

**KANALOA AT KONA
ASSOCIATION OF APARTMENT OWNERS
MEETING OF THE BOARD OF DIRECTORS - MINUTES
APRIL 29, 2022 | 8:00 AM HST
KANALOA CLUBHOUSE AND ZOOM CONFERENCING**

I. CALL TO ORDER

President Bill Lamberton called the meeting to order at 8:03am.

II. ROLL CALL/ ESTABLISH QUORUM

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

Managing Agent Representatives: Castle Resorts & Hotels – Jim Heather, Jeff Caminos, Dean Yamamoto, Mark Bandsma, Glen Shimabukuro, Violet Carlsberg, & Renette Carpio.

III. PROOF OF NOTICE OF MEETING – Notice of meeting was posted on April 26, 2022.

IV. APPROVAL OF MINUTES

MOTION (1): Wendy Benson moved to approve the minutes of the 01/28/22 regular board meeting as presented; seconded by Steve Tanberg.

The motion was approved by unanimous consent.

V. PROPERTY MANAGER’S REPORT (Jim Heather)

a. The presentation of the manager’s report was deferred to the annual meeting held later that day.

VI. OFFICERS / COMMITTEE REPORTS

a. With the exception of the Treasurer’s 1st quarter financial report, the presentation of the officers and committee reports were deferred to the annual meeting held later that day.

b. Treasurer’s Report 1Q 2022 (Wayne House) – Treasurer House reported on the financial highlights for the period January – March 2022:

Operating Fund Balance	\$354,410.43
Regular Reserve Account Balance	\$1,919,724.16
Special Reserve-ADA Compliance	\$78,456.14
YTD Operating Fund Surplus	(\$43,746.45)
Other Income (including late fees, net registration fees, interest, gate fees)	\$1,528.77
Total Registration Fee	\$12,185.30
Less Expenses	\$23,712.00

Net Registration Fee Income	(\$11,526.70)
Reserve Account Interest	\$740.09
Income from Castle Rental Program	\$9,600.00
General Assessment to Operating	\$496,796.24
General Assessment to Reserves	\$140,748.12

Favorable Variances—Year to Date

1. Grounds and Grounds Supply
We saved \$2,250 (100%) on supplies due to No extra charges from Puna through March.
2. Salaries – Maintenance
Variance due to one employee out on leave \$16,413 year to date for a 22% savings.
3. Salaries – Manager & Admin
We are under budget by \$5,956 or 27%. Variance due to new manager starting on January 11, 2022.
4. Salaries – Security
YTD \$8,963 or 22% under budget. Staffing levels have been increased to 24 hours/day. \$4,560 per month is being allocated to Registration Fee expenses.
5. Recovery - Reserves
Variance of \$6,243 (50%) Maintenance team focusing on reserve projects in March. This will continue in April due to preparing buildings for the painting project.

Unfavorable Variances—Year to Date

1. Reservation Fees
Variances due to Front Desk Reservation fees for Jan to Mar 2022. YTD expenses exceeds fees charged by \$11,527.
2. Electric
YTD \$4,235 over budget (23%) Rate increase over last year. Usage flat to last year.
3. Water
We are \$16,025 over budget (53%) due to insufficient budgeting and severe leaks in Phase I and II, fixed in April.
4. Building
Supplies purchased in advance of the exterior painting project for carpentry repairs to building lanai, windows, and entryways to be charged to reserve upon completion. Over budget by \$2,658 (40%).
5. Pest Control
Dry wood termite interior treatments (owner billing) fewer than anticipated when budgeting expense. \$2,399 or 25% over budget but improving in March.
6. Repairs and Purchases

Unit interior maintenance work to be billed back to owners. \$8,393 over budget through March (224%).

7. Contract Service

YTD Variance of \$6,439 (48%). Variances primarily due to tree trimming in March, and exterior window cleaning and pool services.

8. Miscellaneous Expense

Variance of \$2,708 (100%) due to Reserve Study with Barrera and purchase of portable pickle ball net and supplies.

Delinquencies as of 3/31/22

5 unit 30-90 days late (pd 10/14)	\$ 1,913.02
1 unit more than 90 days late	<u>\$ 2,366.39</u>
Total	\$ 4,279.41
Doubtful Account Balance	\$ 5,965.74
Difference	\$ -\$1,686.33

VII. UNFINISHED BUSINESS

- a. Approval of Proposed Policy for Owner Participation in Board Meetings – (All) – The Board voted on the proposed draft policies presented by Mikel Bryan and Steve Tanberg; there were three votes in favor of Mikel Bryan’s proposal and four votes in favor of Steve’s proposal.

MOTION (2): George Pittman moved to approve the policy presented by Steve Tanberg; seconded by Bill Lamberton.

The motion was approved by majority consent.

- b. Ratification of \$30 Registration Fee (All) – There was a brief discussion regarding the \$30 fee and some questions from owners attending the meeting in person.

MOTION (3): Steve Tanberg moved that the Association collect a registration fee from all rental guests who are not part of the on-site rental program. Such fee will be equal to the registration fee presently charged to rental guests of the on-site rental program and shall be applied to the cost of registration administration and the salary and benefits of an additional security guard needed for enforcement of the Kanaloa Universal Registration Program; seconded by George Pittman.

The motion was approved by majority consent with one abstention.

- c. Other – Solar Update (Mikel Bryan) – Bill Lamberton asked Mikel to provide a brief update on his procuring solar proposals. Mikel reported that he has been working on obtaining bids from several solar energy firms and has received one proposal to date from RES (Renewable Energy Services, Inc). He asked the Board to defer any review and decisions to the July board meeting when he expects to receive two more comparative bids.

VIII. NEW BUSINESS

- a. Badge System Software Upgrade (All / Jim) – Jim reported that he has received a proposal from JB’s Electronics & Controls to upgrade the access control software (current installed system is antiquated).

MOTION (4): Wendy Benson moved to approve the proposal submitted by JB’s Electronics & Controls to upgrade the access control software for \$1,757; seconded by Judy Wormington.

The motion was approved by unanimous consent.

- b. Front Desk Air Conditioning (Jim) – Jim reported that of the three air condensers located at the front desk, two have failed. A proposal was received from Kona Air, LLC to replace the existing split type a/c with same type and refrigerant.

MOTION (5): Steve Tanberg moved to approve the proposal submitted by Kona Air, LLC to replace the existing (broken) split a/c at the front desk with same and to allocate funds up to \$8,500 for this replacement; seconded by Wayne House.

The motion was approved by unanimous consent.

IX. MEETING SCHEDULE

- a. Next Board Meeting – Friday, July 29, 2022, 9:00am (HST)

X. ADJOURNMENT

Meeting adjourned at 8:20am.

XI. EXECUTIVE SESSION – Delinquency fees, legal matters.

The executive session was called to order at 8:21am to discuss delinquency fees and any legal matters. The executive session was then adjourned, and the Owners’ Forum commenced.

XII. OWNERS’ FORUM

A few owners asked additional questions about the \$30 registration fee to which several members of the Board replied.

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

George Pittman, Board Secretary

7/29/22

Date