

**ASSOCIATION OF APARTMENT OWNERS OF  
LAHAINA RESIDENTIAL  
ANNUAL OWNER'S MEETING  
1034 Front Street, Lahaina, Hawaii 96761  
Saturday, February 2, 2019**

**DIRECTORS PRESENT:** Jerry Scheltens, President; Paul Ratterman, Vice President;  
Kent Knowley, Treasurer

Present Via Teleconference: Dawn Allen, Secretary

**OWNERS PRESENT:** Registered with Quam Properties Hawaii, Inc.

**OTHERS PRESENT:** Greg Rosenblum, Property Manager; Barbara Pankey, Association  
Bookkeeper; Rod Quam, Managing Agent; Yatta Johnson,  
Stenographer

**DETERMINATION OF A QUORUM**

The Bylaws of the Association of Apartment Owners of Lahaina Residential, specify that a quorum exists when there is present at any meeting, in person or by proxy, a majority of the apartment owners.

Owners comprising 60 percent are present in person or represented by proxy, thus constituting a quorum.

**CALL TO ORDER**

President Scheltens called the Annual meeting of the Association of Apartment Owners of Lahaina Residential to order on Saturday, February 2, 2019 on property at 1034 Front Street, Lahaina, Hawaii at 9:00 a.m. HST.

**PROOF OF NOTICE OF MEETING**

A notice of this Annual meeting was sent to all owners of record on January 3, 2019. A copy of the notice and the Certificate of Mailing will be made a part of the Annual meeting file.

**PARLIAMENTARY PROCEDURE**

In accordance with 514B, Hawaii Revised Statutes, this meeting will be conducted using the most recent edition of Robert's Rules of Order Newly Revised.

**APPROVAL OF MINUTES OF PRECEDING MEETING**

The minutes of the last Annual meeting were presented at the meeting for review. Hearing no objections, the reading of the minutes was waived.

**Motion:**

*To approve the 2018 Annual Owner's meeting minutes of February 3, 2018, as presented. (Ratterman/Allen)*

**CARRIED** unanimously.

**REPORT OF OFFICERS**

**PRESIDENT'S REPORT**

President Scheltens presented his report. *(The detailed report is attached hereto these minutes.)*  
The following items were highlighted:

- Quam Properties was acknowledged for their dedication to the property and keeping the costs down for the Association.

**PROPERTY MANAGER'S REPORT**

Property Manager Greg Rosenblum presented his report, as stated below:

In 2018, our team responded and accomplished many of the repair items in the community that will surely increase the value of all the units on the property for many years moving forward. This year, the projects will get even bigger, as we set our sights on more improvement projects

**Landscaping**

It was necessary to change landscape vendors last year to achieve the quality of the care for the property that we all want. Our new vendor, Andy with 5<sup>th</sup> Element Landscaping is easy to work with and he has been received well by the owners.

Moving forward this year, Andy will play an integral role in renovating and updating the irrigation systems as well as the transformation of the entire East side of the property when the new landscape plan is installed. We have retained the services of Bill Mitchell from Hawaii Land Design to develop an effective landscape plan utilizing all your input that we have received. Not to worry, the plan will come together quickly and efficiently.

One thing to remember, many of the landscape issues we are dealing with today are due to a less than credible plan that lacked a vision to the future of the proper choices of trees and shrubs taking in consideration the small spaces we have to work with. We will not make similar mistakes if we take a few extra days with the planning process.

**Site Management**

Our normally scheduled Monday through Friday Quam Maintenance on-site support has been on-going all year, and we have crossed trained many of our staff to fill in and understand the uniqueness of the property, so we do not have any downtime of service. Moving forward this year, after the everyday maintenance is finished, we will start replacing many of the mail box

pedestals, renovating the surfaces on the upper decks and stairwells treads, and other projects that show wear from the age of the buildings that we feel we can accomplish in-house, to help save the Association money.

### Jalousie Window Replacement

Several months ago, we partnered with Rainbow Glass on removing the old wood jalousie windows on every unit at the expense of the Association. Within the next few months, the removal and installation of the new windows will happen. Quam Maintenance people will be piggybacking the installation and will be installing PVC lined drain holes for all the window AC units so the exterior of the buildings are not littered with unpleasant looking drain lines. The new windows are custom extruded aluminum with easy to use open and close mechanisms. They really are state of the art windows.

### Special Projects in 2018

Working closely with Mid-Pac Pest Control, we removed all the birds and their ability to nest in the attic areas of the building last December. This process eliminated the likeliness of rodents to get into the attic and cause issues with the homes.

The Board has asked us to reinforce the House Rules that pertain to personal items being stored on the exterior of the building. Section (F) Item # 1-The grounds, stairways, walkways and driveways shall not be obstructed or used for any purpose other than ingress and egress. We have been and we will be delivering violations to certain units until the property is clutter free in the common area.

Section (B) Item # 5 says, "Pest Control is provided by the Association and is mandatory." To the people who may have pets, we can understand that you may not want treatments in your home that may affect your animals and we understand that and will not force the issue. To the owners or tenants who work and can be home during the treatments, we recommend that you provide access to the unit and it is our job to escort the pest control technician through your home and then lock-up the unit.

We started accumulating the necessary information we needed to assign parking stickers and replace some of the signage on the property to help with the overcrowded parking challenges. That project will be completed early this year and cars without a numbered parking sticker will be forewarned if they use any of the assigned parking spaces.

The barbecues were replaced last year with a brand that parts are much more easily attainable.

Everybody knows now about the removal of the large eucalyptus trees on the Far East side of the building, but we have also been pulling out overgrown and dead trees that lie in the smaller flower beds between the parking stones at the head of the parking spaces and between the lower units.

Many of the smaller planter areas still need a lot of work. We will look to address these areas this New Year. We have been advised to NOT fully remove some of the roots that are surely wrapped around the main water lines and could do additional damage if we try to remove deep rooted trucks.

Our job at Quam Properties is to identify the needs of the community and plan affordable and timeless solutions and manage the details with care as if we were also owners.

My last comment has to do with recognizing that here at Lahaina Residential we live in close proximity to our neighbors. If you have respect for the quiet hours, and do not project any of your own personal issues on anyone in your building, everyone will enjoy Lahaina Residential and Maui for the beauty and serenity that it stands for.

### **TREASURER'S REPORT**

Mr. Rod Quam presented the December 31, 2018 year-end financial report. The audited financial reports are available on the owner's website, [www.lahainaresidential.org](http://www.lahainaresidential.org) for owners to review.

<b>Total Cash</b>	\$511,440
<b>Reserves</b>	\$847,352

Mr. Rod Quam presented the year end report and highlighted the following items:

- As of 1/1/19 there were 8 leasehold units (book value \$862,521) 52 fee simple units.
- Reserve expenditures in 2018 were \$18,111 which composed of barbeque granite and grills, tree removal, fence repairs, vent plugs and pest control.
- Under Budget in operating expenses by \$28,109 in 2018.
- Finished 2018 with a gain of \$66,154.
- First Hawaiian Bank loan for fee interest of property matured and paid off 10/1/2018. Loan was paid off with fee purchases. No additional funds from Association accounts were needed. Seven (7) fees were purchased in 2018.
- Three (3) Association Rental units. \$50,581 revenue 2018 (\$6,362 Expenses).
- Maintenance Fees down to \$400/month in 2019 from \$590/month 2018.
- One (1) unit, #106 is on the market for \$305K
- Four (4) units sold in 2018- units:108, 110, 126, 130. The costs ranged from \$273,500 to \$281,000
- Leasehold increase date January 1, 2019. 55- year lease, 15 years left on lease. 1/2009 lease payments increase to \$390.62/month from \$371.92. Remaining leasehold owners will be responsible for half of cost to assess property and attorney fees.
- Reserves are 130 percent funded.

### **ELECTION OF DIRECTORS**

Article III, Section 1 of the project bylaws specifies that the affairs of the Association shall be governed by a Board of Directors composed of five (5) persons, each of who shall be an owner, co-owners, vendee under an agreement of sale or an officer of any corporate owner of an apartment. There are three (3) vacancies on the Board which we must fill; three (3) 2-year terms.

The Board terms of expiring; each have agreed to run for another term on the Board.

Remaining on the Board are Kent Knowley and Paul Ratterman

President Scheltens asked for nominations from the floor.

Owner, Joan Warner was nominated from the floor.

**Hearing no objections, Joan Warner, Jerry Scheltens and Kent Knowley we elected to the Board, by acclamation.**

**The Board will determine the Board terms at the Organizational Board meeting.**

### **MOTION TO DESTROY BALLOTS AND PROXIES**

#### **Motion:**

*To destroy the ballots and proxies after thirty (30) days. (Knowley/Warner)*

**CARRIED** unanimously.

### **RATIFY BOARD ACTIONS OF 2018**

#### **Motion:**

*To ratify the Board of Directors actions for 2017. (Allen/Ratterman)*

**CARRIED** unanimously.

### **NEW BUSINESS**

#### **Resolution on Assessments**

There is a resolution that must be considered and voted on in order that we make the proper filing of our tax returns. This resolution covers maintenance fees and unrelated income paid during the year. We collect from all our owners, on a monthly basis, maintenance fees, which cover the cost of running and maintaining the project. At year-end, we may have a balance in our checking account, operating reserve account and other specific accounts that will carry forward to the next calendar year.

Present tax rulings indicate that these funds, if not specifically designated to be used in the following year, would be taxable. Consequently, the resolution to cover the 'rollover' of these funds meets the necessary requirements.

**RESOLVED**, By the Lahaina Residential Association of Unit Owners that any excess of membership income over membership expenses for the year ended December 2018 shall be applied against the subsequent tax year member assessment as provided by IRS revenue ruling 70-604. This resolution is adopted and made part of the minutes of the meeting of February 2, 2019.

**Motion:**

*To adopt the IRS Resolution 70-604. (Allen/Knowley)*

**CARRIED** unanimously.

**NEXT MEETING DATE**

The Annual Owner's meeting is scheduled for Saturday, February 3, 2020.

**ADJOURNMENT**

**Motion:**

*To adjourn the Annual meeting. (Sheltens/Ratterman)*

**CARRIED** unanimously.

The meeting was adjourned by unanimous consent at 9:57 a.m. HST.

A brief Board Organizational meeting will follow this annual meeting. The Owner's held and owner's forum following the adjournment of Annual Owner's meeting.

Respectfully submitted,

*Yatta Johnson*

**Stenographer**

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