

**KANALOA AT KONA
ASSOCIATION OF APARTMENT OWNERS
MEETING OF THE BOARD OF DIRECTORS - MINUTES
APRIL 30, 2021 | 8:00 AM HST**

I. CALL TO ORDER

President Bill Lamberton called the meeting to order at 8:05am.

II. ROLL CALL/ ESTABLISH QUORUM

Board Directors Present (in-person or via online): Bill Lamberton, George Pittman, Stephen Tanberg, Judy Wormington, Wayne House, Bill Dallenbach, and Wendy Benson.

Forbes Burdette resigned from the Board and Wendy Benson was appointed to serve in his seat until the next annual meeting.

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

III. APPROVAL OF MINUTES

MOTION (1): Steve Tanberg moved to approve the minutes of the 1/29/21 regular board meeting as amended; seconded by Bill Dallenbach.

The motion was approved by unanimous consent.

IV. COMMITTEE REPORTS

1. Treasurer’s Report (Steve Tanberg) - Treasurer Tanberg reported on the financial highlights for the period January – March 2021:

Operating Fund Balance	\$481,805.77
Regular Reserve Account Balance	\$1,643,350.17
Special Reserve-ADA Compliance	\$60,956.21
YTD Operating Fund Surplus	(\$19,001.41)
Other Income (including late fees, net registration fees, interest, gate fees)	\$1,305.00
Total Registration Fee	\$6,687.58
Less Expenses	\$6,812.33
Net Registration Fee Income	(\$124.75)
Reserve Account Interest	\$1,054.95
Income from Castle Rental Program	\$9,411.00
General Assessment to Operating	\$407,898.36
General Assessment to Reserves	\$140,750.88

Favorable Variances—Year to Date

a. Grounds and Grounds Supply

We saved \$2,308 (28%) on supplies due to limited plantings and purchases. There were recent purchases, which will show up in next quarter's report.

b. Salaries – Maintenance

This variance is due to a vacant position, saving \$11,451 YTD for a 15% savings. That position has recently been filled.

c. Salaries – Grounds

We had a savings of \$10,523 (22%). The department is budgeted for five positions, but we only had four the first quarter. That position has also been recently filled.

d. Salaries – Security

\$2,480 was saved for a savings of 8% because the hourly rate was slightly lower than budgeted, due to new employees.

e. Payroll Taxes and Benefits

Variance due to lower salaries and benefits resulted in a \$5,966 savings, 14%.

f. Board of Directors Travel

We had a savings of \$3,171 (45%) due to only four Board members traveling to the January meeting, a result of the Covid-19 pandemic.

Unfavorable Variances

a. Water

We are \$28,527 over budget (158% due to severe leaks in two water mains; one in January and one in March).

b. Repairs and Purchases

Purchases were made for work being done for homeowners, including window replacements. These costs will be billed back to the owners who are having the work done. The amount is \$9,976 which is 129% over budget. The costs for building supplies are extremely high right now.

c. Recovery – Work Orders

We were 22% over budget due to fewer work orders from owners resulting in less revenue amount to \$2,747.

d. Contract Services

We were 81% over budget amounting to \$9,966 because tree trimming was done, which is budgeted monthly, removal of palms trees by Kelly's Services, and consulting by Ricci Bezona for inspection and replacement of irrigation clocks.

Delinquencies as of 12/31/20

0 units 30 days late	\$ 0.00
1 unit 60 days late	\$ 1,227.31
1 unit 90 days late	\$ 1,174.85
2 units more than 90 days late	\$ <u>4,433.52</u>
Total	\$ 6,835.62

Doubtful Account Balance	\$ 5,965.74
Difference	\$ 869.88

2. Investments (Dean Yamamoto) – There are two 3-month CDs expiring in the next few months totaling \$330,000 and Dean will work with the Board on providing options for reinvesting.
3. Grounds & Safety (George Pittman) – Updates reported in conjunction with the association property manager’s report.

V. ASSOCIATION MANAGER’S REPORT

In conjunction with Grounds & Safety Chair, George Pittman, Donny reviewed projects that were accomplished in the first quarter, those being: Hau Tree trim and shape at 36 / 37 building; trim sea hibiscus, weed natal plumb bed and added Hawaiian Heather at 31 building; lauhala plant removal at 28 building; 2801 side trim back the hedges and plants at the entrance of the property; naupaka bay hedge near the 30 building, once every 6 weeks; complete reconditioning of main pool railing; dryer vent cleaning buildings 15 thru 25 (successive buildings will be scheduled once a week, thereafter).

Projects in progress from 2020 and 2021 include: weeding of property sections 1, 2, 3, and 4; remove and replace of outgrown hedge at building 4, fronting unit 401; naupaka hedge cutback buildings 17, 18, 19, 20, 22 and 23; fertilizing / magnesium addition to lawns and selected palm trees; natal plumb hedge from 15 to 17 building cut back; focused effort on maintenance work orders and contract quotes; unit stair and railing rebuild project around property.

VI. ACTION ITEMS

None.

VII. DISCUSSION ITEMS

1. There was Board discussion regarding the registration and security fee. Handouts will be provided at the annual meeting.
2. Overall property impressions (maintenance, security, grounds, administration, financial).
3. Budget considerations and the parameters for setting the budget.
4. Corporate assessment of property.
5. Review and adopt Kanaloa House Rules.

VIII. EXECUTIVE SESSION – n/a

IX. NEXT MEETING – Friday, July 30, 2021, at 9:00am.

X. ADJOURNMENT

Meeting adjourned at 8:27am.

Respectfully submitted,



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

Approved and signed: /s/ George Pittman 7/30/21
George Pittman, Board Secretary Date