

KANALOA AT KONA – ASSOCIATION OF APARTMENT OWNERS
2021 ANNUAL OWNERS’ MEETING | APRIL 30, 2021
KANALOA AT KONA CLUBHOUSE (PHYSICAL LOCATION)
ZOOM (VIRTUAL – OBSERVE ONLY)

A. CALL TO ORDER

The Annual Owners Meeting of Kanaloa at Kona was called to order by President Bill Lamberton at 10:00 am (HST).

Because of an emergency condition due to COVID-19, owners could observe the meeting via Zoom Videoconferencing in addition to gathering 25 persons (in-person limit).

B. ROLL CALL

Present (Board): President Bill Lamberton, Treasurer Steve Tanberg, Secretary George Pittman, Director Judy Wormington, Director Bill Dallenbach, Director Wayne House, and Director Wendy Benson.

Present (Invited Guests): Castle Resorts & Hotels – Donny Iokepa (Association Property Manager), Lori Nakamura (Resort Manager), Dean Yamamoto (VP of Finance), Renette Carpio (Director of Condominium Administration).

C. PROOF OF NOTICE OF MEETING

President Lamberton welcomed owners in attendance (physically and virtually) and noted that a quorum of 63.3961% had been established.

D. APPROVAL OF MINUTES OF PRECEDING MEETING

2020 annual meeting held on 1/29/21:

MOTION (1): A motion was made by Rich Jarvinen (1302) to approve the minutes as presented; the motion was seconded by John Page (2106) and approved by unanimous consent.

PADDLES PRESENTATION

On behalf of the Board of Directors, President Bill Lamberton presented in absentia, koa paddle gifts to Forbes Burdette and Rex Sawyer for their years of service on the Board of Directors and to the Kanaloa Association. Renette Carpio of Castle Resorts accepted the paddles from President Lamberton and will be responsible for ensuring the paddles are shipped with care to Forbes Burdette and Rex Sawyer.

E. ELECTION OF DIRECTORS

President Lamberton stated that Kanaloa’s bylaws provide for a board of directors of seven (7) persons. The seats of Bill Dallenbach and George Pittman are expiring. At the executive meeting following the 2020 annual meeting on 1/29/21, director Rex Sawyer submitted his resignation, thereby creating a vacancy. The Board unanimously appointed Wayne House to temporarily serve until he may stand for election at this year’s meeting. Recently, Forbes Burdette submitted his resignation, also creating a vacancy. The Board unanimously appointed Wendy Benson to

temporarily serve until she may stand for election at this year’s meeting. Both these seats carry a remaining 2-year term.

A total of four (4) seats will be elected at this year’s annual meeting.

The four incumbents agreed to stand for election and candidate statements were received additionally from Mikel Bryan, Mary Cowan, James Kimo Lisy, Kathryn Quist and Mike Quist.

Dean Yamamoto confirmed that there was 59.7847% of the ownership represented in proxy and in person and a voting quorum was established.

Inspectors of Election: Two owners volunteered to serve as Inspectors the Election. Al Gulick (2503 & 3702) and Louise Weidner (704).

Election Results:

Candidates	Votes Cast
Wayne House*	30.7373
Mikel Bryan*	30.6451
Wendy Benson*	29.3392
George Pittman*	29.2467
Mike Quist	26.5427
Bill Dallenbach	23.6482
James Kimo Lisy	17.3820
Kathryn Quist	17.2139
Mary Cowen	13.7467

Wayne House and Mikel Bryan were each elected to 3-year terms. Wendy Benson and George Pittman were elected to 2-year (remaining) terms.

F. REPORT OF COMMITTEES AND OFFICERS

a) Treasurer’s Report – Treasurer Tanberg reported on the financial highlights for the period January – December 2020:

Operating Fund Balance	\$482,506.80
Regular Reserve Account Balance	\$1,554,023.41
Special Reserve-ADA Compliance	\$68,456.18
YTD Operating Fund Surplus	\$244,631.40
Other Income (including late fees, Interest, gate fees)	\$6,824.69
Reserve Account Interest	\$18,517.43
Income from Castle Rental Program	\$24,724.00
General Assessment to Operating	\$1,893,065.05
General Assessment to Reserves	\$329,205.36

Favorable Variances Included:

a) Electric

Savings of \$18,632 due to all three pools closed during renovation and two pools closed for COVID-19. (23% savings).

b) Water

We had a savings of \$30,614 (25%) from a budget based on last years' usage which included several leaks and less use during pandemic.

c) Building

\$11,098 was saved for a 72% savings due to supplies such as lumber and paint ordered ahead of time and used when needed, less work done on owners' units, and an overall effort to cut expenses.

d) Grounds and Grounds Supply

We had a savings of \$19,444 (19%) due to fewer supplies needed, limited new plantings, and an effort to cut expenses.

e) Refuse

\$23,642 under budget for a savings of 39% due to successful negotiations with the vendor to reduce fees due to COVID-19 and reducing the number of bins, while increasing pickups.

f) Repairs and Purchases

\$10,885 under budget for a savings of 27% due to a decrease in repairs and billings and a general cost-cutting effort.

g) Salaries – Maintenance

\$79,222 was saved, (22%), due to under-staffing and one position being moved to management plus lower rates of pay for new employees.

h) Salaries – Grounds

\$24,383 was saved for a savings of 13% due to multiple employees on leave without pay and a resignation of lead employee.

i) Payroll Taxes and Benefits

Variance due to lower salaries and wages resulted in a \$16,677 savings, 17%.

j) Contract Services

Variance due to fewer contract services needed, \$2,291 savings, 5%.

k) Board of Directors Travel

We had a savings of \$21,838 (78%) due Board members being unable to travel to meetings because of the Covid-19 outbreak, and one Board member living on property.

Unfavorable Variances Included:

a) Rental Income

Rental income was reduced by \$12,548 because Castle was unable to make rental payments for the months of July through October and exercised the Force Majeure provision of our contract. (34%).

b) Cable

We are over budget \$4,663 in 2020 due to an increase in cable fees to offset local station charging more to Spectrum. (5%)

c) Contract Plumbing

This was not a budgeted category, but we spent \$4,868 this year on snaking the clogs in the pool and replacing a pressure regulator and backflow preventer.

d) Life Safety

We were \$1,095 over budget (22%). Our contractor inspected 186 fire extinguishers, refilled 10, and replaced 20. Items were also purchased for Covid-19 conditions, including a Ryobi sprayer for decontamination.

e) Watchmen

This is an un-budgeted item, but we had to hire outside security because our employees were in quarantine for a time. The amount was \$2,571.

f) Salaries – Manager & Admin

Variance of \$25,887 or 51%, was due to a new AOA Manager allocation effective 3/1/20. The budget was set up for a single General Manager with a salary split between the AOA and Castle, now paid solely by AOA.

g) Recovery-Work Orders

We were 30% over budget, due to fewer work orders from owners resulting in less revenue and owners selling their units with outstanding work orders from last year. Loss of \$20,896.

h) Legal Fees

We were 359% over budget, amounting to \$8,613 due to legal issues and arbitration regarding payment for lanais and railings damage.

Delinquencies as of 12/31/20

2	units 30 days late	\$ 1,170.87
1	units 60 days late	\$ 1,170.87
1	units 90 days late	\$ 1,160.82
2	units more than 90 days late	\$ <u>4,241.07</u>
	Total	\$ 7,743.63

Doubtful Account Balance	\$ 5,965.74
Difference	\$ 1,777.89

b) Investment Report – Dean Yamamoto reviewed the highlights.

The value of the Kanaloa Reserve Account on December 31, 2020 was \$1,020,987.48. Included in this amount were Certificates of Deposit (CD) totaling \$755,000.00, and cash reserves in the UBS Business Bank Account of \$265,987.48. Accrued interest from the CD investments total \$9,289.51.

The amount of funds the Operating owes the Reserve Account is \$100,716.42; these funds have been sent to UBS to purchase CDs in January 2021.

c) Grounds Report – George Pittman provided highlights of the past year.

- d) Property Manager’s Report – Donny Iokepa provided highlights of the past year that included building and grounds projects. Among these are hedge and tree trimmings throughout the property; reconditioning of main pool railing; dryer vent cleaning of units in buildings 15 through 25; continued weeding of sections 1, 2, 3 & 4; continued focus on maintenance work orders and contract quotes for various projects; and, unit stair and railing rebuild project of various buildings.

G. UNFINISHED BUSINESS

- a) \$30 fee discussion – material was distributed to owners, including a fee summary and reconciliation report.

H. NEW BUSINESS

- a) Tax Resolution - Treasurer Tanberg noted that IRS Revenue Ruling 70-604 is an association tax tool that permits funds/income to be carried over to the following tax year, without any tax implications.

MOTION (2): A motion was made by John Todd (1205) to approve any excess member assessments not used by the Association during 2021 be applied toward the 2022 assessments as provided by IRS revenue ruling 70-604; the motion was seconded by Rich Jarvinen (1302) and approved by unanimous consent.

I. OWNERS’ COMMENTS

There were a variety of questions and comments from owners ranging in topics of landscaping, pool hours, support of Zoom virtual attendance at board meetings, and coqui frog eradication.

J. ADJOURNMENT

The meeting was adjourned at 11:52 am (HST).

Respectfully submitted,



Renette Carpio

Recording Secretary

Director of Condominium Administration, Castle Resorts & Hotels

As Agent for Kanaloa at Kona AOA

Signed: /s/ George Pittman Date: 4/29/22
George Pittman, Board Secretary