j. Contract Services**

Variance due to fewer contract services needed, \$2,291 savings, 5%.

**k. Board of Directors Travel**

We had a savings of \$21,838 (78%) due postponement of the annual meeting because of the Covid-19 outbreak, and one Board member living on property.

**Unfavorable Variances**

**a. Rental Income**

Rental income was reduced by \$12,548 because Castle was unable to make rental payments for the months of July through October and exercised the Force Majeure provision of our contract. (34%)

**b. Cable**

We are over budget \$4,663 in 2020 due to an increase in cable fees to offset local stations charging more to Spectrum. (5%)

**c. Contract Plumbing**

This was not a budgeted category, but we spent \$4,868 this year on snaking the clogs in the pool and replacing a pressure regulator and backflow preventer.

**d. Life Safety**

We were \$1,095 over budget (22%). Our contractor inspected 186 fire extinguishers, refilled 10, and replaced 20. Items were also purchased for Covid-19 conditions, including a Ryobi sprayer for decontamination.

**e. Watchmen**

This is an un-budgeted item, but we had to hire outside security because our employees were in quarantine for a time due to Covid tests. The amount was \$2,571.

**f. Salaries – Manager & Admin**

Variance of \$25,887 or 51%, was due to a new AOAO Manager allocation effective 3/1/20. The budget was set up for a single General Manager with a salary split between the AOAO and Castle, now paid solely by AOAO.

**g. Recovery-Work Orders**

We were 30% over budget, due to fewer work orders from owners resulting in less revenue and owners selling their units with outstanding work orders from last year. Loss of \$20,896.

**h. Legal Fees**

We were 359% over budget, amounting to \$8,613 due to legal issues and arbitration regarding payment for lanais and railings damage.

**Delinquencies as of 12/31/20**

2 units 30 days late	\$ 1,170.87
1 units 60 days late	\$ 1,170.87
1 units 90 days late	\$ 1,160.82
2 units more than 90 days late	\$ 4,241.07
Total	\$ 7,743.63
Doubtful Account Balance	\$ 5,965.74
Difference	\$ 1,777.89

2. Grounds & Safety (George Pittman) – reported earlier at the 2020 annual meeting in conjunction with the association manager’s report.

3. Investments – reported earlier at the 2020 annual meeting.

V. ASSOCIATION’S MANAGER’S REPORT

Reported earlier at the 2020 annual meeting.

VI. ACTION ITEMS

1. House Rules Revision and Swimming Pools Signage

Currently, hours are 8:00am – 7:00pm for all three pools. Following extensive discussion, the hours will be revised to 8:00am – 10:00pm, unless otherwise posted by the managing agent.

VII. DISCUSSION ITEMS

1. There was Board discussion regarding the managing agent having a service contract that details the services it provides. The property management agreement already details these services.

VIII. EXECUTIVE SESSION – The Board appointed its officers for the new fiscal year.

IX. NEXT MEETING – Friday, April 30, 2021 following the 2021 annual meeting.

X. ADJOURNMENT

Meeting adjourned at 2:17pm.

Respectfully submitted,



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

Approved and signed:           /s/ George Pittman                     4/30/21            
George Pittman, Board Secretary Date