

Minutes of the Board of Directors
Kanaloa at Kona
November 6, 2015 – 2:00 p.m.
Clubhouse

Roll Call: President, Forbes Burdette called the meeting to order at 9:10 a.m.

Present: Forbes Burdette, George Pittman, Steve Tanberg, Rex Sawyer, Jerry Ernst, Bill Dallenbach and William Lamberton. It was established that a quorum was present.

Approval of Minutes: President, Forbes Burdette asked for approval of the minutes from the August 7, 2015 Board of Directors Meeting.

Motion: To approve the minutes from the Board of Directors Meeting held on August 7, 2015 as presented.

Motion:	William Lamberton (3704)
Second:	Steve Tanberg (1902)
Vote:	Carried unanimously

Treasurer's Report: Dean Yamamoto, CFO for Castle Resorts & Hotels reported on the month end September 30, 2015 financials that were provided to the Board of Directors in the board packet.

Committee Reports:

Grounds & Safety Report: Chairman, George Pittman announced that when Castle Resorts & Hotels took over the property they were already behind but working very hard to bring the property up to expected standards. Darren Bermudez, Castle Resorts & Hotels and the Grounds Crew have been working very hard, locating leaks and repairing them. The Ocean Pool has been re-plastered and the cable fence project is in process. Steve Tanberg reported that Ricci Bezona from Bezona Botanical continues to work with Grounds Crew. The Board of Directors is very proud of Darren Bermudez.

Investment Report: Chairman, Rex Sawyer recapped the status of the reserve account as of September 30, 2015. The total investments of \$1,534,946.34 consisted of 10 time deposits in 9 savings institutions with \$289,946.36 in liquid funds. Subsequent to the last meeting maturing CDs in the amount of \$235,000 were invested in 2 CD's maturing in September 2016 at Beal Bank and Comenity Bank at an interest rate of 0.65%. Two owners were concerned about the

insured security of the AOA's investments. The board stated it was following previous established policy and would provide supporting information at the next meeting.

Motions were made as follows for new investments:

To invest \$150,000 in a 12 month CD from liquid funds.

Motion: Bill Lamberton (3704)
Second: Steve Tanberg (1902)
Vote: Carried unanimously

To invest \$100,000 in a 12 month CD from maturing funds, November 12, 2015.

Motion: Bill Dallenabch (3401)
Second: Steve Tanberg (1902)
Vote: Carried unanimously

To invest \$235,000 in a 12 month CD from maturing funds, December 11, 2015.

Motion: George Pittman (3204)
Second: Bill Dallenbach (3401)
Vote: Carried unanimously

To transfer all funds from HFS Federal Credit Union to UBS for deposit to the Govt. M/M fund on maturity of the Share Certificate February 5, 2016. Close account at HFS.

Motion: Bill Lamberton (3704)
Second: Steve Tanberg (1902)
Vote: Carried unanimously

Manager's Report: General Manager, Stephen Hicks reported that he sends a weekly email every Sunday to the Owner's whose email addresses we have. At this time, we do not have everyone's email addresses. The Ocean Pool re-surfacing project was due to be completed by November 20, 2015. SCV Pools finished the project early. The fence project at the Ocean Pool is on schedule. Phase I of the painting project is completed and Phase II is due to start in April 2016. Grounds Department had a mechanical issue with mule and a structural issue with the other, which necessitated significant unbudgeted repairs.

Maintenance: Stephen Hicks introduced Ken Miller, Maintenance Supervisor to the Board of Directors and owners. Ken Miller reviewed his two-page report that was included in the board packet. Ken Miller reported that the Tennis Court re-surfacing is completed. The Ocean & Main Pool(s) will be power washed and the decks sealed. The Maintenance Crew is being proactive with the lighting throughout the property including motion sensors and walkway lighting once a month maintenance will work a shift till 8p.m. to monitor lighting issues. A proactive program is

in place to inspect the grills and gas tanks on a weekly basis. The lattice around the air conditioning units will be inspected to determine the condition. The parking blocks and curbs are being painted.

Grounds: Stephen Hicks introduced Darren Bermudez to the Board of Directors and owners. Darren Bermudez reviewed his report that was included in the board packet. Darren thanked everyone for the comments. Darren stated that he has a great crew. There have been 19 cases of Dengue fever reported in Hawaii. The hard cut of the landscaping is complete. Each Ground Crew Member will have a designated area that they are responsible for maintaining. A water meter check is done every Monday. Michael Perry complimented Darren and his crew for doing a great job. Steve Tanberg mentioned that Castle was behind from the beginning due to Outrigger's work slow down after they received their termination notice. George Pittman mentioned that not all of this is in Outrigger's lap, the property has an abundance of matures trees and plants which required reassessment of past practices. Steve Tanberg mentioned that behind the Adult Pool there is a Greenhouse that Grounds Crew should be utilizing.

Security: Stephen Hicks reported that there have been some issues. The nightly inspection locations have gone from 12 to 20. Stephen needs to look into a security camera system and other deterrents to the current burglary issue.

Unfinished Business: Discussions held and approved via email

President, Forbes Burdette asked for approval to ratify the proposal from SCV Pool to re-surface the Ocean Pool in the amount of \$14,875.05.

Motion: To approve the proposal from SCV Pools in the amount of \$14,875.05.

Motion: George Pittman (3204)
Second: Bill Lamberton (3704)
Vote: Carried unanimously

President, Forbes Burdette asked for approval to ratify the proposal from Black Sand Surfacing to resurface the Tennis Courts in the amount of \$19,240.00.

Motion: To approve the proposal from Black Sand Surfacing in the amount of \$19,240.00.

Motion: Steve Tanberg (1902)
Second: Bill Dallenbach (3401)
Vote: Carried unanimously

New Business: President, Forbes Burdette discussed the issue of tile installation in the upper units and the issue of noise. After discussion the Board of Directors agreed there is no easy solution to this issue. The Board of Directors does not want to make recommendations due to possible liability. The Board of Directors requests that owners on the second floor be considerate of the owners below.

President, Forbes Burdette discussed the request from unit #3303 to increase the size of an exterior window and sky light. The request is consistent with modifications to other units.

Motion: To approve the request to increase the exterior window and sky light at unit #3303.

Motion:	Bill Dallenbach (3401)
Second:	Steve Tanberg (1902)
Vote:	Carried unanimously

Chairman Bill Lamberton discussed the 2016 Budget and reported there are savings from last year and an increase in property values. Dean Yamamoto, CFO for Castle Resorts & Hotels discussed the surplus from last year and the risk of being taxed.

Owner Comments – Two owners questioned the Boards investment policy. The Board confirmed that all investments are in insured financial institutions.

Next Meeting: President, Forbes Burdette announced the next meeting will be on February 5, 2016 at 9:00 a.m.

Adjournment: President, Forbes Burdette announced the meeting was adjourned at 10:35 a.m.