

## REQUEST FOR ACTION

<b>Subject</b>	Master Association Dues				
<b>Preparer</b>	Jon McKenna	<b>AOUO Title</b>	Management Executive		
<b>Date</b>	3/20/19	<b>For Board</b>	X	<b>Action</b>	<b>Info</b>

### EXECUTIVE SUMMARY

Purpose

The purpose of this RFA is to determine the per unit Kaiaulu’o Kakaako Master Association (Master) dues assessment based on the monthly charge billed by the Master.

Rational

Responsibility for establishing the Master assessment rests with the Master. Upon receipt of correspondence from the Master on May 1, 2017 informing The Collection of the commencement date and amount of the assessment, multiple inconsistencies as to how the assessment was calculated were identified. Over the remainder of 2017, communication with the Master took place to resolve the inconsistencies, only to stall toward the end of the year. A summary of each attached exhibit is provided below as to the timeframe of events throughout 2017 and, supporting documentation leading up to the recommendations identified at the end of this RFA.

**Exhibit A – May 1, 2017 Member Assessment Correspondence**

This was the first communication received from the Master informing The Collection what the total Master assessment was per month. One of the enclosures within this communication included a Land Use Classification worksheet and another enclosure showed a breakdown of each land use classification within The Collection. The last page of this exhibit provides details of various discrepancies management executive (ME) McKenna identified as it pertained to calculation of The Collection Master assessment.

Key to ME McKenna’s questions involved:

- 1) The number of units was incorrect,
- 2) The types of spaces were in correct,
- 3) The area calculations were incorrect;
- 4) The Townhomes at The Collection was included in this assessment (TH is a completely separate entity (different TMK) and should be billed separately). In a future communication, ME McKenna indicated there was a commercial space (Commercial Lot #4) that was a completely separate entity as well.
- 5) Clarification on what was the monthly assessment per unit was requested.

**Exhibit B – 2017 Monthly Association Invoice**

This exhibit is provided to show the description of each charge type identified on the invoice.

### **Exhibit C – Exhibit D of the Master Association Community Charter**

This document shows the Land Use Classification for each type of use within a parcel and, the corresponding Equivalent Units for each. This is the key for how the Master Association determines the assessment for each Land Use Classification (i.e. – residential units, restaurants, etc.). **Page 3 of exhibit D of the Community Charter is especially important as it defines how assessments are to be calculated. This is particularly important to Exhibit J of this RFA, as Exhibit J converts the total monthly assessment for each “correct” land use classification to a charge per unit.**

### **Exhibit D – The Collection, Developer’s Public Report (Excerpt 6.15)**

6.15 of the Public Report states:

*“...monthly assessments to Unit owners will also include, as separate charges, certain third-party assessments and mandatory charges for which the Unit owners are directly liable, **but which are included in the monthly Association assessments for convenience.** [emphasis added] These include a monthly Master Association assessment of \$15 and a basic cable and internet service charge estimated at \$44.”*

This is most significant because it clarifies **no additional separate fee is due from each unit for the Master Association assessment from the time the assessment began, April 2017, through December 2017.** Development of the 2018 budget separated the Master assessment from the maintenance fees to better account for the separate Master association assessment and, properly charge each unit and entity (TH at The Collection and Commercial owners).

6.15 also states:

*“...purchasers should anticipate that by the time assessments actually commence, their actual monthly assessments will be different from the estimates contained in this Report.”*

This is significant because:

- 1) the Master Association dues had not yet commenced and,
- 2) the amount of the Master Association dues per unit/per month was not known.

Receipt of Exhibit A herein, as detailed above, was the trigger for the Master Association assessment to commence and subsequently defined the monthly charge, but did not correctly identify land use or the monthly charge per unit.

As the master assessments were part of the maintenance fees, one may argue the \$15 per month should be refunded as the Master assessment did not begin until April 2017. Additionally, one may argue the difference between \$15 and the actual monthly charge per unit (see Exhibit J), should be refunded back to the owners for the period April – December 2017.

### **Exhibit E - Kaiaulu’o Kakaako Letter of July 24, 2017 to Hawaiiana Management**

As a result of ME McKenna communicating with the property manager representing the Master Association from May through July 2017 to address the inconsistencies brought forth in Exhibit A above and attached, the correspondence detailed what would be necessary to change the Land Use Classification for each separate parcel.

**Exhibit F - Confirmation of Kaiaulu'o Kakaako Dues Amount and Commencement**

While ME McKenna had multiple conversation with the Master property manager, this document was primarily to obtain written confirmation of the date The Collection was required to pay Master Assessments and, that the monthly obligation per unit was less than \$15 (even though the monthly assessment per unit was not specifically identified by the Master).

**Exhibit G - HMC Letter of November 13, 2017 to the Master Association**

Since the Master's letter of July 24<sup>th</sup>, various communications between ME McKenna and the Master's property manager took place to work toward getting the land use classification's corrected, the separate entities identified and billed separately and, the charge per unit identified. Updated Land Use Classifications forms for each separate entity were provided as part of this correspondence.

**As of this date on this RFA, the Master Association (Founder (KSBE)) has not provided a response back to ME McKenna's communication of November 13, 2017.**

**Exhibit H - 2018 Kaiaulu'o Kakaako Budget Mailing (dated November 2017)**

Master budget received using the original Land Use submission.

**Exhibit I - 2018 Master Association Invoice**

Copy of the 2018 Master association invoice.

**Exhibit J - Spreadsheet Calculating the Monthly Fee Per Unit**

The monthly fee per unit is calculated based on the Kaiaulu'o Kakaako Community Charter, section 3. Calculation of Assessments.

**Auditor Input**

While completing the 2017 audit, I reviewed the above and attached information with Association auditor Ratna Nuti, CPA. While Ratna's initial thought was to not charge a separate fee per unit and, instead, handle the dues like any other vendor contract for which the maintenance fees cover she gave it more thought and provided;

*"If the dues were uniform for all units, then it would be ok to charge to common but as the dues are different for residential and commercial, they have to assess to the respective departments (in line with their by-laws)."*

She went on to state; *"As residential dues are the same for all units, you could build it into the residential budget and not assess the owners separately. Commercial unit dues are based on square footage, and have to be assessed separately. (something to think about)."*

**Exhibit K – Corrected Master Dues Calculation**

This exhibit shows the corrected master dues assessment that should have been charged to The Collection, Commercial #4, and Townhomes at The Collection.

**RECOMMENDATIONS**

- 1) Split/code the monthly master invoice between departments Residential and Commercial accordingly (the invoice is currently being coded to Common). Begin January 2019.
- 2) Per the rationale provided for particularly in Exhibit D and the auditors input, do not charge a separate Master assessment to each residential unit (for 2017, 2018, or future).
- 3) DO charge a separate Master assessment to each Commercial unit, per Exhibit J. A monthly Master fee will be added to each Commercial unit statement going forward.
- 4) Invoice Commercial Unit #4 for amounts owed for the period beginning April 2017 to present.
- 5) Invoice Townhomes for amounts owed beginning April 2017 to present.
- 6) Reconcile the incorrect Master assessments charged to each unit for the period April – September 2017 and, issue refunds for as applicable.
- 7) Send correspondence to the Master Association to include:
  - a. Exhibit G & J
  - b. Demand the Master Association recognize the three separate entities and commence invoicing those entities separately and immediately.
  - c. Discontinue paying portions of invoices that are not the responsibility of The Collection (e.g. – Commercial Unit #4 and Townhomes at The Collection).
  - d. Review the correspondence with Association counsel before finalizing.
- 8) Per Exhibit K –
  - a. Request reimbursement from the Master for 2017 and 2018 for the amounts overcharged to due to not accepting the correct entities and subsequent EU's
  - b. Request 2018 invoicing be corrected.

Exhibits (If applicable)	Index	Title
	A	May 1, 2017 Member Assessment Correspondence
	B	2017 Monthly Master Association Invoice
	C	Community Charter for Kaiaulu'o Kakaako (Exhibit D)
	D	Developer's Public Report (Excerpt, Section 6.15)
	E	Kaiaulu'o Kakaako Letter of July 24, 2017 to Hawaiiana
	F	Confirmation of Kaiaulu'o Kakaako Dues Amount and Commencement
	G	HMC Letter of November 13, 2017 to the Master Association
	H	2018 Kaiaulu'o Kakaako Budget Mailing (dated November 2017)
	I	2018 Master Association Invoice
	J	Spreadsheet Calculating the Monthly Master Assessment Per Unit
	K	Corrected Master Dues Calculation

**FOR BOARD USE ONLY**

**CERTIFICATE OF BOARD ACTION**

<input checked="" type="checkbox"/>	Approved	<input type="checkbox"/>	Declined	<input type="checkbox"/>	Noted	<input type="checkbox"/>	Returned	<input type="checkbox"/>	Deferred	<input type="checkbox"/>	Withdrawn
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**Stipulations**

<b>Coordinating Instructions</b>					
<b>Distribution Instructions</b>					
<b>Recording Secretary</b>	Ryan Kamo	<b>Action Date</b>	5/24/18	<b>RFA No.</b>	10-2018

**Kaiaulu 'O Kaka'ako Owners Association, Inc.**

May 1, 2017

The Collection  
Hawaiiana Management Co.  
Pacific Park Plaza, Suite 700  
711 Kapiolani Blvd.  
Honolulu, HI 96813

Re: Kaiaulu 'O Kaka'ako Owners Association, Inc. Member Assessment

Association Member:

Pursuant to the Charter, each Parcel is allocated votes in the Kaiaulu 'O Kaka'ako Owners Association, Inc. (the "Association") and assessment liability based on the number of Equivalent Units (EU) assigned to the Parcel, with Equivalent Units being determined in accordance with Exhibit "D" to the Charter based on the Parcel's acreage and land use classification, respectively.

Enclosed is the first invoice from the Association with an effective date of April 1, 2017. You will also find the respective EU calculation sheet.

The calculation for your assessment is as follows:

Total Monthly Budget divided by Total member EU equals fraction per EU multiplied by Member EU.

The 2017 monthly budget: **\$11,591.67**  
The total number of member EU: **3,656**  
Monthly assessment per EU: **\$3.17**  
Member EU: **1,085**  
Total Member assessment: **\$3,440.09**

**The first invoice includes April and May 2017 and due upon receipt. Future payments are due on the 1<sup>st</sup> of each month.**

As the equivalent units change, the monthly assessment for each member will change.

As previously noted, please advise the Association immediately upon receipt of any certificate of occupancy or change in use so we may update our records accordingly. Please include a copy of the applicable certificate of occupancy.

If you have any questions, please feel free to contact Leslie Chang at [lesliec@hawaiianprop.com](mailto:lesliec@hawaiianprop.com) or at 808.539.9723.

Sincerely,  
For the Board of Directors  
Kaiaulu 'O Kaka'ako

  
Leslie Chang  
Sr. Property Manager  
Hawaiian Properties

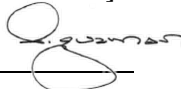
**Attachment**

<b>Land Use Classification</b>	<b><u>Area Under Use or Number of Units</u></b>
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	___ 3.3 ___ acres
Pre-Redevelopment Parcel	___ 3.3 ___ acres
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions	___ 7,460 ___ sq. ft. of gross floor area.
Restaurants	___ 5,059 ___ sq. ft. of gross floor area
Art Galleries, museums, places of worship, libraries, non-profit education, research or cultural institutions	___ 0 ___ sq. ft. of gross floor area
General Office	___ 541.3 sq. ft. of gross floor area
Residential units (single family attached, detached, and condominium) - number of dwelling units	___ 547 ___ units
Multi-family rental apartments – number of dwelling units	___ 0 ___ units
Industrial Use	___ 0 ___ sq. ft. of gross floor area

**I certify that all information provided is true and correct.**

The Collection AOOU

\_\_\_\_\_  
[Condominium Association or Parcel Owner]

By: Al Guzman, General Manager  \_\_\_\_\_ 3/2/17  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**The Collection**

As of:	April 13, 2017			<b>Grand Total EU</b>	<b>1,085.00</b>
Land Use Classification		Acres	Round	EU	Total EU
All Parcels, developed or undeveloped - Without Regard to use	143,748 Sq Ft	3.30	3.00	150	450
	EU Per 150 Sq Ft				
Retail and Service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions	7,460 Sq Ft	49.73	50.00	1	50
Restaurants	5,059 Sq Ft	33.73	34.00	1	34
General Office	541 Sq Ft	3.61	4.00	1	4
	EU Per Unit				
Residential units (single family attached, detached, and condominium)	547 Units			1	547

## Jon Mckenna

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**From:** Jon Mckenna  
**Sent:** Thursday, May 11, 2017 4:36 PM  
**To:** 'Lesliec@hawaiianprop.com'  
**Subject:** The Collection - Kaiaulu `O Kaka'ako Owners Association, Inc. Member Assessment

(please disregard my previous email if it went through, I added a few questions)

Hi Leslie,

I received the assessment letter last week and have a few questions:

1. Will we be receiving a statement each month?
2. Are you able to provide a breakdown of Total Number of Member EU for our information? I would like to see and present to the Board the other members and their EU's that make up Kaiaulu thus far.
3. Commercial Spaces-
  - a. There are presently no restaurants at The Collection.
  - b. There are presently no retail or service establishments at The Collection.
4. How did you determine 547 residential units? The Collection is comprised of 397 Tower and 54 Midrise (Loft) residential units, for a total of 451 residential units.
5. Acre Calculation – The acre calculation for Retail, Restaurants, and General Office are incorrect (see below).
  - a. Retail 7.460 Sq Ft = .17 acres (table identifies it as 49.73 acres)
  - b. Restaruants – 5,059 Sq Ft. = .12 acres (table identifies it as 33.73 acres)
  - c. General Office – 541 Sq Ft = .012 acres (table identifies it as 3.61 acres)

Rounded, the acres for these round down to "0," thus taking 88 Eu's away, leaving the total EU at 997. Because this would reduce the EU, the monthly assessment would go down to \$3160.49.

**However**, if this calculation was used for all Members, theirs would have to be adjusted as well, which would mean the total member EU would go down and, with the budget remaining the same, the each Member assessment would increase.

6. The Townhomes at The Collection – Will there be a separate statement sent for the AOA TH at The Collection? These are 14 residential units and are a completely separate condominium association from The Collection.
7. Finally, the Public Reports had indicated a \$15 initial master association fee. As I understand this, that is not the case, correct? It's only \$3.17 per unit essentially due to the budget at this time.

Thanks,  
Jon

Jon McKenna | Vice President  
Hawaiiana Management Company, Limited  
Pacific Park Plaza, Suite 700  
711 Kapiolani Boulevard | Honolulu, HI 96813  
PH: 808.203-5234 | FAX: 808.447-5179  
[www.hmcmgt.com](http://www.hmcmgt.com) | [jonm@hmcmgt.com](mailto:jonm@hmcmgt.com)



## Kaiaulu'o Kakaako Master Association Community Charter

## EXHIBIT "D"

Allocating Liability for Assessments and Allocating Votes Among Parcels

1. **Assignment of Equivalent Units.** For purposes of allocating Common Expenses and Service Area Expenses among Parcels, and for purposes of allocating votes in the Association among Parcels, each Parcel shall be assigned Equivalent Units. The number of Equivalent Units for each Parcel is determined in accordance with the table set forth below based upon the size of the Parcel and the land use classifications within the Parcel, including all uses within the Parcel, as determined by actual uses.

<u>Land Use Classification*</u>	<u>Equivalent Units*</u>
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	150 per acre of land (rounded up or down to the nearest acre) **
Pre-Redevelopment Parcel	150 per acre of land (rounded up or down to the nearest acre) (no additional Equivalent Units assigned for structures on a Pre-Redevelopment Parcel) **
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions	1 per 150 square feet of gross floor area***
Restaurants	1 per 150 square feet of gross floor area
Art galleries, museums, places of worship, libraries, nonprofit educational, research, or cultural institutions	0.15 per 150 square feet of gross floor area
General Office	1 per 150 square feet of gross floor area
Residential units (single family attached, detached, and condominium)	1 per dwelling unit****
Multi-family rental apartments	1.5 per apartment dwelling unit
Industrial Use	0.15 per 150 square feet of gross floor area
Other uses	*****
Exempt property (or as provided in Section 14.8)	0

\* Allocations based upon the acreage of the Parcel shall be made at the time a Parcel is submitted to this Charter. Additional points based on actual uses will be allocated to each Parcel upon the earlier of (i) the issuance of a certificate of occupancy for the Improvement containing, or to contain, such use, or (ii) the date upon which the intended use commences. In the case of a change in use, the new allocation shall

be made as of the date upon which the new use actually commences. A "certificate of occupancy" is that certificate or approval issued by the City and County of Honolulu, Hawai'i, as applicable as a final condition of occupancy or use of an Improvement on a Parcel.

**\*\*** With the exception of Pre-Redevelopment Parcels, allocations based on Parcel acreage shall apply in addition to allocations based on gross floor area or number of units. Pre-Redevelopment Parcels are assigned Equivalent Units based on acreage of the Parcel only, without regard to structures. A Pre-Redevelopment Parcel is a Parcel designated in writing by the Founder as one for which the intent ultimately is to remove or functionally alter the existing improvements on the Parcel for use in a manner designed to comply with the Master Plan. Alternatively, a Parcel designated in writing by the Founder as one for which the intent is to retain existing structures indefinitely, with or without substantial alteration, but change the use to comply with the Master Plan shall receive an allocation based upon acreage and improvements on and use of the Parcel. The Founder, at any time and from time to time, may make and may change, in writing, such designations.

**\*\*\*** "Gross floor area" shall be the area within an enclosed structure intended for occupancy or other use, as determined by a licensed engineer or architect. To the extent applicable, the definition of "gross floor area" set forth in the applicable zoning ordinance pertaining to Kaiaulu 'o Kaka'ako, as may be amended from time to time, shall be followed in making any determination of the gross floor area of a use within a Parcel. For calculation purposes, square footages shall be rounded up or down to the nearest multiple of 150 (subject to a minimum square footage, after rounding, of 150 square feet).

**\*\*\*\*** A dwelling unit shall be the structure or the portion of a structure designed for occupancy by a single household (*e.g.*, a condominium unit or a single rental apartment unit).

**\*\*\*\*\*** During the Development and Sale Period, the Founder unilaterally may amend this Exhibit "D" to create additional Land Use Classifications and to assign Equivalent Units to such new use.

The Founder shall make all determinations of land use classification during the Development and Sale Period. Thereafter, the Board shall determine land use classifications; provided, the land use classification of a Parcel or any portion of a Parcel hereunder shall not be changed once established unless there has been a change in predominant use. The land use classification of all or a portion of a Parcel (and, as such, the Equivalent Units assigned to the Parcel) shall change upon (a) the redevelopment of a Pre-Redevelopment Parcel, and (b) the change in predominant use of all or a portion of a Parcel which is not a Pre-Redevelopment Parcel.

## **2. Calculating Equivalent Units - Examples.**

- A 2-acre Pre-Redevelopment Parcel containing any number of structures and uses would be assigned 2 Equivalent Units ( $2 \text{ acres} \times 150 = 300$ ).
- A 2-acre Parcel containing 10,000 square feet of retail use and 10,000 square feet of restaurant use would be assigned 434 Equivalent Units ( $2 \text{ acres} \times 150 = 300$ ;  $10,000 \text{ square feet of retail} / 150 = 67$ ;  $10,000 \text{ square feet of restaurant} / 150 = 67$ ).
- A 2-acre Parcel containing a 150-unit residential condominium project use would be assigned 450 Equivalent Units ( $2 \text{ acres} \times 150 = 300$ ;  $150 \text{ units} \times 1 = 150$ ).

3. **Calculation of Assessments.** The share of any Common Expenses to be assessed by the Association against a Parcel shall be represented by a fraction, the numerator of which is the number of Equivalent Units assigned to the particular Parcel and the denominator of which is the total number of Equivalent Units assigned to all Parcels subject to such assessment. Such fraction shall be multiplied by the total dollar amount of the Common Expense budget assigned to all Parcels in order to determine the dollar amount of the assessment to be levied against the particular Parcel.

4. **Calculation of Votes.** Each Parcel shall be allocated the number of votes corresponding to the number of Equivalent Units within the Parcel.

5. **Computation by Board.** The land use classification and number of Equivalent Units assigned to each Parcel, and the share of assessments (stated as a percentage) to be levied on each Parcel subject to assessment, shall be computed at least annually by the Board. If a use within a Parcel changes during the fiscal year, the Board shall be authorized to adjust the assessment against the Parcel effective with such change in use, but the Board need not reallocate assessments against all Parcels to take into account such change until the next annual budget. Notice of the percentages for each Parcel (including a summary of the computations) shall be sent to each Parcel Owner together with the notice of the assessment.

In the event that additional real property is made subject to this Charter during the Association's fiscal year, for computation of Equivalent Units, the Board shall recompute assessment percentages and votes for each Parcel and send notice of such recomputed percentages to each Owner; provided, no adjustments shall be made in any assessments previously levied to reflect such recomputation.

## Developer's Public Report

held liable for any loss or damage by reason of failure to provide adequate or effective safety or security measures. Developer makes no representation or warranty that any fire protection, burglar alarm, or other safety or security system or measures, including anything intended to limit access to the Project, (i) will be effective in all cases and cannot be compromised or circumvented; (ii) will prevent all losses; (iii) will limit access to the Project; or (iv) will provide the detection or protection which it is designed or intended to provide. Each person using the Project assumes all risks of personal injury, death, or loss or damage to property resulting from the acts of third parties.

- 6.13 Resident Manager Unit. The Developer will initially be the owner of Unit 401 in the Tower, which is initially intended to be used as the Project's resident manager's Unit. Developer is under no obligation to keep that Unit for such use or to donate that Unit to the Association. Developer may sell, lease, pledge, mortgage, convey or transfer this Unit to a third party, including without limitation the Association, in its sole discretion, and upon any such transfer there is no assurance that this Unit will continue to be used as a resident manager's Unit. As set forth in the Declaration, the Association has the authority to purchase or lease that Unit, or any other Unit, for use as a resident manager's unit as a common expense, using funds of the association (including start-up funds) and loans.
- 6.14 Mold. Hawaii's climate is conducive to the growth and spread of mold, mold spores and other types of potentially irritating or harmful growths (collectively "Mold"). Mold is present throughout the environment and residential condominium construction cannot practicably be designed to exclude the introduction of Mold spores. Accordingly, the Developer cannot ensure that mold and mold spores will not be present in the Project. All Mold is not necessarily harmful, but certain strains of mold have been found to have adverse health effects on susceptible persons. Moisture is the primary mold growth factor that can be controlled in a condominium setting. Affirmative steps taken by owners of Units in the Project to minimize or control moisture in their respective Units can minimize or eliminate mold growth in a residential condominium.
- 6.15 Monthly Assessments & Additional Charges. Exhibit I sets forth the current estimated budget and the Project Association assessments that will be payable by all Unit owners. Certain components of the estimated budget are difficult to predict with certainty, particularly given the length of time that will elapse before construction of the Project is complete. Accordingly, purchasers should anticipate that by the time assessments actually commence their actual monthly assessments will be different from the estimates contained in this Report. Under the terms of the Project's Bylaws, monthly assessments to Unit owners will also include, as separate charges, certain third-party assessments and mandatory charges for which the Unit owners are directly liable, but which are included in the monthly Association assessments for convenience. These include a monthly Master Association assessment of \$15 and a basic cable and internet service charge estimated at \$44. Monthly assessments will also include a separate charge for each Unit owner's electricity usage. All such assessments and charges are in addition to the estimated monthly assessments set forth on Exhibit I.
- 6.16 Allocation of Project Operating and Reserve Expenses. Pursuant to Section 514B-41, Hawaii Revised Statutes, the Declaration and the Bylaws provide that certain operating and reserve expenses of the Project will be assessed to all owners based on their Common Interest percentages, while many other operating and reserve expenses are allocated to certain groups of owners. For example, costs of maintaining the pool and other recreational facilities in the Tower are allocated and assessed only to owners of residential Units in the Tower (who are permitted to use such recreational facilities) and not to owners of commercial units (who have no right to use such facilities). Purchasers should carefully review Article 6 of the Bylaws and Exhibit I to this Report for detailed information on these allocations of expenses.
- 6.17 Potential Temporary Developer Assumption of Project Operating Costs. The Developer may (but is not required to) initially assume the actual common expenses of the Project pursuant to Section 514B-41, Hawaii Revised Statutes, from the date on which certificates of occupancy are issued for Units in the Project until such time as Developer sends to the owners written notice that payment of assessments will commence on a date specified in the notice.

Kaiaulu 'o Kaka'ako  
Owners Association, Inc.

July 24, 2017

Mr. Jon McKenna  
The Collections  
c/o Hawaiiana Management Co.  
Pacific Park Plaza, Suite 700  
711 Kapiolani Blvd.  
Honolulu, HI 96813

Dear Jon,

We received three revised Land Use Classification certifications:  
AOUO The Collection dated July 6, 2017  
AOUO The Townhomes at the Collection dated July 6, 2017  
The Collection LLC dated July 14, 2017

Since it has been some time since our original billing of May 2017, we reviewed the Charter and do not find a mechanism for recalculation of the originally billed amounts. Therefore, please make payment on the original amount. As we have notified you previously, fees will be assessed for late payments.

We are willing to change this going forward, but we will need sufficient documentation to explain the reason for the change. For your convenience, we are also enclosing the original Land Use Classification certification dated March 2, 2017.

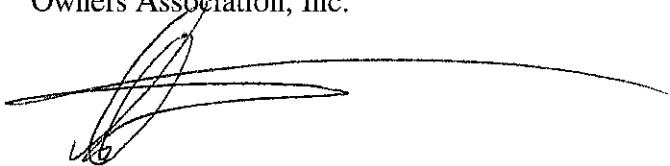
The process is that the Founder determines the Land Use Classifications and the Association will calculate the Equivalent Units based on the classifications. In conjunction with a request to the Founder to revisit the Land Use Classifications, the Founder has requested the following information:

1. Explanation for changes from the original Land Use Classification certification. The current submission from the AOUO The Collection only includes residential units and there should be the additional uses of the original classification or an explanation of why they are no longer applicable.
2. Copies of the certificate of occupancy for the uses other than the residential units with an explanation of how it relates to the units in the Declaration.

We note that a certification was submitted by The Collection, LLC but they are not a condominium association or a parcel owner, so they do not qualify as a separate member. Therefore, please include the commercial uses in the certification for AOOU The Collection.

Jon, if you have any questions, please feel free to contact me.

Sincerely,  
For the Board of Directors  
Kaiaulu 'o Kaka'ako  
Owners Association, Inc.

A handwritten signature in black ink, appearing to read 'L. Chang', with a long horizontal flourish extending to the right.

Leslie Chang  
Sr. Property Manger

**Jon Mckenna**

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**From:** Leslie Chang <lesliec@hawaiianprop.com>  
**Sent:** Friday, September 01, 2017 4:39 PM  
**To:** Jon Mckenna  
**Cc:** Robert Oda rooda@ksbe.edu  
**Subject:** RE: Master Associations Dues

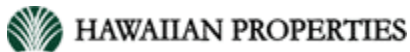
Hi Jon,

Mahalo,

**Leslie Chang**  
 Assistant Vice President/Sr. Property Manager

Phone: 808-539-9723  
 Fax: 808-521-2714  
 E-mail: [lesliec@hawaiianprop.com](mailto:lesliec@hawaiianprop.com)

Front Desk: 539-9777



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**From:** Jon Mckenna [<mailto:jonm@hmcmtg.com>]  
**Sent:** Friday, September 01, 2017 4:26 PM  
**To:** Leslie Chang <[lesliec@hawaiianprop.com](mailto:lesliec@hawaiianprop.com)>  
**Subject:** Master Associations Dues

Hi Les,

A few questions on the master association dues:

- Confirming that the Master falls under 421j?**[Leslie]** I've not seen anything to the contrary
- No master association assessments were due until we received the invoice, correct?**[Leslie]** Yes the first invoice month was April 2017
- For The Collection, the monthly per unit rate stated in the Public Report was \$15. However, the invoice received resulted in an amount less than \$15.00. At this time, we only pay what is invoiced, and not what was stated in the public report, correct?**[Leslie]** Yes the invoiced amount

Thanks,  
 Jon

Jon McKenna | Vice President



Hawaiiana Management Company, Ltd.  
 Pacific Park Plaza, Suite 700  
 711 Kapiolani Boulevard  
 Honolulu, Hawaii 96813  
 Tel: (808) 593-9100  
 Fax: (808) 593-6333

November 13, 2017

VIA Email. [lesliec@hawaiianprop.com](mailto:lesliec@hawaiianprop.com)

Kaiaulu o Kakaako  
 c/o Hawaiiana Properties, Ltd.  
 Attn. Leslie Chang  
 P.O. Box 30950  
 Honolulu, HI 96820-0950

Re: Master Association Dues at The Collection and The Townhomes at The Collection

Aloha Leslie:

Since receiving initial correspondence from you dated May 1, 2017, we have both spent a considerable amount of time to resolve two specific issues, distinction of the three separate entities that sit on the parcel for which the Master Association billing is currently being assessed and, what the monthly charge per unit is to be.

**Three Separate Entities** – The three distinct and separate entities/parcels, with separate Parcel TMKs, are as follows:

AOUO The Collection (TMK: 210550410000) – 456 residential units, 4 commercial units  
The Townhomes at The Collection (TMK: 210550430000) – 14 residential units  
Commercial Unit #4 (210550420000) – 1 commercial space consisting of 5,056sf

I have enclosed the Land Use Classification forms to this correspondence.

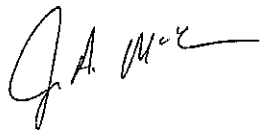
In response to your letter of July 24<sup>th</sup>, and the above verification of the separate entities, it is respectfully requested billing be determined and provided separately for each of the three entities going forward. Monthly invoicing for AOUO The Collection and The Townhomes at The Collection is to be sent to my office. Invoicing for commercial unit #4 is to be sent to Alexander & Baldwin.

**Monthly Fee Per Unit** – While we have received correspondence as to the total monthly member assessments, we have not received what the assessment is per unit. Sub-association documents do not state how the monthly Master Association dues per unit shall be calculated, nor should they. Calculation of a monthly fee per unit is the responsibility of the Master Association documents to define (similar to how a sub-association document defines monthly assessments for each unit for the operation of the sub). Based on my review of the Master Association Charter, it is not identified how the monthly fee per unit should be calculated. Annual budgets, be it for master associations or sub-associations, always state how much the monthly fee is per unit. Please confirm what the Master Association monthly fee is per unit for each of the three parcels identified above.

Should you have any questions or, require additional information, please do not hesitate to contact me at 203-5234 or [jonm@hmcmt.com](mailto:jonm@hmcmt.com).

Sincerely,

FOR THE BOARD OF DIRECTORS  
THE COLLECTION



Jon McKenna  
Management Executive

Cc: Board of Directors, General Manager, Alexander & Baldwin  
Lynn Uyenco, Management Executive (The Townhomes at The Collection)

**Attachment**

Land Use Classification	Area Under Use or Number of Units
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	0.22 acres
Pre-Redevelopment Parcel	_____ acres
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions	_____ sq. ft. of gross floor area.
Restaurants	5,056 sq. ft. of gross floor area
Art Galleries, museums, places of worship, libraries, non-profit education, research or cultural institutions	_____ sq. ft. of gross floor area
General Office	_____ sq. ft. of gross floor area
Residential units (single family attached, detached, and condominium) - number of dwelling units	_____ units
Multi-family rental apartments – number of dwelling units	_____ units
Industrial Use	_____ sq. ft. of gross floor area

**I certify that all information provided is true and correct.**

**The Collection LLC**

[Condominium Association or Parcel Owner]

By:   
 Name: Richard B. Stack Jr.  
 Title: Manager

2/14/17  
 Date:

By: \_\_\_\_\_  
 Name:  
 Title:

\_\_\_\_\_  
 Date:

Mailing Address:  
 822 Bishop St.  
 Honolulu, HI 96813

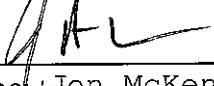
Attachment

Land Use Classification	Area Under Use or Number of Units
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	2.53 acres
Pre-Redevelopment Parcel	_____ acres
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions Commercial Unit 1 - 2,920sf	7460 sq. ft. of gross floor area.
<del>Restaurants</del> Commercial Unit 2 - 1,138sf Commercial Unit 3 - 75sf Commercial Unit 5 (aka M1) - 3,327sf	_____ sq. ft. of gross floor area
Art Galleries, museums, places of worship, libraries, non-profit education, research or cultural institutions	_____ sq. ft. of gross floor area
General Office	_____ sq. ft. of gross floor area
Residential units (single family attached, detached, and condominium) - number of dwelling units Tower - 397 units Midrise (Lofts) - 54 units	451 units
Multi-family rental apartments – number of dwelling units	_____ units
Industrial Use	_____ sq. ft. of gross floor area

**I certify that all information provided is true and correct.**

AOUO The Collection

[Condominium Association or Parcel Owner]

By:   
 Name: Jon McKenna  
 Title: Management Executive  
 Hawaiiana Management, Agent for AOUO The Collection

11/13/17  
 Date:

By: \_\_\_\_\_  
 Name:  
 Title:

\_\_\_\_\_  
 Date:

Mailing Address:  
 AOA The Collection  
 c/o Hawaiiana Management  
 711 Kapiolani Blvd.  
 Honolulu, HI 96813

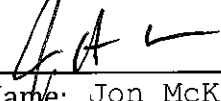
**Attachment**

<b>Land Use Classification</b>	<b>Area Under Use or Number of Units</b>
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	0.54 acres
Pre-Redevelopment Parcel	_____ acres
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions	_____ sq. ft. of gross floor area.
Restaurants	_____ sq. ft. of gross floor area
Art Galleries, museums, places of worship, libraries, non-profit education, research or cultural institutions	_____ sq. ft. of gross floor area
General Office	_____ sq. ft. of gross floor area
Residential units (single family attached, detached, and condominium) - number of dwelling units NOTE: As of 7/6/17, 4 units sold.	14 units
Multi-family rental apartments – number of dwelling units	_____ units
Industrial Use	_____ sq. ft. of gross floor area

**I certify that all information provided is true and correct.**

AOUO The Townhomes at The Collection

[Condominium Association or Parcel Owner]

By:  Date: 7/6/17

Name: Jon McKenna  
Title: Management Executive  
Hawaiiana Management,

By: \_\_\_\_\_ Agent for AOUO The Townhomes at The Collection

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

Mailing Address:  
AOAO The Collection  
c/o Hawaiiana Management  
711 Kapiolani Blvd.  
Honolulu, HI 96813



# HAWAIIAN PROPERTIES, LTD.

Building Relationships that Last

1165 Bethel Street, 2<sup>nd</sup> Floor ♦ Honolulu, Hawaii 96813  
 Mailing Address: P.O. Box 38078 ♦ Honolulu, Hawaii 96837-1078  
 Phone: (808) 539-9777 ♦ Fax: (808) 521-2714

November 2017

**Subject: 2018 Kaiaulu 'o Kaka'ako Owners Association, Inc.**

Dear Association Members,

Enclosed please find the 2018 Operating Budget for the Kaiaulu 'o Kaka'ako Owners Association, Inc. effective on January 1, 2018 approved by your Association's Board of Directors.

The Operating Budget format provides a comparison between the 2017 year's budget versus actual expenses, and the amount budgeted for the upcoming 2018 year.

For 2018, there will be an increase in the cost per Equivalent Units. Each Members EU is based on the submitted Land Use form by each respective Member. Please review the enclosed maintenance fee schedule and the Land Use form for the respective member.

Your payments are due and payable on the **first day of each month**. Your Association allows a grace period of **15 days** and if your payment is not received by the **15<sup>th</sup>** of each month, we are required to assess a **late fee of \$200.00**. Further delinquency will result in additional charges of 1.5% per month from the original due date.

If you have any questions or concerns, please feel free to contact me at [lesliec@hawaiianprop.com](mailto:lesliec@hawaiianprop.com) or at 539.9723.

Sincerely,  
 For the Board of Directors  
 Kaiaulu 'o Kaka'ako Owners Association, Inc.

Leslie Chang, CMCA®  
 Senior Property Manager

Enclosures

## Monthly Budget Analysis

### Kaiaulu 'o Kaka'ako Owners Assoc

Period: 01/01/18 - 12/31/18

	2017 Approved Budget	2017 3 Month Average	2018 Proposed Budget	2018 Board Approved	2018 Annual Approved
<b>RECEIPTS</b>					
OPERATING RECEIPTS					
4100 Assessments	11,591.67	8,456.00	23,975.00	23,975.00	287,700.00
4140 Late Fees	-	-	-	-	-
4251 Interest Income	-	-	-	-	-
<b>TOTAL OPERATING RECEIPTS</b>	<b>11,591.67</b>	<b>8,456.00</b>	<b>23,975.00</b>	<b>23,975.00</b>	<b>287,700.00</b>
<b>TOTAL RECEIPTS</b>	<b>11,591.67</b>	<b>8,456.00</b>	<b>23,975.00</b>	<b>23,975.00</b>	<b>287,700.00</b>

### OPERATING EXPENSES

ADMINISTRATION					
5308 Administrative Expense - HPL	208.33	41.00	83.33	83.33	999.96
5320 Rent	-	-	-	-	-
5401 Management Fee	1,250.00	1,257.00	1,375.00	1,375.00	16,500.00
5402 Wages & Salaries	-	-	-	-	-
5409 Insurance	1,125.00	6,667.00	8,000.00	8,000.00	96,000.00
5415 Accounting & Auditing	-	-	125.00	125.00	1,500.00
5417 Legal Fees - Association	416.67	-	-	-	-
<b>TOTAL ADMINISTRATION</b>	<b>3,000.00</b>	<b>7,965.00</b>	<b>9,583.33</b>	<b>9,583.33</b>	<b>114,999.96</b>

### COMMUNICATION & PUBLICATION

5440 Community Paper (Foundry)	83.33	-	416.67	416.67	5,000.04
5441 Foundry Editorial	-	-	-	-	-
5442 Foundry Printing	-	-	-	-	-
5443 Comm E-Newsletter (Our Kaka'ako)	33.33	-	-	-	-
5444 Event Collateral Production	166.68	-	208.33	208.33	2,499.96
5445 Website	-	-	-	-	-
5446 Website Refresh	-	-	-	-	-
5447 Website Maintenance	-	-	-	-	-
5448 WIFI Maintenance	4,000.00	5,093.00	5,666.67	5,666.67	68,000.04
5449 App Maintenance	-	-	333.33	333.33	3,999.96
5450 App Monocle	-	-	-	-	-
5451 Social Media	-	-	-	-	-
5452 Information Center Content	-	-	-	-	-
<b>TOTAL COMMUNICATION &amp; PUBLICATION</b>	<b>4,283.34</b>	<b>5,093.00</b>	<b>6,625.00</b>	<b>6,625.00</b>	<b>79,500.00</b>

### COMMUNITY EVENTS

5511 Pa'akai Marketplace	208.32	-	200.00	200.00	2,400.00
5513 HNL Night Market / Eat the Street	666.67	-	666.67	666.67	8,000.04
5514 PowWow	-	-	208.33	208.33	2,499.96
5515 PowWow Anniversary Event	-	-	-	-	-
5516 Summer Concert Series	416.67	-	416.67	416.67	5,000.04
5517 Farmers Market	416.68	-	416.67	416.67	5,000.04
Info Center Programing	-	-	-	-	-
5518 Non-Profit Event Sponsorship	-	-	416.67	416.66	4,999.92
Kaka'ako Agora	-	-	-	-	-
5519 Food and Wine Festival	833.33	-	416.67	416.67	5,000.04
5520 District Wide Events (Movies, Concerts)	416.67	-	833.33	833.33	9,999.96
<b>TOTAL COMMUNITY EVENTS</b>	<b>2,958.34</b>	<b>-</b>	<b>3,575.00</b>	<b>3,575.00</b>	<b>42,900.00</b>

## Monthly Budget Analysis

### Kaiaulu 'o Kaka'ako Owners Assoc

Period: 01/01/18 - 12/31/18

	2017 Approved Budget	2017 3 Month Average	2018 Proposed Budget	2018 Board Approved	2018 Annual Approved
<b>MASTER PLAN DISTRICT</b>					
5200 Ambassador Program	-	-	-	-	-
5201 Open Space, Gateway, Signage	83.33	-	833.33	833.33	9,999.96
5202 Monumentation	375.00	-	416.67	416.67	5,000.04
5203 Raised Intersection	-	-	-	-	-
5204 Public Plazas	83.33	-	416.67	416.67	5,000.04
5205 Information Kiosks or Directories	83.33	-	833.33	833.33	9,999.96
<b>TOTAL MASTER PLAN DISTRICT</b>	<b>624.99</b>	<b>-</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>30,000.00</b>
<b>PARKS AND ART SUPPORT</b>					
5250 Mother Waldron Park Support	83.34	-	416.67	416.67	5,000.04
Cooke Street Landscape Corridor	-	-	-	-	-
5251 Art Installations & Maintenance	208.33	-	416.67	416.67	5,000.04
<b>TOTAL PARKS AND ART SUPPORT</b>	<b>291.67</b>	<b>-</b>	<b>833.33</b>	<b>833.34</b>	<b>10,000.08</b>
<b>OTHER EXPENSES</b>					
5110 Electricity	41.67	-	125.00	125.00	1,500.00
5120 Water	-	-	-	-	-
5121 Sewer	-	-	-	-	-
5428 Taxes - Real Property	100.00	-	108.33	108.33	1,299.96
5850 Transfer to Reserves	83.33	-	416.67	416.67	5,000.04
5910 Other Expenses	208.33	-	208.33	208.33	2,499.96
<b>TOTAL OTHER EXPENSES</b>	<b>433.33</b>	<b>-</b>	<b>858.33</b>	<b>858.33</b>	<b>10,299.96</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>11,591.67</b>	<b>13,058.00</b>	<b>23,975.00</b>	<b>23,975.00</b>	<b>287,700.00</b>
<b>NET OPERATIONS</b>	<b>-</b>	<b>(4,602.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL EXPENSES</b>					
5995 Capital Expenditures	-	-	-	-	-
<b>TOTAL CAPITAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>11,591.67</b>	<b>13,058.00</b>	<b>23,975.00</b>	<b>23,975.00</b>	<b>287,700.00</b>

Property: **Kaiaulu 'o Kaka'ako Owners Assoc**  
 Property #: **898**  
 Period: **01/01/18 - 12/31/18**

Member	2017			2018			\$ Incr/Decr	% Incr/Decr
	# of EU	\$ EU	EU Fee	# of EU	\$ EU	Total \$ EU Fee		
400 Keawe	395	3.170588	1,252.38	395	5.390063	<b>2,129.08</b>	876.70	70.00%
KS Commercial Condo @ 400 Keawe	59	3.170588	187.06	59	5.390063	<b>318.01</b>	130.95	70.00%
Keauhou Place	300	3.170588	951.18	738	5.390063	<b>3,977.87</b>	3,026.69	318.20%
Keauhou Lane	512	3.170588	1,623.34	825.5	5.390063	<b>4,449.49</b>	2,826.15	174.09%
The Collection	1,085	3.170588	3,440.09	1,085	5.390063	<b>5,848.21</b>	2,408.12	70.00%
Flats at Pu'nui	282	3.170588	894.11	282	5.390063	<b>1,520.00</b>	625.89	70.00%
680 Ala Moana	289	3.170588	916.30	329.5	5.390063	<b>1,776.03</b>	859.73	93.83%
Salt	734	3.170588	2,327.21	734	5.390063	<b>3,956.31</b>	1,629.09	70.00%
Total	3,656		11,591.67	4,448		23,974.99	12,383.32	106.83%

Prior Maintenance Fee: \$ 11,591.67  
 New Maintenance Fee: \$ 23,975.00  
 Incr/Decr \$ \$ 12,383.33  
 Incr/Decr % 106.83%

**Attachment**

Land Use Classification	Area (and Units or Number of Units)
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	66,110 sq ft Site Area
Pre-Redevelopment Parcel	N/A acres
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions Commercial space unoccupied	8,924 sq. ft. of gross floor area.
Restaurants	N/A sq. ft. of gross floor area
Art Galleries, museums, places of worship, libraries, non-profit education, research or cultural institutions	N/A sq. ft. of gross floor area
General Office	N/A sq. ft. of gross floor area
Residential units (single family attached, detached, and condominium) - number of dwelling units	95 units
Multi-family rental apartments – number of dwelling units	N/A units
Industrial Use	N/A sq. ft. of gross floor area

**I certify that all information provided is true and correct.**

400 Keawe AOUC  
[Condominium Association or Parcel Owner]

By: [Signature]  
Name: President Sullivan  
Title: President

3/8/17  
Date:

By: [Signature]  
Name: Clifton Yasutomi  
Title: Vice President

3/8/2017  
Date:

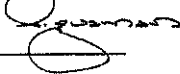
**Attachment**

<b>Land Use Classification</b>	<b>Area Under Use or Number of Units</b>
All Parcels, developed or undeveloped – without regard to use (excluding Common Areas and Exempt Property)	<u>3.3</u> acres
Pre-Redevelopment Parcel	<u>3.3</u> acres
Retail and service establishments, including, without limitation, banks (including ATM's) and other financial services and institutions	<u>7,460</u> sq. ft. of gross floor area.
Restaurants	<u>5,059</u> sq. ft. of gross floor area
Art Galleries, museums, places of worship, libraries, non-profit education, research or cultural institutions	<u>0</u> sq. ft. of gross floor area
General Office	<u>541.3</u> sq. ft. of gross floor area
Residential units (single family attached, detached, and condominium) - number of dwelling units	<u>547</u> units
Multi-family rental apartments – number of dwelling units	<u>0</u> units
Industrial Use	<u>0</u> sq. ft. of gross floor area

**I certify that all information provided is true and correct.**

The Collection AOUO

\_\_\_\_\_  
[Condominium Association or Parcel Owner]

By: Al Guzman, General Manager  3/2/17  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

# Kaiaulu o Kakaako

EXHIBIT I



Hawaiian Properties, Ltd.  
P.O. Box 38078  
Honolulu, HI 96837-1078

Property Address:  
567 S King St #200  
Honolulu HI 96813

Statement Date: 01/23/18  
As of Date: 02/01/18  
Prop/Unit: 898/004  
Lease ID: 89800040  
Surepay: NO  
eStatement Id: 89800040WNI  
Open Charges: \$ 5,848.21

This bill shows the amount due for:

The Collection  
c/o Hawaiiana Management  
711 Kapiolani Blvd #700  
Honolulu HI 96813

\* = Paid by SurePay

Due Date	Chg. Type	Description	Charge	Payment	Balance
02/01/18	ASMT-GO	Assessment-General Office	21.56	0.00	21.56
02/01/18	ASMT-LND	Assessment-Land Use	2,425.53	0.00	2,425.53
02/01/18	ASMT-RES	Assessment-Residential	2,948.36	0.00	2,948.36
02/01/18	ASMT-RS	Assessment-Retail & Service	269.50	0.00	269.50
02/01/18	ASMT-RST	Assessment-Restaurants	183.26	0.00	183.26

If you have any questions about this statement, please call our Accounting department at 539-9777. Thank you.



Hawaiian Properties, Ltd.  
P.O. Box 38078  
Honolulu, HI 96837-1078

The Collection  
c/o Hawaiiana Management  
711 Kapiolani Blvd #700  
Honolulu HI 96813

Statement Date: 01/23/18  
As of Date: 02/01/18  
Prop/Unit: 898/004  
Lease ID: 89800040  
Surepay: NO

Paid by SurePay: \$0.00  
Amount Due: \$5,848.21  
Amount Paid: \_\_\_\_\_

Mail payment with this Coupon to :

HAWAIIAN PROPERTIES, LTD.  
PO Box 30950  
Honolulu HI 96820-0950

Please Make check payable to:  
**Kaiaulu o Kakaako**

**The Collection  
Kaiaulu'o Kakaako Per Unit Assessment Calculation**

**EXHIBIT J**

	2017	2018	2019	2020
Per Month	\$3,440.08	\$5,848.21		
Per Unit	\$6.27	\$10.65	\$0.00	\$0.00

Land Use Classification	Size	Equivalent Units	EU	Monthly	Monthly	Monthly	Monthly
Residential - Tower (397 units) & Midrise (Lofts) (54 units)	451 Units	1 EU per dwelling unit	451	2,826.00	4,804.27	0.00	0.00
Commercial Unit #1	2920 Sq.Ft.	1 EU per 150 SF of gross floor area	19	119.06	202.40	0.00	0.00
Commercial Unit #2	1138 Sq.Ft.	1 EU per 150 SF of gross floor area	8	50.13	85.22	0.00	0.00
Commercial Unit #3	75 Sq.Ft.	1 EU per 150 SF of gross floor area	1	6.27	10.65	0.00	0.00
Commercial Unit #4 (see note #2 below)	5056 Sq.Ft.	1 EU per 150 SF of gross floor area	34	213.05	362.18	0.00	0.00
Commercial Unit #5 (aka M1)	3327 Sq.Ft.	1 EU per 150 SF of gross floor area	22	137.85	234.35	0.00	0.00
TH at The Collection - Residential (14 units) (see note #1 below)	14 Units	1 EU per dwelling unit	14	87.73	149.13	0.00	0.00
			549	3,440.08	5,848.21	0.00	0.00

Note #1: KSBE does not recognize TH at The Collection as a separate entity. Recurring reimbursement from TH to The Collection is to be set up until KSBE recognizes, and invoices, TH directly.

Note #2: KSBE does not recognize Commercial Unit #4 as a separate entity. A&B to be billed by The Collection until KSBE recognizes, and invoices, A&B directly.

Note #3: Per agreement between KSBE and A&B, KSBE is not to bill for unsold units. The Collection is to bill A&B for reimbursement of master dues when incurred.

Note #4: Per Exhibit D. 3. of the Kaiaulu o Kakaako Community Charter, calculation of assessments per Unit is: Total Assessment Per Month/Total Parcel EU Per Month

**The Collection  
Kaiaulu'o Kakaako CORRECTED  
Master Dues Calculation**

**EXHIBIT K**

Property: Kaiaulu 'o Kaka'ako Owners Assoc  
Property # 898  
Period: 01/01/18 - 12/31/18

CURRENT								
Member	2017			2018			\$ Incr/Decr	% Incr/Decr
	# of EU	\$ EU	EU Fee	# of EU	\$ EU	EU Fee		
400 Keawe	395	3.170588	1,252.38	395	5.390063	2,129.07	876.69	70.00%
KS Commercial Condo @ 400 Keawe	59	3.170588	187.06	59	5.390063	318.01	130.95	70.01%
Keauhou Place	300	3.170588	951.18	738	5.390063	3,977.87	3,026.69	318.20%
Keauhou Lane	512	3.170588	1,623.34	825.5	5.390063	4,449.50	2,826.16	174.10%
The Collection	1,085	3.170588	3,440.09	1,085	5.390063	5,848.22	2,408.13	70.00%
Flats at Pu'nui	282	3.170588	894.11	282	5.390063	1,520.00	625.89	70.00%
680 Ala Mona	289	3.170588	916.30	329.5	5.390063	1,776.03	859.73	93.83%
Salt	734	3.170588	2,327.21	734	5.390063	3,956.31	1,629.10	70.00%
<b>Total</b>	3,656		11,591.67	4,448		23,975.00	12,383.33	106.83%

Prior Maintenance Fee (2017): 11,591.67  
New Maintenance Fee (2018): 23,975.00  
Incr/Decr \$ 12,383.33  
Incr/Decr % 106.83%

CORRECTED								
Member	2017			2018			\$ Incr/Decr	% Incr/Decr
	# of EU	\$ EU	EU Fee	# of EU	\$ EU	Total \$ EU Fee		
400 Keawe	395	3.170588	1,252.38	395	5.390063	2,129.07	876.69	70.00%
KS Commercial Condo @ 400 Keawe	59	3.170588	187.06	59	5.390063	318.01	130.95	70.00%
Keauhou Place	300	3.170588	951.18	738	5.390063	3,977.87	3,026.69	318.20%
Keauhou Lane	512	3.170588	1,623.34	825.5	5.390063	4,449.50	2,826.16	174.10%
The Collection	912	3.170588	2,891.58	912	5.390063	4,915.74	2,024.16	70.00%
The Townhomes at The Collection	25	3.170588	79.26	25	5.390063	134.75	55.49	70.00%
The Collection, Commercial Unit #4	62	3.170588	196.58	62	5.390063	334.18	137.61	70.00%
Flats at Pu'nui	282	3.170588	894.11	282	5.390063	1,520.00	625.89	70.00%
680 Ala Mona	289	3.170588	916.30	329.5	5.390063	1,776.03	859.73	93.83%
Salt	734	3.170588	2,327.21	734	5.390063	3,956.31	1,629.09	70.00%
<b>Total</b>	3,570		11,319.00	4,362		23,511.45	12,192.46	107.72%

Prior Maintenance Fee (2017): 11,319.00  
New Maintenance Fee (2018): 23,511.45  
Incr/Decr \$ 12,192.46  
Incr/Decr % 107.72%

2,891.58
4,915.74  
(548.51) See Note #1
(932.48) See Note #2  
19.0%
19.0%

Note #1: For the period April - December 2017, The Collection was overcharged a total of **\$4,936.59**.

Note #2: For 2018, The Collection is being overcharged \$722.27 per month, which will result in an annual overcharge of **\$11,081.76**.

**The Collection**  
**Kaiaulu'o Kakaako Equivalent Unit Calculation**

**EXHIBIT K (continued)**

**Current**

Land Use Classification	Size	Equivalent Units	EU
All Parcels, developed or undeveloped - without regard to use.	3.3 Acres	150 per acre of land (rounded up or down to the nearest acre)	450
Residential - Tower (397 units) & Midrise (Lofts) (54 units)	451 Dwelling Units	1 EU per dwelling unit	451
Commercial Unit #1	2920 Square Feet	1 EU per 150 SF of gross floor area	19
Commercial Unit #2	1138 Square Feet	1 EU per 150 SF of gross floor area	8
Commercial Unit #3	75 Square Feet	1 EU per 150 SF of gross floor area	1
Commercial Unit #4 (see note #2 below)	5056 Square Feet	1 EU per 150 SF of gross floor area	34
Commercial Unit #5 (aka M1)	3327 Square Feet	1 EU per 150 SF of gross floor area	22
Townhomes at The Collection - Residential (14 units)	14 Dwelling Units	1 EU per dwelling unit	14
			<b>999</b>

**Adjusted to Reflect Incorporation of 450 "All Parcels" into per Unit EU Calculation**

Land Use Classification	Size	Equivalent Units	EU	% of All Parcels EU (450)	Adjusted EU	
Residential - Tower (397 units) & Midrise (Lofts) (54 units)	451 Dwelling Units	1 EU per dwelling unit	451	82.1%	370	821
Commercial Unit #1	2920 Square Feet	1 EU per 150 SF of gross floor area	19	3.5%	16	35
Commercial Unit #2	1138 Square Feet	1 EU per 150 SF of gross floor area	8	1.5%	7	15
Commercial Unit #3	75 Square Feet	1 EU per 150 SF of gross floor area	1	0.2%	1	2
Commercial Unit #4 (see note #2 below)	5056 Square Feet	1 EU per 150 SF of gross floor area	34	6.2%	28	62
Commercial Unit #5 (aka M1)	3327 Square Feet	1 EU per 150 SF of gross floor area	22	4.0%	18	40
Townhomes at The Collection - Residential (14 units)	14 Dwelling Units	1 EU per dwelling unit	14	2.6%	11	25
				100.0%	450	999