

**ASSOCIATION OF APARTMENT OWNERS OF
LAHAINA RESIDENTIAL
ANNUAL OWNER'S MEETING
1034 Front Street, Lahaina, Hawaii 96761
Saturday, February 3, 2018**

DIRECTORS PRESENT: Jerry Scheltens, President; Paul Ratterman, Vice President;
Kent Knowley, Treasurer; Dawn Allen, Secretary; Suzanne Ayers,
Director

OWNERS PRESENT: Registered with Quam Properties Hawaii, Inc.

OTHERS PRESENT: Shaun Felechner, Property Manager; Jarid Bortz, Operations
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 55 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 3, 2018 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, 2018. 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.

The following correction was noted:

- Page 2, under, "Upcoming Projects", 1b. should read, "Removing a tree that **was** near visitor parking."

Motion:

To approve the 2017 Annual Owner's meeting minutes of February 4, 2017, as corrected. (Knowley/Ratterman/)

CARRIED unanimously.

REPORT OF OFFICERS

PRESIDENT'S REPORT

President Scheltens presented his report.

I have been a Maui resident for 31 years and an owner at Lahaina Residential since 2011. I also live at Lahaina Residential. We the Board members are all owners like you and share the same concerns and want to keep improving the property.

Many changes in the last year have been very good for Lahaina Residential:

- We changed our onsite property operations to Quam Properties who is now providing our maintenance, cleaning, pool services on site Monday through Friday.
- We changed our Landscape service to a company that has added better service and they come twice per week.
- We added night time security, where the property is patrolled from 9pm to 8am and they have an emergency call number which they have come and handled many events for those reporting issues.
- We added new gas tanks for BBQ with timers that shut off so no extra wasted gas if left on. Granite was replaced due to damage from fire last year.
- We are financially healthy and have completed a new reserve study. We are currently 130% funded in reserves. We have been able to reduce the maintenance fees this year. We are working on a plan to reduce the fees again next year from \$50 to \$150 per month. This is due to the loan we have from the fee purchase of the land back in 2010 from Kamehameha Schools. This loan once offset will allow us to keep it out of the maintenance fees for everyone. Rod will have more information on this in his report.
- We have made it easy to address all owners concerns. For maintenance or issues to report you call or preferably email Quam Properties who will then assist and forward to the Board your concerns.

I look forward to continuing to serve this year and keep making our community better.

PROPERTY MANAGER'S REPORT

Property Manager Shaun Felechner presented his report.

- 1) After Hours Security hired (COPS)
 - a. Quick response to issues (trespassers, water leaks, altercations, etc.)
 - b. The past month, we've been having him really focus on parking, he sends pictures of cars overnight and puts warning
- 2) Gas Tanks Installed for BBQ
 - a. Safety timer switch to prevent gas staying on
 - b. Installed by Lahaina Plumbing
 - c. Gas is with Hawaii gas.

- 3) New Landscaping company (Mamo)
 - a. Twice a week, a lot more responsive than previous company
 - b. Overhauling all irrigation
 - c. Working on prepping area for new hibiscus
- 4) Pool Situation
 - a. Temperature readings –
 - b. Options for cooling/heating--
 - a. Repairs to be paid for by owner. Quam Maintenance available to do repairs.

TREASURER'S REPORT

Mr. Rod Quam presented the December 31, 2017 year-end financial report. (*The detailed financials were provided in the Annual Owner's meeting packet.*)

- Finished year with \$371,864 Cash and equivalents, \$847,475 Reserves for Total of \$1,219,340
- Reserve Expenditures 2017 \$2003 (BBQ Gas Installation).
- Under Budget \$3198 Expenses 2017.
- Finished 2017 with a gain of \$40,190.
- As of 1/1/18 there were 14 Leasehold Units and 46 Fee Simple Units.
- Currently have 1 Fee purchase and 1 unit with fee under contract.
- FHB Loan Balance 12/17 \$875,000. We pay \$112K to FHB for each Fee Purchase. Loan payments are \$13,737/month (\$10,342.98 principal, \$3394.02/interest).
- 3 Association Rental units. \$54,509 revenue 2017 (\$7,103 Expenses).
- Maintenance Fees down to \$590/month in 2018 from \$620/month 2017.
- New Statutory Reserve Study completed in 2017. We are fully funded for projected expenses. Study posted on Association website.
- 4 Units sold since January 2017- #115, #210, #225 sold for \$275,000. #228 sold for \$280,000.
- Fee Loan maturity date is 10/1/2018. Principal will be approximately \$800,000. First Hawaiian Bank will be offering us an extension. They have all updated Association info. Bank of Hawaii will also make us an offer.
- Leasehold increase date is January 1, 2019. 55 year lease, 15 years left on lease. Prior to 1/2009 lease payments were \$37.58/month. 1/2009 payments went to \$371.92. Independent assessor suggested they go to \$444.44/month in 2009.
- Loan owner contribution $14 \times \$371.92 = \5206.88 $\$13,737 - \$5206.88 = \$8530.12$
 $\$8530.12 / 60 = \$142.16 / \text{month per unit}$

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 two (2) vacancies on the Board which we must fill each for a term of 2-years.

The Board terms of Kent Knowley and Paul Ratterman are expiring; each have agreed to run for another term on the Board.

Remaining on the Board are Jerry Scheltens, Dawn Allen and Suzanne Ayers.

President Scheltens asked for nominations from the floor.

Owners Joan Warner has expressed interest in joining the Board and her name was added to the ballot.

Robin Juarez and Kimberly Laurer were nominated from the floor.

The Nominees are:

- Robin Juarez
- Kimberlee Lauer
- Kent Knowley
- Paul Ratterman
- Joan Warner

Hearing no further nominations from the floor, the nominations were closed.

INSPECTORS OF THE ELECTION

Lori Powers and Mary Falk have agreed to be the inspectors of the election.

The meeting was recessed at 9:53 a.m. for voting purposes.

The meeting was reconvened at 10:09 a.m.

ELECTION RESULTS

The newly elected Directors are:

Kent Knowley 2-Year Term

Paul Ratterman 2-Year Term

MOTION TO DESTROY BALLOTS AND PROXIES

Motion:

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

CARRIED unanimously.

RATIFY BOARD ACTIONS OF 2017

Motion:

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

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 of 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 2017 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 3, 2018.

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 2, 2019.

ADJOURNMENT

Motion:

To adjourn the Annual meeting. (Sheltens/Ratterman)

CARRIED unanimously.

The meeting was adjourned by unanimous consent at 10:36 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.

Association of Apartment Owners
Lahaina Residential
Annual Owner's Meeting
February 3, 2018
Page 6 of 6

Respectfully submitted,

Yatta Johnson

Stenographer

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