

REQUEST FOR ACTION

To	The Collection Board of Directors				
Subject	Maintenance Fees				
Preparer	Steve Shaw, Unit 2803				
Date	July 03, 2021	For Board	x	Action	Info

EXECUTIVE SUMMARY

Maintenance fees must not be instituted unilaterally. A fiduciary board must explain to the rest of an association why paying more (or less) money is necessary. This must be done with honesty and transparency.

The only qualification to be a board member of this association is that the applicant must be an owner. HRS 514B-107 provides: "(a) Members of the board shall be unit owners or co-owners, vendees under an agreement of sale, a trustee of a trust which owns a unit, or an officer, partner, member, or other person authorized to act on behalf of any other legal entity which owns a unit. There shall not be more than one representative on the board from any one unit."

As a result, owners are forced to rely on individuals occupying the board, and managing agents, who have unknown or nonexistent financial education and credentials. This shortcoming fails to guarantee that multimillion dollar budgets are being handled competently and accurately by bonded individuals adhering to their fiduciary duties.

RECOMMENDATION

The board must immediately approve payment for economic/financial consultants to propose a specific plan for member oversight/input on maintenance fee calculations. Early board disclosure of records to owners which support proposed maintenance fee changes must start this year. Proposed budgets and related spreadsheets are required to be true and correct and supported by specific documents. These underlying records are not routinely and timely disclosed and made easily available to owners. Foundational records, not proposed budgets, spreadsheets, and anecdotes, are the only justification for maintenance fee charges from year to year--particularly the increases since 2017.

At least one consultant shall be an individual selected by owners who are not directors.

RATIONALE

All budgetary records, including proposed/preliminary budgets and spreadsheets, must be true, correct and accurate. HRS 514B-154 provides: "(i) No person shall knowingly make any false certificate, entry, or memorandum upon any of the books or records of any managing agent or association. No person shall knowingly alter, destroy, mutilate, or conceal any books or records of a managing agent or association." Emphasis added. Before the next budget is approved, owners and/or their consultants must examine the records underlying each of the proposed increases in maintenance fees for Common and the Tower accounts.

Exhibits (If applicable)	Index	Title

FOR BOARD USE ONLY					
CERTIFICATE OF BOARD ACTION					
<input type="checkbox"/> Approved	<input type="checkbox"/> Declined	<input type="checkbox"/> Noted	<input type="checkbox"/> Returned	<input type="checkbox"/> Deferred	<input type="checkbox"/> Withdrawn
Stipulations					
Coordinating Instructions					
Distribution Instructions					
Recording Secretary	Desmond Oliveira	Action Date		RFA No.	02-2021