

**ASSOCIATION OF APARTMENT OWNERS OF  
LAHAINA RESIDENTIAL  
BOARD OF DIRECTORS MEETING  
Thursday, February 7, 2013  
DRAFT**

**CALL TO ORDER:**

President Kent Knowley called the Board of Directors Meeting of the Association of Apartment Owners of Lahaina Residential to order at 4:18 PM.  
Meeting held at Lahaina Yacht Club

**DIRECTORS PRESENT:**

Kent Knowley, President  
Bruce Baum, VP  
Chuck Yeaman, Treasurer  
Paul Ratterman, Director

**ABSENT:**

Mary Ann McNew, Director

**OTHERS PRESENT:**

Bob Hoffman #228  
Annie McCoy #219  
Melissa Ziegler #110  
Suzanne Ayers #130  
Rod Quam, Managing Agent  
Kaz Yamanoha, Resident Manager

**CERTIFICATION OF NOTICE:**

Rod Quam certified that Notice of Meeting was sent to all Directors, posted on property, and a copy was filed in the office on January 16, 2013.

**APPROVAL OF MINUTES:**

**Motion:**        *To approve the minutes dated November 14, 2012 as presented. (Baum/Yeaman)*  
**CARRIED** unanimously.

**OFFICERS REPORT:**

Treasurers report deferred to budget discussion below.

**MANAGERS REPORT:**

Kaz and Rod reported that they are working on solution for standing water at pool deck area that will not drain off. Will try cutting grooves in direction of natural slope to remedy the standing water. This is an inexpensive solution. The other remedy would be to cut a hole in concrete with a grate for water to percolate into soil.

Palm trees need trimming and two Washingtonian palms should be removed. Rod will get proposals trimming and removal.

Plan was to have parking lot slurry coat done after building painting project is complete. We will hold off until prices come in for windows and other projects are assessed.

LahainaResidential.com website has been secured. It will take a couple months to set-up and add content. Rod is working on it.

**OLD BUSINESS:**

Building exterior painting project progressing well. Completion date and final inspection scheduled for next week Thursday 2/14/13.

Parking lot slurry coat will be placed on hold for the time being until

**NEW BUSINESS:**

Chuck Yeaman opened discussion regarding 2013 budget. Chuck stated that due to recommendation from VIM to lower maintenance it has created a deficit in revenue to sustain adequate operating cash for a sustainable budget. If we do not raise fees back to previous level we will be out of cash in a year's time.

Quam presented a budget for 2013 to raise maintenance fees to \$38,000/month and statutory reserves contribution to remain the same at \$10,000/month.

**Motion:**            *To approve the 2013 Budget worksheet as presented by Quam Properties with maintenance fees increased from \$32,000.00 to \$38,000.00 per month effective May 1, 2013 (Budget attached). (Yeaman/Ratterman)*  
**CARRIED** unanimously.

**Motion:**            *To raise maintenance fee \$100.00 per month per unit effective May 1, 2013. (Baum/Ratterman)*  
**CARRIED** unanimously.

Chuck Yeaman reported that he has been working with bank on refinancing note for fee. It will be best for us to continue paying down note by selling fee interests for any significant reductions in payments.

As building painting project progresses it has been observed that many glass window frames are badly deteriorated. Louvered window assemblies are also in poor condition. Since this is an owner responsibility for repair and replacement there was a discussion on how to approach replacement of both. Kent Knowley agreed to research of purchasing the windows in quantity to get a better deal.

**NEXT MEETING DATE:**

The next Board of Directors meeting is scheduled for Thursday, May 9, 2013 at 4:15 PM.  
Annual Homeowner meeting is March 16, 2013.

**ADJOURNMENT:**

The Board of Directors unanimously agreed to adjourn the meeting at 5:45 PM.

Respectfully submitted,

Rod Quam R(B)

**Quam Properties Hawaii, Inc.**

## Lahaina Residential AOA Budget Worksheet for 2013

	Jan - Dec 12	Monthly	Budget	Budget	Over/Under	Jan-Apr	May-Dec	Yearly
	Actual	Actual	Monthly	2012	Budget	2013	2013	2013
<b>INCOME</b>								
Reserve Assessment	116,000.00	9666.67	10000.00	116,000.00	0.00	10000.00	10000.00	120000.00
Maintenance Fees	412,000.00	34333.33	32000.00	412,000.00	0.00	32000.00	38000.00	432000.00
Monthly Lease Rent Receipts	204,555.52	17046.29	15620.64	204,927.53	-372.01	15620.64	15620.64	187447.68
<b>Total Income</b>	<b>732,555.52</b>	<b>61046.29</b>	<b>57620.64</b>	<b>732,927.53</b>	<b>-372.01</b>	<b>57620.64</b>	<b>63620.64</b>	<b>739447.68</b>
<b>EXPENSE</b>								
<b>ADMINISTRATION</b>								
Admin Office Supplies/Services	734.04	61.17	10.00	120.00	614.04	10.00	10.00	120.00
Bank Service Charges	44.40	3.70	25.00	300.00	-255.60	25.00	25.00	300.00
Board Meeting Expense	27.00	2.25	25.00	300.00	-273.00	25.00	25.00	300.00
Education/Subscriptions	0.00	0.00	25.00	300.00	-300.00	25.00	25.00	300.00
<b>Total ADMINISTRATION</b>	<b>805.44</b>	<b>67.12</b>	<b>85.00</b>	<b>1,020.00</b>	<b>-214.56</b>	<b>85.00</b>	<b>85.00</b>	<b>1020.00</b>
<b>SITE MANAGER</b>								
Resident Manager Salary	38,400.00	3200.00	3200.00	38,400.00	0.00	3200.00	3200.00	38400.00
Utilities Reimbursement	1,200.00	100.00	100.00	1,200.00	0.00	100.00	100.00	1200.00
Medical Insurance	360.00	30.00	30.00	360.00	0.00	30.00	30.00	360.00
Auto Reimbursement	1,200.00	100.00	100.00	1,200.00	0.00	100.00	100.00	1200.00
Telephone	1,437.84	119.82	105.00	1,260.00	177.84	105.00	105.00	1260.00
<b>Total SITE MANAGER</b>	<b>42,597.84</b>	<b>3549.82</b>	<b>3535.00</b>	<b>42,420.00</b>	<b>177.84</b>	<b>3535.00</b>	<b>3535.00</b>	<b>42420.00</b>
<b>MISCELLANEOUS SERVICE</b>								
Rubbish Removal	10,007.88	833.99	850.00	10,100.00	-92.12	850.00	850.00	10200.00
Pest Control	2,052.10	171.01	175.00	2,100.00	-47.90	175.00	175.00	2100.00
Tree Trimming Contract	8,166.14	680.51	750.00	9,000.00	-833.86	750.00	750.00	9000.00
Landscaping Contract	11,458.26	954.86	1100.00	13,200.00	-1,741.74	1100.00	1100.00	13200.00
<b>Total MISCELLANEOUS SERVICE</b>	<b>31,684.38</b>	<b>2640.37</b>	<b>2875.00</b>	<b>34,400.00</b>	<b>-2,715.62</b>	<b>2875.00</b>	<b>2875.00</b>	<b>34500.00</b>
<b>PROFESSIONAL FEES</b>								
Legal	4,541.78	378.48	500.00	8,000.00	-3,458.22	500.00	500.00	6000.00
Audit/Tax	4,010.42	334.20	300.00	3,600.00	410.42	300.00	300.00	3600.00
Property Management	15,121.90	1260.16	1360.00	16,320.00	-1,198.10	1400.00	1400.00	16800.00
<b>Total PROFESSIONAL FEES</b>	<b>23,674.10</b>	<b>1972.84</b>	<b>2160.00</b>	<b>27,920.00</b>	<b>-4,245.90</b>	<b>2200.00</b>	<b>2200.00</b>	<b>26400.00</b>
<b>REPAIRS &amp; MAINTENANCE</b>								
Buildings	1,866.18	155.52	350.00	4,200.00	-2,333.82	350.00	350.00	4200.00
Contingency	0.00	0.00	100.00	1,200.00	-1,200.00	100.00	100.00	1200.00
Contract Services	0.00	0.00	25.00	300.00	-300.00	25.00	25.00	300.00
Equipment	364.16	30.35	20.00	240.00	124.16	20.00	20.00	240.00
Fire Equipment	573.43	47.79	35.00	420.00	153.43	35.00	35.00	420.00
Grounds	1,898.94	158.25	200.00	2,400.00	-501.06	200.00	200.00	2400.00
Irrigation	57.95	4.83	75.00	900.00	-842.05	75.00	75.00	900.00
Plumbing	4,277.51	356.46	100.00	1,200.00	3,077.51	100.00	100.00	1200.00
Pool Supplies	3,056.93	254.74	100.00	900.00	2,156.93	100.00	100.00	1200.00
<b>Total REPAIRS &amp; MAINTENANCE</b>	<b>12,095.10</b>	<b>1007.93</b>	<b>1005.00</b>	<b>11,760.00</b>	<b>335.10</b>	<b>1005.00</b>	<b>1005.00</b>	<b>12060.00</b>
<b>SUPPLIES</b>								
Equipment	0.00	0.00	50.00	600.00	-600.00	50.00	50.00	600.00
<b>Total SUPPLIES</b>	<b>0.00</b>	<b>0.00</b>	<b>50.00</b>	<b>600.00</b>	<b>-600.00</b>	<b>50.00</b>	<b>50.00</b>	<b>600.00</b>

### Lahaina Residential AOA Budget Worksheet for 2013

	Jan - Dec 12	Monthly	Budget	Budget	Over/Under	Jan-Apr	May-Dec	Yearly
<b>UTILITIES</b>								
Electricity	3,411.83	284.32	600.00	7,200.00	-3,788.17	600.00	600.00	7200.00
Water & Sewer	46,615.83	3884.65	4100.00	49,200.00	-2,584.17	4100.00	4100.00	49200.00
<b>Total UTILITIES</b>	<b>50,027.66</b>	<b>4168.97</b>	<b>4700.00</b>	<b>56,400.00</b>	<b>-6,372.34</b>	<b>4700.00</b>	<b>4700.00</b>	<b>56400.00</b>
<b>INSURANCE</b>								
Commercial General Liability	1,847.86	153.99	200.00	2,400.00	-552.14	200.00	200.00	2400.00
Commercial Package Policy	17,179.18	1431.60	1750.00	21,000.00	-3,820.82	1750.00	1750.00	21000.00
Directors & Officers	1,152.04	96.00	90.00	1,080.00	72.04	90.00	90.00	1080.00
Fidelity Bond	309.96	25.83	50.00	600.00	-290.04	50.00	50.00	600.00
Flood	25,643.14	2136.93	3250.00	39,000.00	-13,356.86	3250.00	3250.00	39000.00
Umbrella	975.00	81.25	85.00	1,020.00	-45.00	85.00	85.00	1020.00
TDI	217.01	18.08	10.00	120.00	97.01	10.00	10.00	120.00
Workers Comp	1,346.54	112.21	110.00	1,320.00	26.54	110.00	110.00	1320.00
<b>Total INSURANCE</b>	<b>48,670.73</b>	<b>4055.89</b>	<b>5545.00</b>	<b>66,540.00</b>	<b>-17,869.27</b>	<b>5545.00</b>	<b>5545.00</b>	<b>66540.00</b>
<b>TAXES</b>								
General Excise Tax	12,072.56	1006.05	800.00	9,600.00	2,472.56	800.00	800.00	9600.00
Payroll Taxes	5,251.52	437.63	425.00	5,100.00	151.52	425.00	425.00	5100.00
<b>Total TAXES</b>	<b>17,324.08</b>	<b>1443.67</b>	<b>1225.00</b>	<b>14,700.00</b>	<b>2,624.08</b>	<b>1225.00</b>	<b>1225.00</b>	<b>14700.00</b>
<b>OTHER EXPENSE</b>								
Reserve Contribution	116,000.00	9666.67	10000.00	116,000.00	0.00	10000.00	10000.00	120000.00
Bad Debt Expense	76,000.00	6333.33	8000.00	76,000.00	0.00	8000.00	8000.00	96000.00
Contingency	0.00	0.00	200.00	2,000.00	-2,000.00	200.00	200.00	2400.00
Reserve Study	0.00	0.00	150.00	1,800.00	-1,800.00	150.00	150.00	1800.00
<b>Total OTHER EXPENSE</b>	<b>192,000.00</b>	<b>16000.00</b>	<b>18350.00</b>	<b>195,800.00</b>	<b>-3,800.00</b>	<b>18350.00</b>	<b>18350.00</b>	<b>220200.00</b>
<b>FIXED EXPENSES</b>								
Interest Bank Loan 1	236,735.22	19727.94	21450.00	257,400.00	-20,664.78	14782.45	14782.45	177389.40
Principal&Interest Bank Loan 2	127,514.77	10626.23	9200.00	110,400.00	17,114.77	12078.55	12078.55	144942.60
<b>Total FIXED EXPENSES</b>	<b>364,249.99</b>	<b>30354.17</b>	<b>30650.00</b>	<b>367,800.00</b>	<b>-3,550.01</b>	<b>26861.00</b>	<b>26861.00</b>	<b>322332.00</b>
<b>Total Expense</b>	<b>783,129.32</b>	<b>65260.78</b>	<b>70180.00</b>	<b>819,360.00</b>	<b>-36,230.68</b>	<b>66431.00</b>	<b>66431.00</b>	<b>797172.00</b>
<b>Net Ordinary Income</b>	<b>-50,573.80</b>	<b>-4214.48</b>	<b>-12,559.36</b>	<b>-86432.47</b>	<b>35,858.67</b>	<b>-8,810.36</b>	<b>-2,810.36</b>	<b>-57,724.32</b>
<b>Other Income/Expense</b>								
<b>TAXABLE INCOME</b>								
Interest Income	2,252.06	187.67	30.00	360.00	1,892.06			0.00
Late Fees	4,550.00	379.17	1000.00	12,000.00	-7,450.00			0.00
Parking Receipts	1,875.00	156.25	75.00	900.00	975.00			0.00
Rental Receipts Lease Term	87,984.55	7332.05	0.00	0.00	87,984.55			0.00
<b>Total TAXABLE INCOME</b>	<b>96,661.61</b>	<b>8055.13</b>	<b>1105.00</b>	<b>13,260.00</b>	<b>83,401.61</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENSE FOR LEASED UNITS</b>								
AOAO Maintenance Fee	87,481.68	7290.14	0.00	0.00	87,481.68			0.00
Rental Agent Expense	8,423.05	701.92	0.00	0.00	8,423.05			0.00
Rental Repair and Maintenance	9,006.54	750.55	0.00	0.00	9,006.54			0.00
<b>Total EXPENSE LEASED UNITS</b>	<b>104,911.27</b>	<b>8742.61</b>	<b>0.00</b>	<b>0.00</b>	<b>104,911.27</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>