



Hawaiiana Management Company, Ltd.
Pacific Park Plaza, Suite 700
711 Kapiolani Boulevard
Honolulu, Hawaii 96813
Tel: (808) 593-6378
Fax: (808) 447-5163
Internet: www.hmcmgt.com

November 2018

Dear The Collection Owner,

Your Board of Directors has approved the 2019 Operating and Reserve Budgets which were prepared on a cash basis and after carefully reviewing the Association's current and long range requirements, the Board has increased maintenance fees for 2019 as follows:

Common.....	13% increase
Tower.....	3% increase
Midrise (Lofts).....	18% increase
Commercial.....	90% increase

Each unit is charged the *Common* maintenance fee, in addition to the fee associated with the entity in which they reside (i.e. – *Tower, Midrise (Lofts), or Commercial*). Copies of the 2019 Operating and Reserve budgets are available on your website at www.thecollectionhonolulu.net or you may request a hard copy from The Collection office by calling 808-548-4555.

SurePay and other E-Payments

Statements will continue to be sent to you each month. Please return the bottom portion of the statement with your payment (*Unless you are on our automatic SurePay Plan – in your case, your statement is for information only – no need to do anything*). You may sign up to receive your statement via email. Or, if you are not already using our SurePay system for automatic payments, you might want to consider it now. A form for that purpose is enclosed. If a bank or bill payment agency other than Hawaiiana's Surepay Plan pays your maintenance fees, you must inform that agency of the new maintenance fee amount that will be effective with the January 1, 2019 payment.

Please note the following:

- Payments are due on the 1st of each month. A late fee equal to the greater of 5% of the amount due plus 1% interest will be assessed for any unpaid assessments.
- Each unit owner is responsible to maintain his/her unit in good repair. Please check and correct any deficiencies to avoid headaches and additional expenses.
- Insurance - The Association maintains insurance to cover the cost of damage caused by the common elements to the building and to your unit. You are required to have homeowner's insurance (*HO-6*) to cover damages or injuries caused by the failure of fixtures and appliances in your unit or by the actions of its residents and guests.
- Annual Meeting (**April 25, 2019**): When you receive your proxy form, even if you plan to attend, please be sure to complete and return it immediately. Doing so will avoid additional costs in sending you the forms again and help the Association save money. If the legal name of the owner of your unit has changed please notify Hawaiiana Management Company Ltd., in writing. This important information must be kept current especially when we prepare and tally proxies and ballots.

Have a safe and happy holiday season!

Sincerely,
FOR THE BOARD OF DIRECTORS
OF THE COLLECTION

Debi Balmilero CMCA®, AMS®, PCAM®
Management Executive
cc: General Manager
Enclosures

THE COLLECTION

2019 Maintenance Fees

Unit Type	2017 Total Fees (excluding electricity)	2018 Total Fees (excluding electricity)	2019 Common Maintenance Fee	2019 Tower Maintenance Fee	2019 Midrise Maintenance Fee	2019 Commercial Maintenance Fee	2019 Total Fees (excluding electricity)
A	935.85	970.74	113.56	896.35			\$ 1,009.91
A1	1,094.29	1,135.10	132.79	1,048.12			\$ 1,180.91
B	477.83	495.64	57.98	457.66			\$ 515.64
C	750.16	778.14	91.03	718.51			\$ 809.54
D	764.19	792.69	92.73	731.94			\$ 824.67
E	791.42	820.94	96.04	758.03			\$ 854.07
F	1,004.34	1,041.79	121.87	961.96			\$ 1,083.83
G	717.97	744.75	87.12	687.68			\$ 774.80
H	725.41	752.46	88.02	694.79			\$ 782.81
J	478.66	496.50	58.08	458.45			\$ 516.53
K	854.97	886.85	103.75	818.89			\$ 922.64
L	543.85	564.13	65.99	520.90			\$ 586.89
M	804.62	834.63	97.64	770.67			\$ 868.31
N	577.68	599.22	70.10	553.31			\$ 623.41
M-A	324.04	348.03	46.60		362.01		\$ 408.61
M-AR	324.04	348.03	46.60		362.01		\$ 408.61
M-B	458.39	589.00	79.52		611.99		\$ 691.51
M-C	550.37	591.14	79.74		614.28		\$ 694.02
CM 1	1,081.85	1,128.53	265.63			1,697.58	\$ 1,963.21
CM 2	397.72	414.89	97.73			623.98	\$ 721.71
CM 3	21.58	22.52	5.31			33.85	\$ 39.16
CM M1	1,320.09	1,377.07	324.66			2,070.56	\$ 2,395.22

The Collection-Midrise

Calendar Year 2019 Operating Budget and Reserve Study

EXECUTIVE SUMMARY

Prepared By: Jon McKenna and Hawaiiana Management Company, Ltd on July 20, 2018

Approved by Board of Directors on October 16, 2018

PRESENT RESERVE LEVELS

Projected 2018 Ending Reserve Balance		\$56,900
Required End of 2018 Balance to be 100% Funded		\$204,454
Projected End of Year 2018 Percent Funding		27.8%

2019 FULLY FUNDED MAINTENANCE FEES

Required End of Year 2019 Balance to be 100% Funded		\$251,635
Year 2019 Reserve Outlays		\$0
Year 2019 Reserve Contribution Required to be 100% Funded		\$194,735
Plus Projected Operating Expense		\$251,312
Less Other Income		\$4,020
Fully Funded Maintenance Fee Change/Amount	106.4%	\$442,027
Management Executive Recommendation	18.0%	\$252,664

BOARD APPROVED YEAR 2019 MAINTENANCE FEES

Operating Expenses		\$251,312
Less Other Income		\$4,020
Maintenance Fee Change/Amount	18.0%	\$252,664
Reserve Contribution / FHA Requirement 10%	2%	\$5,372
Projected Funding Level/Balance at the End of Year 2019	24.75%	\$62,272

Hawaiiana Management Company, Ltd

2019 Monthly Cash Operating Budget For

The Collection-Midrise

Approved by Board of Directors on October 16, 2018

Page 2

DESCRIPTION REVENUE	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUNE 2019	JULY 2019	AUG 2019	SEPT 2019	OCT 2019	NOV 2019	DEC 2019	ANNUAL TOTAL
MAINTENANCE FEES	21,055	21,055	21,055	21,055	21,055	21,055	21,055	21,055	21,055	21,055	21,055	21,055	252,664
LATE CHARGES	20	20	20	20	20	20	20	20	20	20	20	20	240
OTHER TAXABLE RECEIPTS - KEYS	125	125	125	125	125	125	125	125	125	125	125	125	1,500
BIKE AND SURF FEES	300												300
LOCKOUT FEES	75	75	75	75	75	75	75	75	75	75	75	75	900
INCOME-PET	1,080												1,080
TOTAL REVENUE	22,655	21,275	21,275	21,275	21,275	21,275	21,275	21,275	21,275	21,275	21,275	21,275	256,684

UTILITIES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
ELECTRICITY	6,413	6,413	6,413	6,413	6,413	6,413	6,413	6,413	6,413	6,413	6,413	6,413	76,956
TELEVISION	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	33,683
WATER	795	795	795	795	795	795	795	795	795	795	795	795	9,540
SEWER	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	40,272
TOTAL UTILITIES	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	13,371	160,451

CONTRACT SERVICES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
CONTRACT-ELEVATOR	932	932	932	932	932	932	932	932	932	932	932	932	11,183
CONTRACT-PEST CONTROL	244	244	244	244	244	244	244	244	244	244	244	244	2,928
CONTRACT-REFUSE											100	100	200
HVAC									7,668				7,668
FIRE SYSTEMS	3,247												3,247
WINDOW CLEANING	630			630			630			630			2,520
HOUSEKEEPING SERVICE FEE (TOWER)	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	16,560
SECURITY SERVICE FEE (TOWER)	977	977	977	977	977	977	977	977	977	977	977	977	11,724
MAINTENANCE SERVICE FEE (TOWER)	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	12,348
SUBMETERING	355	355	355	355	355	355	355	355	355	355	355	355	4,266
TOTAL CNTRCT SVCS	8,794	4,917	4,917	5,547	4,917	4,917	5,547	4,917	12,585	5,547	5,017	5,017	72,644

MAINTENANCE	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
BUILDING MAINTENANCE	175	175	175	175	175	175	175	175	175	175	175	175	2,100
CLEANING SUPPLIES	205	205	205	205	205	205	205	205	205	205	205	205	2,460
ELEVATOR	125	125	125	125	125	125	125	125	125	125	125	125	1,500
PAINT	75	75	75	75	75	75	75	75	75	75	75	75	900
SECURITY EQUIPMENT	110	110	110	110	110	110	110	110	110	110	110	110	1,320
MISCL REPAIRS & PURCHASES	540			540			540			540			2,160
TOTAL MAINTENANCE	1,230	690	690	1,230	690	690	1,230	690	690	1,230	690	690	10,440

Approved by Board of Directors on October 16, 2018

DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
OTHER EXPENSES													
MASTER ASSOC DUES	589	589	589	589	589	589	589	589	589	589	589	589	7,073
CONDO REGISTRATION-ODD			704										704
TOTAL OTHER EXP.	589	589	1,293	589	589	589	589	589	589	589	589	589	7,777
TOTAL OP EXPENSE	23,985	19,568	20,272	20,738	19,568	19,568	20,738	19,568	27,236	20,738	19,668	19,668	251,312
LOAN PAYMENTS													
TRANSFER TO RESERVES	-1,329	1,708	1,004	538	1,708	1,708	538	1,708	-5,960	538	1,608	1,608	5,372

THE COLLECTION-MIDRISE YEAR 2019 RESERVE PROJECTS AS OF OCTOBER 16, 2018

COST NOW and NORM LIFE values are best estimates by Hawaiiana Management and vendors who were nice enough to inspect the property or give a best guess.

It may be advisable to employ an expert to evaluate those projects with high cost.

				RESERVE FUND STATUS - PERCENT FUNDED METHOD				M. FEE	RESERVE.	MAINT.
First Plan Year - Calendar	2019	Reference Year	2018	THE MODEL'S FINDINGS FOR % FUNDING			2018 Deficit	CHANGE	CONTRIB	FEES
Final Plan Year	2038			Recommended Reserve Funding	100%	147,554	106%	194,735	442,027	
2018 Maintenance Fees	214,122	2019 Maint Fees	252,664	Target Reserve Funding Level	50%	45,327	47.68%	68,918	316,210	
2018 Other Income	53,767	2019 Othr Inc	4,020	Minimum Reserve Funding Level	50%	45,327	48%	68,918	316,210	
2018 Operating Expenses	-278,817	2019 Exp	-251,312	EOY 2019 Funding % @ Approved Lev	24.75%		18%	5,372	252,664	
2018 Reserve Contribution	-10,928	2019 Contributio	5,372	Condition Codes		Source Codes		Source Codes		
Projected Reserves At Start of 2019	56,900	Target Funding L	50%	EXCELNT	E	Contractor Proposal	1	Cost at Similar Project	5	
Projected Reserve % at Start of 2019	27.8%	Tgt Ann Contrib	48,223	GOOD	G	Contractor Estimate	2	Statistical Guideline	6	
Minimum Inflation	2.5%	Req Contrib-Tgt	93,550	FAIR	F	Engineer/Arch Estimate	3	Inflate First Year?	Yes	
Projected Savings Interest	2.5%	App. % Change	18.0%	POOR	P	Cost When Last Done	4			

CAPITAL INVENTORY												
ITEM	ADJUSTMENT	NORM LIFE	DONE LAST	LAST COST	CO ND	NEXT DUE DATE	COST NOW	COST SRC	FUNDING RQMT	EOY RES	DEFICIT	
Electrical Panels - Inspect/Repair		4	2016			2020	10,000	3	5,000	5,000		
Compressor - Replace		5	2016			2021	14,500	3	5,800	5,800		
Soft Goods - Replace		5	2016			2021	9,000	3	3,600	3,600		
Electrifying 2nd Floor Garage/Lobby Door	-93	99	2016			2022	10,815	3	11,312	11,312		
Rubber Flooring - Replace		8	2016			2024	6,750	3	1,688	1,688		
Carpet - Replace (50% - Phase I)		9	2016			2025	46,200	3	10,267	10,267		
Exterior Concrete - Paint		10	2016			2026	93,750	3	18,750	18,750		
Exhaust Fan - Replace		10	2016			2026	22,000	3	4,400	484	3,916	
Window Treatment - Replace		10	2016			2026	15,750	3	3,150		3,150	
Appliances - Replace		10	2016			2026	10,000	3	2,000		2,000	
Utility Doors - Partial Replace	5	5	2016			2026	10,000	3	2,000		2,000	
Condenser - Replace		10	2016			2026	6,500	3	1,300		1,300	
Water Submetering - Replace		11	2016			2027	45,900	3	8,345		8,345	
Entry System - Replace		11	2016			2027	22,500	3	4,091		4,091	
Interior Lighting - Replace		12	2016			2028	15,000	3	2,500		2,500	
Exercise Equipment - Replace		12	2016			2028	14,157	3	2,360		2,360	
Wall Covering - Replace		12	2016			2028	5,850	3	975		975	
Restroom - Remodel	4	8	2016			2028	5,750	3	958		958	
Carpet - Replace (50% - Phase II)	5	9	2016			2030	46,200	3	6,600		6,600	
Elevator Cab - Remodel		15	2016			2031	100,000	3	13,333		13,333	
Furniture - Replace	5	10	2016			2031	50,750	3	6,767		6,767	
Fan Coil - Replace		15	2016			2031	21,700	3	2,893		2,893	
Single Ply Membrane - Replace		20	2016			2036	117,000	3	11,700		11,700	
Tile Floor - Replace		20	2016			2036	46,500	3	4,650		4,650	
Fire Alarm System - Replace/Upgrade		20	2016			2036	45,000	3	4,500		4,500	
Artwork - Replace		20	2016			2036	42,500	3	4,250		4,250	
Mailboxes - Replace		20	2016			2036	21,000	3	2,100		2,100	
Trash Chute - Partial Replace		20	2016			2036	16,000	3	1,600		1,600	
Pool Table - Replace		20	2016			2036	11,250	3	1,125		1,125	
Awnings - Replace		20	2016			2036	10,400	3	1,040		1,040	
Glass Doors and Windows - Replace		25	2016			2041	255,000	3	20,400		20,400	
Elevator - Modernize		25	2016			2041	250,000	3	20,000		20,000	
Outdoor Air Handler - Replace		30	2016			2046	225,000	3	15,000		15,000	
2018 End Yr Totals							1,622,722		204,454	56,900	147,554	

The Collection-Midrise

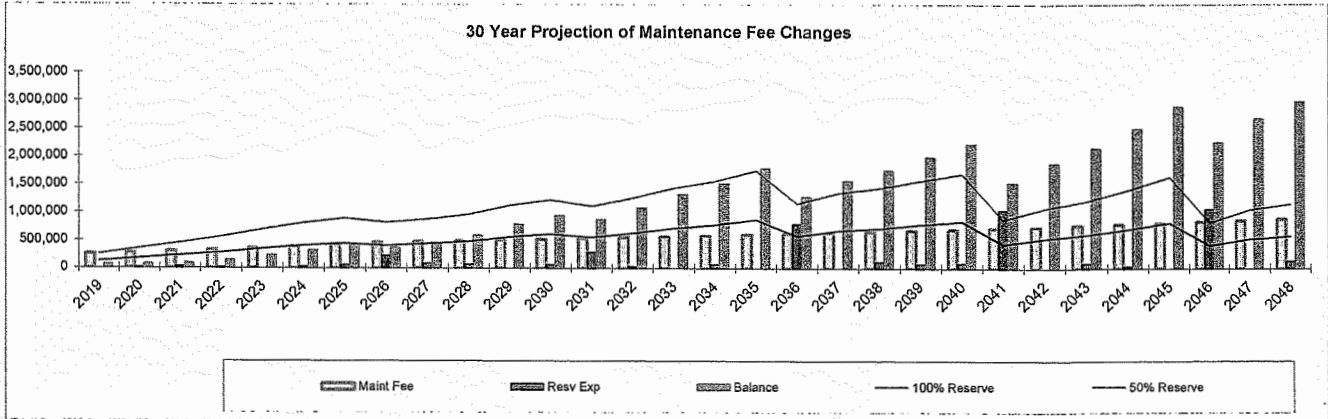
Board Approved 2019 Cash Flow Plan

Prepared By: Jon McKenna and Hawaiiana Management Company, Ltd

Maintenance Fee Plan to Accomplish All Known Improvements and Repairs For Next 30 Years

Assumed Rate of Inflation: 2.5%

Assumed Savings Interest Rate: 2.5%



Contingency Reserve Fur

\$0

CY	Starting	-Reserve	-Loan	-Operating	+Maint.	+Other	+Interest	=Ending	% Maint. Fee	Net Reserve	Percent
Year	Balance	Expense	Payments	Expenses	Fees	Income	Income	Balance	Change	Contrib.	Funded
2019	56,900	0	0	251,312	252,664	4,020	Included	62,272	18.0%	5,372	25%
2020	62,272	10,506	0	257,595	275,404	4,020	1,698	75,294	9.0%	11,323	21%
2021	75,294	25,307	0	264,035	300,190	4,020	2,068	92,231	9.0%	14,869	20%
2022	92,231	10,815	0	270,636	327,208	4,020	2,928	144,936	9.0%	49,777	26%
2023	144,936	0	0	277,401	356,656	4,020	4,664	232,875	9.0%	83,275	34%
2024	232,875	19,425	0	284,336	388,755	4,020	6,935	328,823	9.0%	89,014	41%
2025	328,823	54,917	0	291,445	423,743	4,020	9,238	419,463	9.0%	81,401	47%
2026	419,463	221,141	0	298,731	461,880	4,020	9,812	375,303	9.0%	(53,972)	46%
2027	375,303	85,422	0	306,199	475,737	4,020	10,484	473,922	3.0%	88,135	54%
2028	473,922	64,972	0	313,854	490,009	4,020	13,288	602,413	3.0%	115,202	62%
2029	602,413	0	0	321,701	504,709	4,020	17,398	806,839	3.0%	187,028	72%
2030	806,839	62,134	0	329,743	519,850	4,020	21,821	960,653	3.0%	131,993	78%
2031	960,653	283,905	0	337,987	535,446	4,020	22,986	901,213	3.0%	(82,426)	81%
2032	901,213	23,668	0	346,436	551,509	4,020	24,848	1,111,486	3.0%	185,425	88%
2033	1,111,486	0	0	355,097	568,054	4,020	30,499	1,358,962	3.0%	216,977	95%
2034	1,358,962	68,584	0	363,975	585,096	4,020	35,931	1,551,450	3.0%	156,557	100%
2035	1,551,450	0	0	373,074	602,649	4,020	41,706	1,826,751	3.0%	233,595	104%
2036	1,826,751	790,592	0	382,401	620,728	4,020	38,816	1,317,322	3.0%	(548,245)	114%
2037	1,317,322	0	0	391,961	639,350	4,020	36,076	1,604,807	3.0%	251,409	119%
2038	1,604,807	112,081	0	401,760	658,531	4,020	41,979	1,795,496	3.0%	148,710	125%
2039	1,795,496	77,597	0	411,804	678,287	4,020	47,299	2,035,700	3.0%	192,906	130%
2040	2,035,700	89,103	0	422,099	698,635	4,020	53,286	2,280,439	3.0%	191,453	135%
2041	2,280,439	1,039,797	0	432,652	719,594	4,020	47,651	1,579,255	3.0%	(748,834)	181%
2042	1,579,255	0	0	443,468	741,182	4,020	43,253	1,924,242	3.0%	301,734	178%
2043	1,924,242	85,652	0	454,555	763,417	4,020	50,946	2,202,419	3.0%	227,231	182%
2044	2,202,419	29,928	0	465,918	786,320	4,020	58,742	2,555,655	3.0%	294,494	183%
2045	2,555,655	0	0	477,566	809,910	4,020	68,096	2,960,114	3.0%	336,363	181%
2046	2,960,114	1,054,549	0	489,506	834,207	4,020	65,180	2,319,466	3.0%	(705,828)	282%
2047	2,319,466	0	0	501,743	859,233	4,020	62,506	2,743,482	3.0%	361,510	262%
2048	2,743,482	132,043	0	514,287	885,010	4,020	71,621	3,057,803	3.0%	242,700	265%