

Kaanapali Royal Association of Apartment Owners
Board of Directors' Meeting Minutes
October 25, 2019

Board Members Present: Richard Beck, President; Rod Conklin, Vice President; Jim Basolo, Secretary; Doug Duckworth, Treasurer and Directors Bob Pure, Glenn Bodinson and J. Michael Wigglesworth

Board Member Excused: Rod Conklin, Vice President

Owners Present: Diane Pure, C303; Mick Smith, Q302; Stacy Wimpney, Q303; Ken Loveland, C301; Nicola Dovrambeis, J202; Jen and Phil Buehler, B201; Tim Boyd, Q202; Dean Headley, H303; Jerry Jackson, F301; Ken and Patti Greenman, H202

Other Attendees: April Lum, Hawaiiana Management Co.; Will Chaney, General Manager; and Louise Rockett, Recording Secretary

I. DECLARATION OF QUORUM

There was a roll call, and a quorum was declared with six Directors present.

II. CALL TO ORDER

President Rick Beck called the Kaanapali Royal Association of Apartment Owners' Board of Directors' Meeting to order at 9 a.m. The meeting was held onsite.

III. PROOF OF NOTICE

It was certified that Notice of Meeting was sent to all Directors and posted on property on October 17, 2019, in accordance with the Association governing documents and in compliance with Hawaii State Law.

IV. INTRODUCTIONS

Introductions were made at this time.

V. MINUTES

MOTION: To approve the Minutes of the May 3, 2019, Board of Directors' Meeting.

Bodinson / Basolo Unanimous Approval

VI. PRESIDENT'S REPORT

The President announced everything is being done to bring the air conditioning back online within the next few weeks. The parts are being expedited by air from Wisconsin.

The President reported the upgrade of the pool restroom facility was completed, with the apt assistance of Marion Roszell.

Since the hiring of the General Manager, the President explained, an amazing amount of work has been accomplished. An article about Mr. Chaney was featured in a real estate magazine: "What gives you property good curb appeal". Additionally, Diane Pure was featured in the Maui Sunday Supplement of the Honolulu Star Advertiser, regarding the taming of the feral cat colony.

VII. GENERAL MANAGER'S REPORT

Mr. Chaney announced the parts to repair the air conditioning system are being shipped today. He submitted a written report dated October 25, 2019, updating the Board and owners on Association projects and activities, including: 1) Quarterly exterior pest control service conducted in-house; 2) Addition of color on property by planting of bougainvillea hedges by Buildings D and J; 3) Shower tower installed; 4) New building lights installed; 5) Owners recognized for installing new AC handlers at major savings, with 25 of units now completed; 6) Flowers placed in planters in front of office; 7) Pool fence upgrades; 8) Upcoming seal coating of the parking lot planned; 9) Upgrading of Fire Alarm System, including ADA compliance; 10) Upgrade of hedge along highway to a thicker foliage to help muffle the noise from the highway; 11) Upgrade of office equipment, including cell phone, computer and email; 12) Establishment of accounts at local businesses; and 13) Change in refuse removal contract, saving \$45,000 per year.

Marion Roszell saved the Association \$11,000 through her efforts to upgrade and improve the pool restroom facility.

VIII. MANAGING AGENT'S REPORT

The President announced that the Association changed its management company to Hawaiiana Management Company. April Lum is the new Management Executive representing Kaanapali Royal at Hawaiiana. Their new offices are opening in Kahana early November. The Association is saving \$20,000 annually with this changeover to Hawaiiana.

IX. COMMITTEE REPORT

A. Website

Director Wigglesworth, including email registration, gave log in instructions. He encouraged owners to register in order to receive email blasts. Draft Minutes will be posted on the Website as well.

B. Communications

Director Pure noted the Board is committed to communicating with the owners through email blasts.

Director Pure updated the Board and owners on the status of the ERS development of the golf course revitalization. He said the Hyatt and the Marriott are in due diligence negotiations to buy the golf course. This is not a "done deal", and their plans at this time are an unknown. Director Pure answered questions the Board and owners had about the ERS and

plans for the golf course sale.

There is a proposed new buyer for the Weinberg Property next door. More information on this property should be available at the end of November.

Director Pure noted there may be the possibility of Maui Memorial setting up an emergency room in West Maui.

C. Rental Advisory

Director Bodinson reported that the property continues to migrate towards a larger percentage of rentals on VRBO. There are 53 listings currently. The average room rates range from a low of \$224 to \$391 per night. His next report will provide a comparable between other like properties at the next Board meeting.

The parking fee increased. The Association is beginning to see an increase in revenue. Rentals made previously were grandfathered-in with the existing parking fee. The parking fee is seven to eight percent of the Association budget. Taxes on this revenue will be paid.

D. Energy and Technology

The President explained the problems associated with the air conditioning system at Kaanapali Royal. At the end of 2018, the “mega-expensive parts”, the Cooling Towers at an approximate cost of \$447,000, were replaced. The cooling towers were fixed, and this is not associated with the current failure. The problem is with the heat exchangers. The President described in detail the problem with the heat exchangers, and why it needs to be addressed. The cost to replace two heat exchangers per plant is in the \$13,000 range, plus the labor to install total \$37,000. The President explained why costs for the fix/replacement of the heat exchangers were adding up. It is a complicated situation. Two companies are involved, including Dorvin Leis and Pural Water. The water system needs to be kept clean, and a new water conditioner purchase at a cost \$12,000 to \$15,000 is planned. During the investigation into the purchase of parts for the heat exchangers, the Board also explored the potential of purchasing an Auxiliary Power Unit as a backup at a cost of about \$30,000. Potentially, the long-term goal is to install a better system to avoid similar problems in the future.

MOTION: To purchase an Auxiliary air conditioning power unit at a cost of \$60,000.

Basolo / Duckworth Unanimous Approval

Insurance claims may be filed. The President and the Treasurer are consulting with the owners of Dorvin Leis and Pural to seek some relief. Association counsel has been informed about the situation as well.

The owners had questions that were answered by the Board.

E. House Rules

There are no changes proposed to the House Rules.

F. Finances

Treasurer Duckworth updated the Board on the financial status of the Association as of the beginning of the Fiscal year, December 1, 2018, through September 30, 2019. The Association as of September 30, 2019, is \$20K in the red.

Owners' contributions to the Reserves are \$156 monthly or \$196,000 total for the year from all owners. The Association spent more than was contributed, including the two cooling towers, pool restroom facilities, shower tower and purchase of new equipment. In total, there was \$235,000 spent.

Total cash in the Reserves and the Checking Account is \$845,000. There is \$161,000 in the checking account and \$685,000 in the Reserves. The Association is in sound financial health and meets Reserve-funding requirements for the next six-and-a-half years. Reserve funding scheduling and strategy was reviewed.

The increase in the 2019-2020 Fiscal Year is \$25 per month. Funding allocated to the Reserves makes up a larger percent of the \$25 increase, i.e., \$10 of the \$25. The goal is to build the monies available in the Reserves to meet long-term maintenance requirements of an aging property, without a Special Assessment.

Upcoming items in the Reserves include the resealing of the parking lot and tree root removals and replacement of the 40-year-old fire alarm system with ADA compliant technology upgrades.

MOTION: To approve the Fiscal Year 2020 Budget beginning December 1, 2019, with an increase of \$25 with \$10 of the increase allocated to the Reserves and \$15 of the increase allocated to the Operating Fund.

Duckworth / Basolo Unanimous Approval

G. Professional Services

There are no legal expenses anticipated.

H. Architectural Review / Recycling

Director Wigglesworth reported there have been a number of remodels. He thanked the owners for submitting their applications.

Refuse and recycling removal was evaluated. The Board does not want the Association's conservation efforts to be futile. It was agreed to post recycling and trash removal instructions. Director Wigglesworth will consult with the associated contractors for clarification. Options are available.

There were questions about independent contractor dumpster restrictions on property and associated House Rule regulations. The contractor will be consulted; Director Wigglesworth will report back to the owner.

X. UNFINISHED BUSINESS

A. Parking Lot Seal Coat

A schedule for the project has not been established.

XI. NEW BUSINESS

A. Legal Counsel

The Association has retained the service of the McKeon Sheldon Mehling Law Firm and attorney Shannon Sheldon is the association's legal counsel. The firm is not paid a monthly fee.

B. Purchase of AC Backup Parts

The Association in the past inventoried back up parts, including water heaters and air conditioning parts. This a potential item the Board is going to consider as a benefit to the owners. The President asked the General Manager to make recommendations.

C. Chiller Automation

The Board is exploring the potential of upgrading the chiller automation system, with new electronics to provide advance notice if a problem is pending.

XII. NEXT MEETING DATES

The next Board of Directors' Meeting is Friday, January 10, 2020. The Annual Owners Meeting will be held on Saturday, January 11, 2020.

An Owners' Party is planned for Friday evening, January 10, 2020.

XIII. ADJOURNMENT

MOTION: To adjourn at 10:40 p.m.

Bodinson / Pure Unanimous Approval

Louise Rockett

Louise Rockett
Transcriptionist