

KAPILANA ESTATES HOMEOWNERS ASSOC. INC.

2017 ANNUAL MEETING MINUTES

Saturday, Sept 8 2017

Board Members: Bruce Guill (President), Bill McGowen (Treasurer), Karen Robinson (Secretary), Neil Robinson (Executive Board)

Absent: Thad Loeb (Vice President)

The meeting was called to order by Bruce Guill (President) at 9:00 am.

Approval of 2016 Minutes

Bruce asked for a motion to approve the minutes of the 2016 meeting. Sharon St Gemme stated she had not received a copy as the board had not appeared to have her correct email address. Bruce provided a hard copy. There was a general discussion as to whether board and annual meeting minutes were being posted to the website and whether meetings had taken place during the year. Bruce explained that the meetings were for the majority of the time conducted by phone but had been minuted. The board took the action to ensure the minutes had been posted as prepared.

Bill Reger moved to approve the minutes as written, seconded by Tom Colburn. Minutes were approved by show of hands. None opposed.

Bob Rogers asked why Neil Robinson did not appear as a board member on the website. Neil explained that he was a member of the executive board but not the association board, and the association board is what appears on the website.

Maintenance Issues

Bruce then reviewed the significant issues faced by the board in the past year including broken dock cables, water main leaks, replacement of the pool pump, and issues with raccoons and groundhogs in building 1, and also recognized the bldg. 10 seawall as a major expenditure to be incurred in February. He also identified a major concern regarding damage to units below due to water leaks and the liability of each owner for such damages. He advised the owners to talk with their insurance carriers to ensure they are covered for such an event and also to shut off the water and the hot water heater when the unit is to be vacant for more than 24 hours.

Ron Krogstrand asked if the sewer lines in front of building 10 had been cleaned in the Spring. Neil Robinson confirmed it had been done.

Bob Rogers asked about having brush around building 1 removed, that had been there for some time, and who incurred the cost of doing so. He was advised to contact Nichols, it is part of their contract to do such things.

Diane Prenger asked who should be called about issues that need to be resolved and said she didn't feel it should be Neil (Robinson) or Brian (Roberts). She was advised to contact Nichols, and they would coordinate with the board if there was any question regarding responsibility for cost.

Maintenance Contract

Jordan Cohen asked where maintenance contract expenses appear in the budget and how Nichols is compensated. It was explained that Nichols is paid \$37,000 annually (paid in monthly installments) for the efforts contained in the baseline contract, and on a time and materials basis for efforts outside of the contract. It was also explained that the costs that make up the maintenance expenses are allocated in the budget to the activities that are being performed (dock maintenance, grounds maintenance and building maintenance) to allow for accurate generation of assessments and accurate billing of the resort. The admin costs of \$6000 appears as a separate line item. Bruce also advised that the contract is on the website so that any homeowner can review it if they wish.

There were numerous incidents brought up by owners regarding Nichol's performance and responsiveness, and examples provided of failure to perform work required by the contract. Diane Prenger pointed out that they were being paid more than any other contractor to date yet performing less than others had previously. Neil Robinson explained that many years ago when bids were sought for the job, the board prepared a spreadsheet of all of the activities that had to be performed at Kapilana on a daily basis and bidders were requested to complete that spreadsheet indicating the time required to perform that task. Nichols was the only company to complete that and the estimates per task seemed reasonable, so it was thought by the board that even though the cost was higher they had finally had a bidder that had taken into account all of the efforts and that this likely resulted in the most accurate estimate of what it costs to run the complex the way we wanted it to be run. Unfortunately however that still has not worked and we are paying more and work is still not being done.

Diane Prenger suggested that perhaps it was time to consider giving the maintenance contract back to the resort owners, who have a vested interest in insuring that the complex is properly run. Neil Robinson added that he also felt it had been a mistake to move to offsite management due to the intangibles that the board had not considered when making the decision – things such as 24-hour on-site assistance to owners, daily inspection of the property, oversight of projects, etc. as well as the value added to the complex overall by having on-site management. A general discussion of this concept supported the need to consider an alternative maintenance solution, and the board took the action to review what would be required to get out of the contract with Nichols and enter into discussions with the resort and any other interested bidders to establish a new maintenance contract for 2018.

2018 Budget

Neil Robinson reviewed the 2018 budget and explained that the only significant changes this year were to implement suggestions from prospective lenders with respect to how income and management reserve are reflected. There was an approximate 10% increase overall (\$224,800 to \$248,500) to account for the many unanticipated projects faced in the past year as well as to include the significant projects planned for 2018. An additional \$10,000 was included for both building maintenance for known projects, and grounds maintenance to reseal the lots not maintained by the city. In addition, costs overall are increasing due to the difficulty in hiring contractors and the escalating bids for work that is required.

Bob Rogers asked if the indemnity insurance for board members was included in the budget and Neil explained that that is part of our annual insurance expense every year.

Bill Reger moved to accept the minutes, seconded by Carole Jamison. Minutes were approved by show of hands.

Board Election

There were three executive board positions to be filled.

Bob Rogers suggested that one of the officers should only be elected for 12 months so that we are able to get back to electing two officers every year rather than three and one, which evolved when there was only one candidate for election in 2014 resulting in 3 members being elected to two year terms in 2015. The board will take that under consideration.

Bill McGowen volunteered to run for an additional term and Bernice Cohen, Sharon St Gemme and Diane Prenger were nominated for the floor. The initial vote by show of hands elected Bill, Diane and Sharon however after the vote Sharon St Gemme withdrew her nomination so that Bernice could fill the third position. The board encouraged all candidates to fill either an executive board or association board position as all help is welcome.

Miscellaneous

Diane Prenger announced Brian and Jen Roberts as the new resort owners, who subsequently introduced themselves and offered their assistance to any homeowner and also their willingness to take on the maintenance contract if asked.

Ken Mathias thanked the association for all of the well wishes extended to their family following Paul's stroke in July. He is recovering slowly but is anxious to return to the lake.

As a follow up to the discussion regarding water damage, several owners suggested the use of overflow drains, pans under water heaters, and replacement of water heaters was recommended as many are still original and recommended life is usually about 15 years.

Dan Townsend asked when the board would be addressing the maintenance contract issues and was advised that this will start immediately.

Janet Willand motioned to adjourn the meeting, seconded by Diane Prenger. Meeting was adjourned at approximately 11:45.

Respectfully submitted,

Karen Robinson, Secretary