

Minutes for the Board of Directors Meeting

AOAO of Kanaloa at Kona

October 28th, 2016 – 9:00am

Main Pool Atrium

- I. **Call to Order:** Forbes Burdette, President, called the meeting to order at 9:05 a.m.
- II. **Roll Call:**

Present: Forbes Burdette, Bill Dallenbach, Jerry Ernst, Bill Lamberton, George Pittman, Rex Sawyer, & Steve Tanberg. Quorum was established.

Guests: Castle Resorts & Hotels Members; Robin Graf – VP of Operations, Dean Yamamoto – VP of Finance, Violet Carlsberg – Business Development Manager, Gesmine Concepcion – Property Accountant, Stephen Hicks – General Manager
- III. **President's Comments:**

Forbes Burdette commented on the importance of the communicate in announcements about the property from the Board & the General Manager.
- IV. **Approval of the July 29th, 2016 Minutes:**

Forbes Burdette, President, asked for approval of the minutes.
A motion was made by Steve Tanberg to defer approval of the minutes from July 29th, 2016 until further review. Bill Lamberton seconded the motion. This recommendation to defer was carried unanimously.
- V. **Treasurer's Report**
 - a. Bill Lamberton, Treasurer, reported a balance of \$14,745.59 in the Operating Account, and \$1,446,056.99 in the Reserve Account. Currently, the total year to date deficit is \$202, 210.98. Several property improvements have led to this deficit, which Jerry Ernst will report on.
 - b. Bill Lamberton reported on income, detailing the activities desk provided \$23,437.53. Income from Castle was \$26,283.51, and other income amounted to \$940.
 - c. In regards to delinquencies, Bill Lamberton reported that 3 units are over 30 days late, 1 is over 60 days late, and 8 units are over 90 days' date. The total balance amount of delinquencies is \$111,683.77.
 - d. Jerry Ernst reported on structural situations throughout the property that required immediate attention and were unexpected costs.
 - i. Third floor lanais were examined last quarter. The Board hired a structural engineer for profession guidance. Four were fixed immediately with four more to be done in the future. The association is responsible for fixing the railings, and the Owner is responsible for any repairs needed for the actual deck.
 - ii. The round, concrete, foundation piers in all 37 buildings have been evaluated. There are 19 buildings with a total of 47 pillars that will need to be replaced over the next two years. The concrete is beginning to crack-off, exposing rebar. The Board has identified those that need immediate repair and are acting accordingly to fix as soon as possible. The approximate cost per pier is \$1,000.
- VI. **Committee Reports**
 - a. *Grounds: George Pittman*
 - i. Two leaf-blowers and a hedge-trimmer were replaced. These are now battery operated, instead of gasoline, and have proved to be much quieter with somewhat less power.

- ii. Our irrigation system has been upgraded with a new system clock. This new system enables remote programming and control of the system.
- b. *Safety: George Pittman*
- i. The cabana at the Ocean Pool had been degrading. Work was started late August to fix the issues, and was finished at the end of this month, October 2016.
 - ii. The water fountains around the pools have been upgraded. They are now ADA compliant, complete with a refrigeration unit to keep the water cold.
 - iii. Drier vents in the units are becoming heavily clogged with lint, creating a fire hazard across the property. Maintenance has been working on cleaning them, and have completed 13 thus far. They are able to clean approximately 1 vent a week with all the other projects that run simultaneously.
 - iv. Maintenance is working on replacing the covers of all electrical vaults.
 - v. Electrical issues involving shortages were discovered in a faulty conduit running between buildings 29-37. A new conduit and cable were installed to fix the issue.
 - vi. The Board acknowledged a sense of urgency to address the pillars that support the buildings, as they are slowly starting to deteriorate.
- c. *Investment: Rex Sawyer*
- i. The Capital Reserve Value as of September 1, 2016 was \$1,561,225.19. This amount included \$109,806 owed to the Reserve Account by the Operating Account.
 - ii. The bulk of the funds were invested in 11 Certificates of Deposit with 9 different banks totaling \$1,380,000. The maturities ranged from November 2016 to September 2017, with interest varying from 0.7%-0.85%.
 - iii. \$66,000 was invested in the UBS government money market portfolio, paying .01%. This is used to hold funds for payments of projects to maintain property value and/or future investments.
 - iv. Two CD's were purchased with funds that became available from maturing CDs. \$100,00 was invested in a 12-month CD with the Bank of India at .85%. The other 12-month CD was purchased with the Bank of China at .80%.
 - v. There are 3 CD's maturing prior to the next meeting in January. On November 29th a CD for \$100,000, on November 30th a CD for \$150,000, and on December 28th, a CD for \$235,000.
 - 1. Rex Sawyer made a motion that the first CD expiring, of \$100,000, be rolled over in to a new 12-month CD.
Jerry Ernst seconded the motion, followed by Bill Lamberton. The motion carried unanimously.
 - 2. Rex Sawyer made a motion that the second CD expiring, of \$150,000, be rolled over in to a new 12-month CD.
Bill Lamberton seconded the motion, followed by Steve Tanberg. The motion carried unanimously.
 - 3. Rex Sawyer made a motion that the third CD expiring, of \$235,000, be rolled over in to a new 12-month CD.
Forbes Burdette seconded the motion, followed by Bill Dallenbach. The motion carried unanimously.

VII. **Managers Report:** *Stephen Hicks*

- a. Jaron Garcia transferred to Maintenance from Grounds Keeping.
- b. Romnick Velano has joined the Grounds Keeping team.
- c. As a new part of Grounds Keeping operations, a daily task sheet is issued at the beginning of each work day detailing each project that needs to be completed that day.

- d. The front desk has started issuing wristbands on holiday weekends to guests, so they can distinguish between actual guests and daily visitors.

VIII. **Old Business**

- a. Property Security & Entry Gate Automation
 - i. Forbes Burdette indicated that the Board has been investigating all the possibilities for adding an automated, and security monitored, gate at the entrance to the property. Ideally an automated gate would be installed. A camera system is already in place to record entry and exit from the property. The possibility of using a registration/parking card, to be picked up when checking-in at the front desk, was suggested as the safest and most-secure way to let people in to the property. A call-button would be placed at the front gate for new guests that are checking-in, and either the front desk or security (depending on the hour of arrival), would have the ability to let them in.
 - ii. Bill Lamberton stated that a credit card deposit would be required for those checking-in, and all information would be registered at the front desk. This would enable us to collect against damages to the property, or smoking on-site.
- b. Perimeter Chain Replacement
 - i. Forbes Burdette indicated that the Board is still reviewing the proposals received for the perimeter chain replacement, estimated to cost approximately \$5,000.
- c. Other Business
 - i. Forbes Burdette stated that the Board has been discussing solar installation at the property. With the massive amounts of funds required to supply solar electricity to the common areas, in the addition to the fact that LED lights can save up to 28% electricity, the Board decided to delay any movement on purchasing solar panels.
- d. Approval Ratifications
 - i. Unit 804 – AC Installation

A motion was made by Bill Dallenbach to approve AC Installation in Unit 804. The motion was seconded by Steve Tanberg, and carried unanimously.
 - ii. Unit 1601 – AC Installation

A motion was made by Bill Lamberton to approve AC Installation in Unit 1601. The motion was seconded by Rex Sawyer, and carried unanimously.
 - iii. Unit 3602 – Tinting of Windows

Forbes Burdette addressed that a standard for all window tinting needed to be established, and the vote would be carried in to the executive session.

IX. **New Business**

- a. 2017 Budget Review
 - i. Bill Lamberton reported that current and upcoming project costs are still being assessed. The 2017 Budget will be ready for review within the next two weeks.
- b. Reserve Study 15/16 Update – Review
 - i. Forbes Burdette reported the reserve study draft has been completed and will be reflected in the budget review when released.
- c. Other Business
 - i. Steve Tanberg stated that the Board, with the assistance of the General Manager, have looked in to purchasing a sign maker to upgrade various directional signs throughout the property. This would save significant costs from outsourcing the product, and would require Board approval for use.

X. **Next Meeting: Friday, January 27th, 2017.**

XI. **Adjournment:** Forbes Burdette, President, adjourned the meeting at 10:10 a.m.