

**KANALOA AT KONA  
ASSOCIATION OF APARTMENT OWNERS  
MEETING OF THE BOARD OF DIRECTORS - MINUTES  
OCTOBER 29, 2021 | 9:00 AM HST  
KANALOA CLUBHOUSE AND ZOOM CONFERENCING**

**I. CALL TO ORDER**

President Bill Lamberton called the meeting to order at 9:12am.

**II. ROLL CALL/ ESTABLISH QUORUM**

Board of Directors Present in Person: Bill Lamberton, Stephen Tanberg, George Pittman, Wayne House, Judy Wormington, and Mikel Bryan. Wendy Benson participated via Zoom.

Managing Agent Representatives: Castle Resorts & Hotels – Dale Stetson, Dean Yamamoto, Mark Bandsma, Glen Shimabukuro, Violet Carlsberg and Renette Carpio.

**III. PROOF OF NOTICE OF MEETING** – Notice of meeting was posted on October 26, 2021.

**IV. APPROVAL OF MINUTES**

**MOTION (1):** Wayne House moved to approve the minutes of the 7/30/21 regular board meeting as presented; seconded by Steve Tanberg.

The motion was approved by majority consent with one abstention.

**MOTION (2):** Steve Tanberg moved to approve the minutes of the 9/9/21 special board meeting as presented; seconded by George Pittman.

The motion was approved by majority consent with one abstention.

**V. PROPERTY MANAGER’S REPORT**

In conjunction with Grounds & Safety Chair, George Pittman, Dale reviewed initiatives, observations and projects that were achieved in the third quarter of the year, these included:

1. Grounds – Outsourced the care of the grounds to Puna Certified in August 2021. They have been doing a very good job in stabilizing the landscaping and overall aesthetic appeal of the property. The initial focus was trimming hedges, weeding, mowing, fertilizing, spraying for pests, adjusting irrigation timers, evaluating sprinkler head coverage, trimming, and prepping for the upcoming curb project and adding plants along the road by the housekeeping building. Future priorities include irrigation leaks by 8, 25 and 34 buildings; mapping out valve locations; eliminating dry spots; trimming growth away from buildings; adjusting irrigation spray hitting buildings; and repairing damage to entry palms.

2. Security – Now fully staffed with full 24-hour daily coverage; new hires are all experienced guards. Approximately 85% of their time is spent in the guardhouse to monitor ingress to the property. Security directs anyone without a pass or gate card to register at the front desk. Night duties include checking lights for burnt out bulbs and ineffective sprinklers; noted on nightly report for Maintenance or Puna to address. Security is also focusing on parking violators and checking vehicles for proper parking passes. The team also assists with after hours check-ins and guest lockouts.
  
3. Reserve Study and Reserve Projects – Curb replacement project is currently ahead of schedule; the phases include, cut asphalt along curbs and trim back plantings, break and remove curbing, dig down 12” and remove material by truck; pour new concrete. 2022 major projects include paving and painting.
  
4. Building Maintenance – Currently short one fulltime maintenance position and our pool person is on leave. The maintenance admin position has been filled and she will start on December 1<sup>st</sup>. Asphalt patching and wood repairs are done by the in-house team. Termite treatment needs to define responsibility and implement available options. We are experiencing frequent plumbing, irrigation and main water leaks and are addressing as quickly as possible. We did a maintenance labor rate study to propose an increase from the current \$40/hour as we found this rate to be too low when compared to similar condo properties in the area. One of our main objectives is to address guest lockouts – guests accidentally lock themselves out of their unit and the respective agents do not respond to their lockout calls. Our security team attempts to assist the guest with gaining entry once identity is verified however there have been more than a few instances where we are unable to assist due to ineffective door keys.

VI. COMMITTEE REPORT

- a. President’s Remarks (Bill Lambertson) – A brief report was provided by President Lambertson, mainly comments about the \$30 fee; pest control as well as a maintenance leak detector as part of the discovery process. A discussion followed about effective brands of leak detectors to aid owners in purchasing.
  
- b. Treasurer’s Report (Wayne House) - Treasurer House reported on the financial highlights for the period January – September 2021:

Operating Fund Balance	\$400,352.87
Regular Reserve Account Balance	\$1,857,689.29
Special Reserve-ADA Compliance	\$68,456.18
YTD Operating Fund Surplus	(\$19,639.89)
Other Income (including late fees, net registration fees, interest, gate fees)	\$4,471.04

Total Registration Fee	\$36,521.14
Less Expenses	\$13,950.68
Net Registration Fee Income	\$22,570.46
Reserve Account Interest	\$2,238.61
Income from Castle Rental Program	\$28,422.00
General Assessment to Operating	\$1,223,695.08
General Assessment to Reserves	\$422,252.64

**Favorable Variances—Year to Date**

**1. Grounds and Grounds Supply**

We saved \$9,427 (38%) on supplies due to limited plantings and purchases. Irrigation supplies purchased in June were made in preparation of repairs. Also, the contractor for grounds is responsible for some supplies.

**2. Salaries – Maintenance**

This variance is due to a vacant position, saving \$43,515 year to date for a 19% savings.

**3. Salaries – Manager & Admin**

We are under budget by \$11,232 or 18%. Variance is due to the resignation of AOAO Manager.

**4. Salaries – Grounds**

We had a savings of \$60,006 (41%). The department is budgeted for five positions, but we only had four the first quarter. Significantly reduced staff until Grounds was outsourced in August 2021.

**5. Payroll Taxes and Benefits**

Variance due to lower salaries, benefits and outsourcing resulted in a \$26,068 savings, 16%.

**6. Recovery - Work Orders**

We were 8% under budget, due to backlog of work orders from owners being billed resulting in additional revenue amounting to a \$3,037 variance to date.

**7. Recovery - Reserves**

Variances of \$30,243 (81%) due to specialized carpentry work to replace rotted wood on buildings, guardhouse project and repairs to stairs / railings system. Also rebuilt trash enclosures and pool gates.

**8. Board of Directors Travel**

We had a savings of \$5,545 (26%) due to fewer Board members traveling to the January, April and July meetings; a result of the Covid-19 pandemic. Also, only 6 of 7 current BOD members reside off-island.

**Unfavorable Variances—Year to Date**

**1. Water**

We are \$67,678 over budget (107%) due to severe leaks in two water mains; one in January and one in March. Irrigation timers have been adjusted reducing the water usage reducing the watering duration of the 60 zones. Additional leaks in September.

**2. Grounds contract**

Variance of \$31,414 due to outsourcing of Grounds Department (this is an unbudgeted item offset by Grounds labor savings).

**3. Pool**

Unfavorable variance of \$4,017 (93%) due to scarce supply of chlorine; we are purchasing more than normal if it is available.

**4. Refuse**

We are \$11,445 over budget (31%). Variance due to monthly charges higher than budgeted and extra bins ordered in May, June, and July for disposal of multiple hedge and shrub clippings.

**5. Salaries - Security**

YTD \$3,733 or 4% over budget. Staffing levels have been increased to 24 hours/day and labor rate increased due to labor costs increases island-wide.

**Delinquencies as of 9/30/21**

1 unit 30-90 days late (pd 10/14)	\$ 1,058.48
1 unit more than 90 days late	\$ <u>2,366.39</u>
Total	\$ 3,424.87
Doubtful Account Balance	\$ 5,965.74
Difference	\$ -\$2,540.87

- c. Grounds & Safety (George Pittman) – Updates reported in conjunction with the association property manager’s report. George reported briefly on projects and stated that asphalt paving is still on tap to occur in 2022 as indicated in the reserve study. Owners were reminded to be sure they provide a unit key to Dale to ensure the AOA can enter in incidents of emergency. Pool furniture at all pools is scheduled to be replaced in 2023 however there are some chaise lounges that may need to be replaced sooner due to wear and tear.
- d. Investments (Steve Tanberg) – We have \$2,050,849 in operating and reserve investments. Steve thanked Dean Yamamoto for his help on tracking on the respective CDs and its maturity dates.

VII. NEW BUSINESS

1. 2022 Budget and Reserve Study – (Bill Lamberton) – Dean reviewed the highlights of the proposed budget and Wayne reviewed the individual line items. Following discussion, the following motion was made:

**MOTION (3):** Steve Tanberg moved to approve the 2022 budget with an increase in maintenance fees of 7.06%; seconded by Judy Wormington.

The motion was approved by majority consent with one abstention.

2. Adopt rules regarding meetings attended by owners via teleconference / videoconferencing (Mikel Bryan) – Mikel presented proposed rules for board consideration.

**ACTION:** Following discussion, the board asked Castle to send out Mikel’s proposal to all owners for review and to provide any comments to the property manager.

3. \$30 gate / registration fee for all agents (Bill Lamberton) – There was a brief discussion regarding the \$30 fee.

4. HRS 514-B(11) Committees. The board of directors may create committees and appoint members of such committees as the affairs of the Association may require and the Board may define the authority and duties of such committees (Steve Tanberg) – Following discussion, the following motion was made:

**MOTION (4):** Steve Tanberg moved that the Board form a Renovation Committee to review and approve owner request to renovate or change their apartments in any way that affects the common elements of the exterior appearance or condition of their apartment. Such approval shall comply with the Association’s Declarations and Bylaws and with all relevant governmental regulations. Committee approval will also consider consistency with previously approved alterations of other apartments and the degree to which any such renovation or change will affect nearby homeowners. The Board President shall select the committee chair person who shall select other members of the committee as needed; seconded by George Pittman.

The motion was approved by majority consent with one abstention and one against.

5. Proposed House Rule Changes – 1) Swimming Pools; 2) Termites

**MOTION (5)** Steve Tanberg moved that the use of the swimming pools and hot tubs is restricted to 8:00am and 9:00pm with pool quiet hours from 6:00pm and until closing. One pool is designated as a “Quiet Pool”, with fulltime quiet hours. The Managing Agent may approve certain pool activities at specific times in exception to these quiet-hours. All persons using the pools and hot tubs must abide by the posted signage; seconded by Judy Wormington.

The motion was approved by majority consent with one abstention.

Following the motion, there was more discussion about the pool hours from owners.

**ACTION:** In consideration of the extensive discussions regarding pool hours, the Board agreed to prepare a pool hours survey to poll owners on preference. Managing agent to send to owners and track responses.

**MOTION (6):** Steve Tanberg moved that pest control within each apartment, which includes the lanai, window frames, closets, interior walls, and front door, is the responsibility of the owner. The Association will routinely perform pest control, exclusive of termite control, in every apartment at Association expense. If the Managing Agent is unable to access an apartment, the owner will be notified and must contract for the same service to be performed at the owner's expense within 30 days of notification and provide to the Managing Agent proof of performance. The Apartment Owner shall periodically inspect, or have inspected, his apartment for signs of termite presence and shall take mitigation measures when appropriate; seconded by Judy Wormington.

The motion was approved by majority consent with two abstentions.

### **Proposals for Approval**

**MOTION (7):** Bill Lamberton moved to approve the proposal from Railing Systems for \$5,172.77 to repair the fence at the Ocean Pool; seconded by Steve Tanberg.

The motion was approved by majority consent with one abstention.

**MOTION (8):** Mikel Bryan moved to approve the proposal from Kona Roofing for \$7,120.42 to repair roof over 204 & 704, subject to identified scope of work; seconded by Steve Tanberg.

The motion was approved by majority consent with one abstention.

**MOTION (9):** George Pittman moved to approve the proposal from Kona Roofing for \$9,947.64 to repair roof over 3603; seconded by Wayne House.

The motion was approved by majority consent with one abstention and one against.

**MOTION (10):** George Pittman moved to approve the proposal from Rogge Construction for \$3,200 to repair upper south corner of sagging roof in 27 building; seconded by Steve Tanberg.

The motion was approved by majority consent with one abstention.

VIII. MEETING SCHEDULE

a. Next Board Meeting – Friday, January 28, 2022 at 9:00am HST

IX. EXECUTIVE SESSION – Delinquency fees, legal matters.

The regular session was adjourned at 12:15pm and the executive session was called to order at 12:31pm. The executive session was then adjourned, and the regular session was directly reconvened at 1:44pm.

X. ADJOURNMENT

Meeting adjourned at 1:44pm.

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                     1/28/22            
George Pittman, Board Secretary Date