

Minutes of the Board of Directors Meeting
Kanaloa at Kona
February 5, 2016 – 9:00 a.m.
Clubhouse

Roll Call: President, Forbes Burdette called the meeting to order at 9:05 a.m.

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

Approval of Minutes: President, Forbes Burdette asked for approval of the minutes from the November 6, 2015 Board of Directors meeting.

Motion: To approve the minutes from the Board of Directors Meeting held on November 6, 2015 as presented.

Motion: Jerry Ernst (1704)
Second: Bill Dallenbach (3401)
Vote: Carried unanimously

Treasurer's Report: Bill Lamberton discussed the financial reports for the period ending December 31, 2015; the reports were included in the meeting packets for the Board of Directors. Bill Lamberton explained there was a positive variance and a carryover from 2014/15. Bill motioned to reallocate the positive variance in 2014/15 operating funds to the reserve fund account.

Motion was made as follows: To Approve reallocation of operating funds to the reserve funds

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

Guest: President, Forbes Burdette introduced Officer Scott Dewey of the Hawaii Community Policing Task Force; Officer Dewey was invited to speak and discuss security issues at Kanaloa and the surrounding Keauhou area. Officer Dewey announced that the county created a Special Enforcement Unit in October 2015 due to the increase in burglaries. There have been more than 70 burglaries since October. Most of the break-ins have taken place in lower level units when the lanai doors were unlocked. The easiest way to prevent these is for you and your guest to lock your doors. Officer Dewey answered multiple

questions from owners in attendance. Hawaii County has a non-emergency number to call for assistance, 808-935-3311.

Committee Reports:

Grounds & Safety Report: Chairman, George Pittman announced Darren Bermudez, grounds supervisor and the grounds crew have been working very hard. They have cut back mature growth throughout the property including a mosquito favorite, spider lilies. The palm trees have been trimmed and two of the three herb gardens have been replanted. There seems to be at least one water leak per month, somewhere on property. Mr. Pittman showed the Owner's a sample of a dryer duct that needed to be cleaned out. This is something the Board of Directors will be addressing. Mr. Pittman stated the building foundations piers are in need of attention and asked Jerry Ernst, to speak on the subject. Some of the piers under the buildings have cracks in them. The Board has received a preliminary report of the structural soundness of the buildings from Krochina Engineering. Although these need attention Mr. Krochina indicated that this was not a critically urgent matter. Krochina Engineering examined the third level lanais, and stated that these need further examination.

Mr. Pittman asked Ken Miller the maintenance supervisor to speak about the pool pumps and filters. Ken explained that pumps supplying the pools were undersized and ran 24/7 in order to meet the states recirculation requirements. Ken recommended that the pumps be replaced with variable speed and programmable pumps and motors. Also recommended were inline chlorinators. These changes have been made at the adult pool. Now the pool pump runs about 8 hours per day and chlorine is dispensed more efficiently. Plans are being put in place to replace the remaining motors, pumps, necessary filters and piping at the other pools. The final result will be reduced power and chemical cost. The final benefit will be cleaner pools and spas. Mr. Pittman noted that the work was done in house by Kenneth Miller.

Investment Report: Chairman Rex Sawyer reviewed the December 31, 2015 status of the Kanaloa at Kona reserve account. The adjusted balance of \$1,416,622.73 was invested in 10 CDs and one share certificate with HFS Federal Credit Union. No investment exceeded one-year maturity or the U.S. Government insurance limit of \$250,000. Maturities are scheduled from February to December 2016. Interest rates vary from .45% to .85%. Investments made since the last meeting as directed by the Board per motions at that meeting included: a \$100,000 12-month CD with Bank of India NY maturing November 2016 with an interest rate of .75%, a \$150,000 12-month CD with Bank of Baroda NY maturing November 2016 with an interest rate of .75% and a \$235,000 12-month CD with Everbank Jacksonville, Florida with an interest rate of .85%.

Motions were made as follows for new investments:

\$150,000 in a 12-month CD on receipt of funds transferred from HFS Federal Credit Union.

Motion: Rex Sawyer (2204)
Second: Steve Tanberg (1902)
Vote: Carried unanimously

\$100,000 in a 12-month CD after a February 18, 2016 CD maturity.

Motion: Rex Sawyer (2204)
Second: Bill Lambertson (3704)
Vote: Carried unanimously

\$125,000 in a 12-month CD after an April 1, 2016 maturity,

Motion: Rex Sawyer (2204)
Second: Bill Dallenbach (3401)
Vote: Carried unanimously

\$120,000 in a 12-month CD after an April 6, 2016 maturity.

Motion: Rex Sawyer (2204)
Second: Bill Lambertson (3704)
Vote: Carried unanimously

Manager's Report: General Manager Stephen Hicks reported that the weekly update sent to the owners is ongoing and he receives positive comments about this weekly. Stephen currently has Email addresses for 150 of 166 units. All departments are fully staffed. Team photos for all departments are on display in the main lobby.

Maintenance: George Pittman, noted that the ocean pool pavilion has extensive wood damage. At this time the Board of Directors is evaluating the situation.

Stephen introduced Donny Iokepa, new maintenance team member to the Board and Owners. The maintenance crew has been very busy. They have installed security cameras on the security shack, replaced the broken water fountain with an ADA compliant fountain in the front lobby, installed new variable speed pumps at the adult pools, replaced the self-closing springs on all of the gates at all of the pools, installed a new locking system and alarms at the grounds building, painted parking stalls blocks and handicap parking stalls. Repaired one of two damaged poles at the tennis court, building #13 there was an area that puddled water and created unsafe conditions, this has been leveled off. There are other areas puddling around the property being accessed. Rails and

siding have been replaced at buildings 8, 15 26 and working on 28. We modified a maintenance shift for evening maintenance, this was implemented to inspect property lighting once a month. Phase II of the painting project is due to start the first week of April 2016 with building #30. Main pool spa will be worked on starting the third week of May and will be out of service for 3 to 5 weeks.

Grounds: Stephen Hicks announced that Darren Bermudez and the grounds crew have been treating the property for Dengue fever with pesticides. The Board requested that mosquito traps be set up around property to determine areas that may need additional treatment.

Security: Stephen Hicks reported that 7 units have been broken into at Kanaloa at Kona. Every unit has been on the ground floor. To assist in notifying the guest it is now listed on the back of the parking pass issued by security and the front desk, notifying guest to keep their valuables in your bedroom and lock their doors. The Board reviewed proposals to install 34 cameras throughout the property at a cost of \$240,000. The lowest quote for Cameras (8) was \$12,000. An 8 camera system was purchased locally and four cameras were installed at the security station. The maintenance crew has been installing door alarms on the lower unit lanai screen and sliding doors. An additional Securitas team member is now on property from 10pm to 5am daily. The Board asked Stephen to look into additional security measures.

Unfinished Business: President, Forbes Burdette asked for approval to ratify the purchase of the Lorex LHV828 eight camera system from Costco in the amount of \$499.99.

Motion: To approve the purchase of the Lorex LHV828 eight camera system from Costco in the amount of \$499.99.

Motion: Jerry Ernst (1704)
Second: Bill Lamberton (3704)
Vote: Carried unanimously

President, Forbes Burdette asked for approval to ratify the approval of a Guard1 Plus system for \$1,385.00 and second monitoring wand for \$595.00 for a total of \$2,034.00 including tax and shipping.

Motion: To approve the proposal from Guard1 Plus system for \$1,385.00 and second security officer wand for \$595.00 for a total of \$2,034.00 including tax and shipping.

Motion: Bill Lamberton (3704)
Second: Bill Dallenbach (3401)
Vote: Carried unanimously

President, Forbes Burdette asked for approval to ratify the proposal from Securitas for additional security personal from 10:00 p.m. until 5:00 a.m. daily for an annual cost of \$54,483.52.

Motion: To approve the proposal from Securitas for additional security personal from 10:00 p.m. until 5:00 a.m. daily for an annual cost of \$54,483.52.

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

President, Forbes Burdette asked for approval to authorize management to hire a new part time maintenance crew member for 3 days a week.

Motion: To authorize Management to hire a new maintenance crew member for 3 days a week.

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

New Business: President, Forbes Burdette discussed the need for a new commercial washer for the housekeeping building and reviewed the proposals submitted by Management. President, Forbes Burdette asked to approve the proposal from WLSN Pacific in the amount of \$11,525.00 to replace the commercial washer in the housekeeping building.

Motion: To approve the proposal from WLSN Pacific in the amount of \$11,525.00 to replace the broken commercial washer in the housekeeping building.

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

President, Forbes Burdette discussed the need for new umbrellas at the pools. President, Forbes Burdette asked to approve the proposal from American Hotel Register Company in the amount of \$4,301.93 for 12 pool umbrellas.

Motion: To approve the proposal from American Hotel Register Company in the amount of \$4,301.93 for 12 pool umbrellas.

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

President, Forbes Burdette discussed the request from the owner of #1603 to install new windows consistent with current configuration.

Motion: To approve the request from the owner of #1603 to install new windows.

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

President, Forbes Burdette discussed the request from management to purchase 12 new Motorola radios for key Kanaloa personnel the amount of \$2,500.00.

Motion: To approve the request from Management to purchase 12 new radios in the amount of \$2,503.00.

Motion: George Pittman (3204)
Second: Steve Tanberg (1902)
Vote: Carried unanimously

President, Forbes Burdette discussed the request from management to replace remaining old pool pumps at all pools with new variable speed pumps, inline chlorinators and replace the filters and for the main and ocean pools and spas in the amount of \$11,587.00.

Motion: To approve the request from Management to purchase new pool pumps, the inline chlorinator and filters for the Main and Ocean pools and Spa in the amount of \$11,587.00.

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

Next Meeting: President, Forbes Burdette announced the next meeting will be on April 29, 2016 at 9:00 a.m. This will be the regular Board of Directors meeting and the annual meeting. There will be three positions open on the Board of Directors.

Adjournment: President, Forbes Burdette announced the meeting was adjourned at 10:45 a.m.

