

# **REGULAR MEETING OF THE BOARD OF DIRECTORS OF EMMALANI COURT**

February 9, 2022 right after the annual meeting  
Emmalani Court - Recreation Center & Via Zoom

## Agenda

- I. Call to Order**
- II. Owners Forum**
- III. Approval of Minutes**
  - a. October 12, 2021 Regular Board of Director Meeting Minutes
  - b. November 23, 2021 Special Board of Director Meeting Minutes
- IV. Ratifications: (Consent Items)**
  1. 10/18/2021 U#221 Approval to install laminate wood flooring.
  2. 11/4/2021 Approval of Ryobi Power Washer purchase \$344.
  3. 12/21/2021 Approval of Employee Evaluation, Job Description, Contract
  4. 12/22//2022 Approval for Lincoln Aquatics Pool Reel Cover \$460.
  5. 12/29/2021 Approval Umbrella Replacement \$489
  6. 1/14/2022 Approval for Garden Isle Cardboard Disposal
  7. 01/28/2022 #511 Approval to remodel bath, kitchen, flooring
- V. Reports**
  - a. President's Report
  - b. Treasurer's Report
  - c. Resident Manager's Report
- VI. Unfinished Business**
  - a. None
- VII. New Business**
  - a. Ohana Landscaping Contract and Green Waste Removal
  - b. Pool Hours and "Designated Lap Swim Time"
  - c. Window Washing and Quotes
  - d. House Rules Revision (First Reading)
  - e. Other
- VIII. Next Meeting**

At the call of the President
- IX. Adjournment**

## Treasurer's Report End of 2021

Taking a look at the numbers for 2021, we experienced a shortfall in revenue by a couple percentage points and an overage in expenses by a couple of percentage points. While neither had a dramatic impact on our ability to maintain the property in pristine shape, it does signal that we have some red flags to watch in 2022.

First, let's take a look at the revenue. Maintenance fees revenue are fairly predictable especially since we are blessed with owners who rarely fall behind and have not defaulted in 2021. The expectation for earnings from investments was way off, but the contribution to overall revenue is virtually insignificant. However, we need to stay vigilant about maintenance fees and maintain an open mind about alternative sources of revenue that can help mitigate against increases in maintenance fees in the future.

Second, we look at operating expenses and contracts for 2021. The cost of electricity made a huge jump in December from a monthly average of nearly \$1500 to \$2672. This could be a blip due to heating costs of the pool in the unusually cool December, or a sign of increasing costs of electricity in the future. We do not have much control over the cost or even the usage unless we alter the temperature we keep the pool, which would be roundly opposed by the owners and renters. In addition, pest control was much higher than expected. Offsetting some of the overage was a lower than expected cost for sewage. We also had an unexpected bee infestation and the removal of the hive pushed the pest control expenses almost \$1300 out of budget. The net result is that the roughly 2% overage on the expenses on expenses and contracts will be covered by the 3% increase we have in maintenance fees so that our net income meets the budget. Normally, the removal of the beehive would have been from the reserve account, not an expense item. As a result, the variance to budget is slightly skewed.

Third, Buildings and Maintenance budget was exceeded by actuals by almost 8%. The biggest offender was in repair of buildings and equipment as well as amenities. We do not have control over items that break or need to be replaced so estimating this from year to year is a guess based on prior years. Emmalani is getting older so expecting fewer items to break or need to be replaced is not likely to be realistic. Some items, such as new roofs, are planned for 2025, but before then, when leaks or roof breakage occur, they need to be fixed. We have yet to find anyone willing to do it for free!!

On the bright side, the other three major operating expense categories were closely followed. What stands out are a few meaningful variances: Worker's Compensation was over by \$2,500 mostly due to an increase in the premiums due to claims from the year before. Health benefits were significantly less than budgeted (\$5957 actual versus \$7428 budgeted). And the last is the overage on commercial insurance by \$1597. The premium went up in July as usual and while

we anticipated an increase for the last six months of the year, the actual increase was more than we anticipated.

How did all this effect the bottom line. Between slightly missing our revenue projections and being over on expenses, we were about 4.5% off which is pretty good considering the uncertainty of 2021, the impact of price increases, and the limited effect on owners. We missed our projected net income by only \$900. The impact of the overage on expenses is a reduction in the money available to replenish the reserve fund at the rate that we planned. Since our commercial insurance is accrued throughout the year, the budget does not reflect the effect on cash flow properly. The payments are made in July for a full year July through June. We expect to borrow against the reserves in July to make the payment and replenish the reserve each month from revenue. However, it is unlikely to be replenished at the rate we projected if we run anywhere close to the \$15,000 over budget that we experienced in 2021 even though we continue to operate in the black. If the unexpected bee hive removal had been posted to reserves instead of operating expenses, the overage of the budget would have been closer to \$15,000.

Actual	2021 YTD	2021	2021	%
January - December	Totals	Annual	Variance	Variance
2021	Actual	Budget	negative = under budget	
<b>Revenue</b>	<b>436,975</b>	<b>437,879</b>	<b>-904</b>	<b>99.79%</b>
<b>Expenses</b>				
<b>Total Operating Expenses</b>	<b>401,506</b>	<b>384,332</b>	<b>-17,174</b>	<b>104.47%</b>
<b>Net Income</b>	<b>\$ 35,469</b>	<b>\$ 53,547</b>	<b>\$ 18,078</b>	<b>66.24%</b>

Fortunately, we had very few capital expenditures from the reserve account in 2021. This allowed us to maintain a favorable position with respect to reserve balance. We contributed \$28,363 to the reserve and withdrew \$7,106 in 2021 and \$5000 of that for tree trimming. The withdrawal from reserves was \$5,500 less than we had budgeted. Adding \$28,363 to the reserve fund is a positive trend that prepares us for anticipated capital expenses in the future, such as roof replacement.

In 2022, we have only three projects that are expected from reserves.

- Concrete and steel stair case work                      \$8,640 budgeted
- Contingency for building repairs                              \$7,490 budgeted

Contingency for Termite and Pest                      \$5,000 budgeted.

We will need to keep an eye on roof maintenance going forward. Major roof maintenance is not planned until 2025, but we already have some incidents requiring patching. Unless the patches fail, we will not push the roof maintenance forward into 2022.

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In summary, looking ahead to 2022, there are some upcoming challenges that the board is faced with that will make this upcoming budget season daunting. Among those is the effect of the Honolulu Price Index/ inflation rate is at 7% right now. We anticipated a 3% increase in expenses for 2022, and whether the inflation is a blip or a trend is unknown, but if the latter, the math does not come out favorably. In anticipation, the board will need to take a serious look at creative approaches to sustain the high quality of the property at Emmalani. Without committing to any changes at this time, two approaches come to mind: increase revenue and contain costs.

Revenue: Currently the contribution from other sources of revenue beyond maintenance fees is almost insignificant. To change that the following are possible options:

- 1) A look at supplemental sources of revenue other than special assessments on the owners such as impact fees, sometimes referred to as resort fees, on short term rentals and renting the use of the common room need to be investigated. A hard look at trade-offs on revenue enhancement considers the effect on perception of Emmalani, negative impact on owners who rent, and the logistics of implementation.

Cost Containment:

- 2) Distinguishing between nice to have projects from got to have projects to avoid cost creep. Expense items that are presented to the board that do not have a clear cost justification will be tightly scrutinized before proceeding.

We look forward to the participation of the owners in any additional ideas that we can consider to either enhance revenue or control expenses.

As a final note, we all owe a great deal of gratitude to Jim's active involvement over his term. With his tight financial management and scrutiny of expenses, he, more than any other member of the board, saved all of the owners increases in maintenance fees year after year. We will need to maintain that discipline going forward.

Respectfully submitted,

Bryan Baker

Treasurer

9 Feb 2022

**FEBRUARY 9, 2022**  
**Annual Board Meeting**

**“PROPERTY MANAGERS REPORT”**

Aloha.

The Project Highlights that have occurred since the last Board Meeting on October 2021 are as follows.

**HIGHLIGHTS / COMPLETED PROJECTS SINCE AUGUST 2021**

- Ohana Landscaping has completed the cutting back of the Palm Trees that are too close to the Buildings, to help deter rodent access to roofs. Performed at Buildings 2,3,4,5,6.
- Landscaping Contractor hourly rate was increased starting January 1, 2022.
- Puni Nani Pool Inc. Replaced Spa Multi Port Valve on Sand Filter and Re-Plumbed Pipes.
- Spa Propane Storage Tank had its Galvanized Supply Line Pipes replaced.
- Spa Sand Filter Pump had its Internal Gaskets replaced.

**UPCOMING PROJECTS CURRENTLY SCHEDULED OR IN-PROGRESS**

- In Progress: Ordered Replacement Pool Umbrella Metal Frame on January 11, 2022. Delivery Lead Time is 27 weeks. Likely arrive sometime in July 2022.
- In Progress: Ordered Replacement Pool Cover Reel Protective Cover on October 30, 2021. Delivery Lead Time is 10 to 14 weeks. Likely to arrive sometime in February 2022.

A complete list of all the other Maintenance Projects and Repairs that were completed since the October 2021 Meeting are available at the end of this written Report. I will forgo the reading of them to save time. Thank You.

## OCTOBER 2021 COMPLETED PROJECTS

Contact Pool Repair Company to schedule a Spa Pump Internal Gasket Repair  
Purchase and Replace Deteriorated BBQ Fire Extinguisher  
Unit 512 Front Entry Trim Touch up Paint  
Unit 515 Front Entry Repair Trim Wood Rot and Touch Up Paint  
Unit 522 Rear Lanai - Remove Fern  
Unit 110 Rear Lanai Stucco Column / Touch up Paint  
Unit 120 Rear Lanai Stucco Façade / Touch up Paint  
Bldg. 1 Metal Railing / Cut Back Bushes from Railing  
Power Wash Bldg.1 / Sidewalks, Landings and Railings  
Unit 214 Entry Closets Trim / Repair and Repaint Wood Rot  
Unit 311 Entry - Remove Fern  
Unit 412 Front Entry - Remove Fern  
Mngr. Unit Lanai - Remove Fern  
ADD-ON: Replace Blown Fuses and Burnt-Out Bulbs on Pool String Lights  
ADD-ON: Reattach Property Entrance Signage LED Lights that have come loose  
ADD-ON: Replace Propane Gas Line Pipe/ Rusted hole. Plumber Kerr & Sons  
ADD-ON: Transplant Tea Leaf's and Ginger Plants in front of Unit 413 for Rita Poels  
ADD-ON: Hydro-Jet Serwer Line at Manhole access front of Unit 211/ Preventive Measure  
ADD-ON: Replace Stairwell Light Fixture at Unit 323  
ADD-ON: Repair Wood Rot and Repaint at Front of Unit 110  
ADD-ON: Replace Two 1" Tile in Pool at Seating  
ADD-ON: Transplant Tea Leaf's and Ginger and Other Plants at Pool Back Fence Area  
Unit 324 Remove Beach Umbrella from Front Entry Area  
Unit 312 Remove Bike from Rear Lanai Area

## NOVEMBER 2021 COMPLETED PROJECTS

Power Wash BLDG. 3 Stairwells, Landings and Entries  
Power Wash Front Trash Enclosure and Repaint  
Power Wash Front Recycling Area  
Power Wash Front Entrance Signage Walls  
Repair / Replace Rotted Fencing at back of Pool Area and Re Paint Where Needed  
Ohana Landscaping to Cut Back Hillside at Rear of BLDG. 1  
Puni Nani Pool Inc. to Replace Spa Multi Port Valve on Filter and Re-Plumb Pipes  
Inspect and Install Christmas Decorations and Lights at Entrance after Thanksgiving.  
Replace LED Bulbs in Unit 223 Stairwell X2  
Repair wood Rot in Stairwell of 321 & 322  
ADD-ON: Install New Discharge Line from Spa Filter  
ADD-ON: Touch Up Paint Bldg. 3 along Unit 3 Walkway Wall  
ADD-ON: Patch around Unit 321 Guest Bathroom Roof Vent

ADD-ON: Repair Bathroom Drywall Damage in Guest Bathroom Unit 321 from roof drip.  
ADD-ON: Roof Patch above Pool Pump Room/ Rainwater leak.  
Cut Down Palm Trees Too Close to the Buildings 2,3,4,5 and 6

#### DECEMBER 2021 COMPLETED PROJECTS

Repair Walkway Light at Unit 515  
Purchase & Install Solar Ultrasonic Cat Deterrent Mechanisms at Bldg. 1 and Pool areas  
Power Wash Bldg. 5 Sidewalks  
Repair Bldg. 1 Rear Corner Downspout  
Touch Up Painted Carport Fascia's of ALL Buildings 1,2,3,4,5.  
Trim Tree Branches at PKK side that are close to the Building 1 and the Railing  
Repaired and added addition fencing at the PKK side end of Railing to stop entry to EC  
Added two Hedge Plant "Golden Duranta" at missing area in front of Bldg. 2  
Power Wash Sidewalks, Landings and Entries of Bldg. 4  
Added two Hedge Plant "Golden Duranta" at missing area in front of Bldg.3  
Power Wash Bldg. 6 Sidewalks  
Clean Out Front Property Storm Drain Entrance of Dirt and Debris  
Cut Down the Hedges, several inches in front of Unit 313 Rear Lanai for Owner View  
Repaint Metal Pole at Front Property closest to the Gold Course / Spiked Bird Deterrent is needed on top  
Cut Down Palm Trees Too Close to the Buildings 2,3,4,5 and 6  
Power washed Bldg. 5 Wall, Parking Lot side to remove Mold.  
T/U Paint Front Entry of Unit 523  
T/U Paint Front Entry of Unit 511  
Remove Mold at Rear of Unit 422  
T/U Paint below rear window of Unit 225  
Remove Birds Nest in Corner or Carport Fronting Bldg. 3  
Repair Trim Rot at Pool Wall by sink and at Pool Small Spa Equipment Closet at Pool  
Patch Repair at Base of Pool Shower.

#### JANUARY 2022 COMPLETED PROJECTS

Touch Up Paint Base Trim at Unit 213 Entry.  
Repair Wood Rot on Base Trim at Unit 222 Entry  
Patch Trim and Repaint at Unit 313 Rear Lanai  
Rebuild Base Frame for Pool Utility Sink  
Touch Up Paint Facia and Entry Area at Units 421 and 422  
Remove Fern Growing at Entry Railing of Unit 423  
Repair Wood Rot at Base Trim of Unit 413 Entry  
Power Wash Storage Yard Retaining Wall and Entry Walkway  
Power Wash Units 315 and 411 Privacy Fences and the Surrounding Exterior Walls  
Power Wash Pool Area Deck  
Repair Interior Ceiling Drywall in Unit 313 from past "repaired" drip from upstairs Unit 323  
Repair Interior Livingroom Ceiling & Bedroom Wall in Unit 224. Patch Roof to try to remedy leak.  
Repair wet rot base trim on Unit 224 Rear Lanai and Paint Lanai and Fascia

**MINUTES**

REGULAR MEETING of the BOARD OF DIRECTORS  
AOAO EMMALANI COURT

**DATE:** February 9, 2022

**PLACE:** Emmalani Court  
Recreation Room, Princeville, Hawaii  
And via Zoom

**PRESENT:** President Tess Rae, VP Fred Schroeder, Treasurer Bryan Baker, Secretary Jeff Boone, Director Jim Smith.

**OWNERS:** Julie Schuller, Unit 514; Sam & Holly Moore, Unit 215; Ralph & Sharon Tamura, U#221; Katie Colarci, Unit 513; Vivian Holley, Unit 411 and Esther Smith, Unit #120.

**BY INVITATION:** Resident Manager Sean O'Malley and Mgt Exec. Whit Van Blargen.

**CALL TO ORDER:** President Rae called the meeting to order at 2:50 p.m. (HST).

**OWNER'S FORUM:** None

**MINUTES:** Minutes of the October 12, 2021 Regular Board of Directors meeting and November 23, 2021 Special Board of Director Meeting minutes were unanimously approved as submitted.

**RATIFICATIONS:**

Director Smith moved, VP Schroeder seconded, to ratify the following actions and decisions:

1. 10/18/2021 U#221 Approval to install laminate wood flooring.
2. 11/4/2021 Approval of Ryobi Power Washer purchase \$344.
3. 12/21/2021 Approval of Employee Evaluation, Job Description, Contract
4. 12/22//2022 Approval for Lincoln Aquatics Pool Reel Cover \$460.
5. 12/29/2021 Approval Umbrella Replacement \$489
6. 1/14/2022 Approval for Garden Isle Cardboard Disposal
7. 01/28/2022 #511 Approval to remodel bath, kitchen, flooring

The motion passed unanimously.

**REPORTS:**

- a. President's Report: President Rae submitted a written report and it was read aloud during the Annual Meeting.
- b. Treasurer's Report: Treasurer Baker submitted a written report and it was read aloud during the Annual Meeting.
- c. Resident Manager's Report: RM O'Malley submitted a written report and it was read aloud during the Annual Meeting.

**UNFINISHED BUSINESS:**

- a. None



**NEW BUSINESS:**

- a. Ohana Landscaping Contract and Green Waste Removal: President Rae gave a verbal report and discussion ensued. No motions were made and tabled until further notice. RM O'Malley is tasked to get a written proposal from Ohana Landscaping.
- b. Pool Hours and "Designated Lap Swim Time": President Rae gave a verbal report and discussion ensued. No motions made.
- c. Window Washing and Quotes: President Rae gave a verbal report and discussion ensued. President Rae and Secretary Boone are tasked to reach out to multiple vendors for window washing quotes.
- d. House Rules Revision (First Reading): President Rae gave a verbal report and discussion ensued. No motions made and tabled until further notice.
- e. Other

**NEXT MEETING:**

- At the call of the President.

**ADJOURNMENT:**

There being no further business and hearing no objections, President Rae adjourned the meeting at 4:02 p.m. (HST).

Approved:

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Tess Rae, President

Submitted by:



Whit Van Blargen, Management Executive  
Hawaiiana Management Company, Ltd.

Managing Agent for  
AOAO Emmalani Court