

**KANALOA AT KONA  
ASSOCIATION OF APARTMENT OWNERS  
MEETING OF THE BOARD OF DIRECTORS - MINUTES  
JANUARY 26, 2024 | 9:00 AM HST  
KANALOA CLUBHOUSE AND ZOOM VIDEOCONFERENCING**

**I. CALL TO ORDER**

President Stephen Tanberg called the meeting to order at 9:11am.

**II. ROLL CALL/ ESTABLISH QUORUM**

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

Managing Agent Representatives: Castle Resorts & Hotels – Jim Heather, Beeper Nakamaejo, David Saito, & Renette Carpio (in person) and Dean Yamamoto (Zoom).

Various owners were present in person or via Zoom videoconferencing.

**III. PROOF OF NOTICE OF MEETING**

Notice of meeting was posted on January 17, 2024.

**IV. APPROVAL OF MINUTES**

**MOTION (1):** Wendy Benson moved to approve the minutes of the 10/27/23 regular board meeting as presented; seconded by Bill Lamberton. The motion was approved by unanimous consent.

**V. PROPERTY MANAGER’S REPORT (Jim Heather)**

- a. Grounds – Staffing has been consistent through the 4<sup>th</sup> quarter.
- b. Irrigation – Continued monitoring of water bills to stay ahead of any irrigation leaks. Irrigation Solutions completed repairs to controllers A (Buildings 29 – 37) and B (Buildings 1 – 7) in 2023. They have begun repairing controller E (Buildings 8 – 14) in January 2024. The remaining sections are controller C (Buildings 15 – 21) and controller D (Buildings 22 – 28).
- c. Security – Incidents of Note Between October 1 through December 31: Guest reported fishing poles stolen from the front lanai of unit 1502. A guest reported seeing another guest having psychotic behaviors. Guest reported car damaged while parked, no notice left. Property manager for rental unit reported purse missing from an unlocked car while on property.

Recurring Complaint Log - Parking violations - 18; noise complaints – 16; House Rules violations – 24; smoking on property – 7; locked out of unit – 8.

Entry gate – The arm bars for the entry gate have been replaced.

**Non-Castle Rental “Go Show” Report:** Security has been logging when non-Castle STVR guest arrive at Kanaloa without any reservation information being provided in advance. In the hotel business we call this a “Go Show” which is the opposite of a “No Show”.

The tallies for October through December are as follows:

October – 36  
November – 53  
December – 60

- d. Maintenance – No changes in staffing.

The maintenance team continues to be responsive and instrumental in repairing units damaged by back-to-back water leaks as they are reported in buildings. Repairs were made to the residential water supply line at building 5 which is part of the system supplying water to buildings 5 through 8. This repair failed two times requiring addition emergency water shut off to that area. The water leak at the 31-building required water outage for buildings 29 through 31. This fix also failed when water was restored extending the water outage for four more hours.

Kanaloa has partnered with Kona Air Conditioning to provide a flat rate PM program to check unit air conditioning systems. Over 45 owners have signed up for the program.

- e. Reserve Projects – Kona Roof Remedies completed the Ocean Pool roof replacement in January. The new roof looks great, and the new color matches the surrounding area. Roof leaks have been reported at various units and Kona Roof Remedies will advise what repairs will be needed for each. The asphalt project is on schedule for September 4 through mid-November with a week break during the Ironman Triathlon period in October. Irrigation Solutions has started Phase III repairs, buildings 8 – 14 in January 2024.
- f. Pest Control – There has been an on-going rodent issue in the area of the 9 -13 buildings. Terminix, our pest control service provider, has been called repeatedly to resolve the issue but there has been no improvement. Rodent bait stations are found empty of bait and Terminix cannot verify when the bait stations were last checked. To combat these reported incidents of rodents around the Fairway buildings, Terminix has added eight (8) more stations and increased inspection frequency. Currently, there have been no new reports of rodent sightings.

## **VI. OFFICERS / COMMITTEE REPORTS**

- a. President's Remarks (Stephen Tanberg) – President Tanberg introduced the Castle team and thanked them for their ongoing support and efforts over the past year. He also thanked all owner volunteers for their hard work in organizing and executing plans for the annual Employee Appreciation Luncheon.

President Tanberg also reported that there are still plans to send to owners, ballots to vote on the proposed fine and compulsory homeowners insurance policies. These are intended to send with the annual meeting material at the end of March.

President Tanberg announced the approval to amend the house rules relating to lanai shades made at the July 2023 board meeting will be rescinded. The valid version of house rules is the one dated July 28, 2023. It will be emailed to all owners and posted on the Communique as well.

- b. Treasurer's Report January through December 2023 (Wayne House) – Treasurer House presented a report on the financial highlights for the period January - December 2023. See Exhibit A attached to these minutes.
- c. Special Projects Report (George Pittman) – Chair Pittman reported that the paving project is due to start in September and plans for where cars may park during the course of the project will be provided to all owners well in advance of the project. President Tanberg added that appreciation is extended to Director Wendy Benson for speaking to Hawaii County's Wastewater Division to contribute some monies to the project.
- d. Investment Report (Wendy Benson) – Chair Benson reported that the value of the Kanaloa Reserve Account as of December 31, 2023, was \$1,661,463.50. Included in this amount were Certificates of Deposit (CD) totaling \$1,475,000, cash reserves in the UBS Business Bank and investment accounts of \$180,746.32 and \$5,717.18 in Credit Union Money Market accounts. \$96,971.70 was owed to the reserve account by the operating account at the end of December.

The committee continues to monitor and reinvest CD's as they mature. Funds have been invested for 3-, 6-, 9- and 12-months CD's at interest rates between 5% and 5.45%.

Your investment committee for 2023 is composed of Stephen Tanberg, President of the Kanaloa Board, Wendy Benson, Director and Wayne House, Treasurer.

- e. Termite Mitigation Committee – Committee member Wendy Benson reported that the first phase of termite tenting is scheduled for buildings 4 and 8 during the week of August 18 – 24. The admin building is also scheduled during this time but the housekeeping office and Ocean and Quiet pool pump rooms will be deferred to the next treatment period so these areas can remain operational.
- f. Fine Policy Committee – Committee members Jim Lisy and Mikel Bryan provided an update on their progress with the fine policy. A final draft proposal is intended to be sent with the annual meeting material so that it may be voted on at the annual meeting in April.

## VII. UNFINISHED BUSINESS

- a. Planned Maintenance Update – Jim provided a brief update regarding continuing plumbing inspections in the next section.
- b. Unit Plumbing Inspections – The Water Leak Remediation Committee recommended having a licensed plumber conduct regular inspections of the plumbing fixtures in the unit interiors. Plumbing Strategies, Inc. (PSI) provided a quote to inspect all units at Kanaloa for \$21,077 or \$127 per unit. Project scope: “This is a visual inspection by a Journeyman Plumber to assess the components of the plumbing fixtures and connections within the units, based on our experience with known failures and problems commonly occurring in Kailua-Kona.” They will provide the AOAO and Owner, a two-page checklist for each unit including each fixture in the unit and its current condition with recommendations, if needed. The Owner is not obligated to use PSI for the repairs.

Maintenance will begin scheduling 6 to 8 units per day for inspections effective immediately.

- c. House Rules -

**MOTION (2):** Wendy Benson moved to rescind the previous approval of the House Rules in October 2023 and instead, retain the current version as those approved on July 28, 2023; seconded by Wayne House. The motion was approved by unanimous consent.

## VIII. NEW BUSINESS

- a. Consent Calendar (board approved by email items for ratification)
  - 1. Loeffler Construction – paving contract not to exceed \$700,000, approved via email on 10/26/23.

**MOTION (3):** Bill Lamberton moved to ratify the approval on 10/26/23 of the Loeffler Construction paving contract, not to exceed \$700,000; seconded by Wayne House. The motion was approved by unanimous consent.

- 2. Bowman Termite & Pest Management – \$10,795 (3-story bldgs.) and \$12,066 (admin bldgs), approved via email on 11/29/23.

**MOTION (4):** Wendy Benson moved to ratify the approval on 11/29/23 of the Bowman Termite & Pest Management agreement, for \$10,795 (3-story bldgs) and \$12,066 (admin bldgs); seconded by Bill Lamberton. The motion was approved by unanimous consent.

3. Kiser Motor – repair broken mule not to exceed \$5,000, approved via email on 12/23/23.

**MOTION (5):** George Pittman moved to ratify the approval on 12/23/23 of the Kiser Motor proposal to repair the broken mule, not to exceed \$5,000; seconded by Wendy Benson. The motion was approved by unanimous consent.

b. AOA Insurance (mandatory HO6 policy, alternate broker) – There was discussion to draft a policy for an owner vote requiring all owners to carry an HO6 policy for their individual units. There was also discussion to explore options with an alternative insurance broker.

c. Puna Certified Nursery – proposal to stump-grind 13 palm tree stumps for \$2,722.51.

**MOTION (6):** Wayne House moved to the proposal submitted by Puna Certified Nursery to stump-grind 13 palm tree stumps for \$2,722.51; seconded by George Pittman. The motion was approved by unanimous consent.

**IX. MEETING SCHEDULE**

- a. Next BOD and Annual Meetings – Friday, April 26, 2024, at 8:00am HST / 10:00am HST
- b. 2024 Annual Meeting Owners’ Party – April 2024

**X. EXECUTIVE SESSION** – Delinquency fees, legal matters. None.

**XI. ADJOURNMENT**

Meeting adjourned at 11:10am.

Respectfully submitted,



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

Approved and signed:  /s/ George Pittman   4/26/24   
George Pittman, Board Secretary Date

## AOAO Financial Highlights

### January through December 2023

#### Key Financial Data

Operating Fund Balance	\$275,368.85
Regular Reserve Acct Balance (net)	\$1,506,698.69
Special Reserve-ADA Compliance (net)	\$98,456.06
<b>YTD Operating Fund Surplus/(Deficit)</b>	<b>\$174,309.51</b>
Other Income (including late fees, Interest, gate fees)	\$7,482.02
Total Registration Fee	\$65,642.85
Less Expenses	\$60,004.50
Net Registration Fee Income	\$5,638.35
Reserve Account Interest	\$31,368.29
Income from Castle Rental Program	\$54,440.00
General Assessment to Operating	\$2,304,692.28
General Assessment to Reserves	\$702,465.96

#### Favorable Budget Variances

##### Rental Income

Better than budget by \$13,112, or 32% due to payment of front desk rent during force majeure period. This is a one-time payment.

##### Electricity

Under budget YTD by \$4,546 or 5%. Variance primarily due to improved efficiency of new pool pumps and spa heaters.

##### Water

YTD under budget by \$30,079 or (18%). Master Valve switch installed on irrigation mains, turning off irrigation after rain. Kona has been having consistent rain since the end of November allowing for the irrigation to be shut off for long periods of time.

##### Contract Plumbing

Under by \$77,033 (100%). Leak Detection System budgeted but cancelled by BOD due to high cost and lower cost alternatives available to individual owners.

##### Grounds & Supply

\$3,555 under budget (51%) due to less parts required in 2023.

##### Pool

Under budget by \$2,342 or 16%. Chemical purchases less than budget.

##### Repairs & Purchases

\$32,938 under budget or 88%. Premier Restorations water leak invoices paid by AOA in AR then billed to owners. Inventory purchased in 2022 billed out in 2023.

##### Salaries - Maintenance

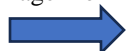
Short a Pool Tech position which causes overage in Outside Contract charges. \$48,848 year to date for a 17% savings.

##### Salaries - Manager & Admin

We are under budget by \$20,407 or 23%. Change in AOA Manager to GM salary split between rental/AOA.

##### Recovery - Work Orders

YTD variance of \$41,298 (83%). Increase in interior work orders and 2022 work orders billed in 2023.



**Legal Fees**

Variance of \$3,523 (147%) due to retainer fee returned from Carlsmith Ball LLP.

**BOD Travel**

\$3,576 Under budget or 15%. 4 of 5 BOD reimbursement less than \$1000 max.

**Unfavorable Variances****Gas**

\$2,166 over budget for a 23% variance. Per gallon rate up \$0.20 per gallon compared to 2022.

**Cable/Internet**

Increase in Network Broadcast fees results in overrun to budget of \$5,529 or 5%.

**Grounds Contracts**

\$4,351 over or 2% over budget. Irrigations Solutions monthly irrigation maintenance fee not budgeted.

**Refuse**

\$2,896 or 4% over budget. Credit for missed service partially offset an increase in month rate that was not budgeted.

**Salaries – Security**

Unbudgeted security supervisor position approved by BOD. Promoted Ken Nakamoto to Security Supervisor in April, \$16,137 or 11% over budget.

**Payroll Taxes and Benefits**

Variance YTD due to a unbudgeted increase in SUI rates. Over by \$7,927 or 6%.

**Recovery Reserve**

The condition of the building exterior of the Phase II painting project was better than anticipated resulting in less repairs compared to Budget. – Exterior paint project finished in August. No major Reserve work projects budgeted for the remainder of the year. Lower YTD Recovery by \$14,764 or 22%.

**Insurance**

\$9,617 over budget to date or 2% variance due to renewal slightly higher than budgeted.

**Vacation**

Vacation accruals budgeted in payroll accounts. Accruals are \$7,049 (100%).

**Contract Service**

YTD variance due to additional outside pool cleaning expense incurred but recovered in reduced maintenance wages and Coconut tree trimming (\$13K). \$21,834 over budget or 31%.

**Other Professional Fees**

Over budget by \$8,090 or 108% due to 2022 audit invoice under accrual.

**Office Supplies**

Unbudgeted purchase of new GM laptop. HI state flag, and office chair for Maintenance. Over budget by \$3,586 or 47%.

**Delinquencies as of 12/31/23**

7 units 1-30 days late	\$ 5,286.78
4 units 30+ days late	4,981.61
2 units 60+ days late	1,868.29
5 units late fees 90+ days late	<u>5,060.92</u>
Total	<u>\$ 17,497.60</u>

Doubtful Account Balance	\$ <u>3,599.35</u>
Difference	\$ <u>13,898.25</u>

