

REQUEST FOR ACTION

To	The Collection Board of Directors				
Subject	To Require Advance Written Submissions by Speakers Addressing the Budget & Finance Committee				
Preparer	Steve Shaw				
Date	September 30, 2019	For Board	x	Action	Info

EXECUTIVE SUMMARY

To require written submissions in advance by speakers addressing the Budget and Finance Committee and requiring the statements to be posted on The Collection Website as a special category

RECOMMENDATION

Persons addressing BFC should do so by written submittals, similar to RFAs-- well in advance of the meetings.

RATIONALE

The Budget and Finance Committee (BFC) reviews data for the most important question raised by condominium buyers -- the monthly maintenance fees. Indeed, the marketability of condominiums depends on the lowest possible maintenance fees and a Board dedicated to reducing them. See for example: <https://www.marketwatch.com/story/older-condos-plagued-by-high-maintenance-costs-2014-06-12> "To be more precise, a condo unit will remain a viable real-estate ownership alternative for as long as its monthly maintenance fees and realty taxes remain below the monthly rental of a comparable unit in another condo complex or apartment building. Once the condo's maintenance fees and realty taxes exceed the cost of comparative rentals, there will be no demand to buy it. Such condos will be reduced to rental inventory as buying into heavy maintenance units would make no sense."

Before the last Board meeting, Individual A, who appears to still be a member of the BFC, objected to emails being exchanged between nonmember owners about the budget decision, which was pending. This individual emailed that he wanted debate at the meeting instead. His version of "debate" was demonstrated ahead of the meeting by walking up to the Board's table and placing his face about two feet from the new Treasurer. Everyone else was seated about 10 feet behind Individual A, who then spent about four minutes whispering and whining to the Chairman, and pointing to a spreadsheet.

After taking his seat, Individual A (a staunch advocate of closed Committee meetings) advocated increasing Tower maintenance fees, over vigorous objections by owners who were never members of the B&F Committee. He has yet to explain his role in the following

which should have resulted in a large reduction in maintenance fees for Tower owners to well below the paltry zero increase for 2020:

During July/August of 2019, owners attending BFC meetings for the first time discovered the misapplication of more than \$ 154,000.00 in association funds. These were funds misapplied since about August of 2017, when Individual B, a Midrise owner, became our Treasurer. She went on to chair the BFC. On March 22, 2018, Individual A and Individual C joined the BFC, they afterward touted special "skill sets" regarding AOA finances--over and above two directors with advanced degrees. See RFA 42-2018. A records request will be made for the resumes of individual A and his associate, Individual C, both appointed on March 22, 2018. These resumes and educational qualifications have not yet been made available.

Tower owners, including Individuals A and C, received a Ballot mailed during April of 2017. The cover letter and the ballot clearly represented that a loan to purchase a unit for the resident manager would be charged as a Common expense. As a result, a sufficient number of owners voted to approve the loan. The letter was signed by the Hawaiiana Management Co. ("HMC") executive handling The Collection accounts.

In addition, in 2017 the Board's lawyer represented to Bank of Hawaii in writing that this loan (for about \$992,000) would be charged as a Common expense.

Instead of applying the loan to the Common account, as these representations required, association funds were misapplied to the Tower owners' accounts by (1) placing the loan balloon on the Tower reserves, and (2) by taking \$5168.00/mo from the Tower account to make payments on the loan (starting in about August of 2017). By failure to apply the loan to Common, the Midrise and Commercial owners received an unjust benefit. This occurred while Individuals A-C were serving on the Budget and Finance Committee (BFC). Prior to August of 2017, an A&B employee served as Treasurer. She also was qualified to own at the Midrise. A&B or its entity owns the Commercial property. The online Minutes show that another Midrise Owner (Individual B) served as Treasurer from August 2017 to October 16, 2018. Individuals A-C did not warn Tower owners about this misapplication of funds which violated the Board's written representations to the lender and the owners-- on the ballots to approve the loan.

The misapplication of association funds helped Individual B since the Midrise and Commercial owners did not have to pay for the loan, unlike the Tower owners.

For this, and other valid reasons, persons addressing BFC should do so by written submittals, similar to RFAs-- well in advance of the meetings.

Exhibits (If applicable)	Index	Title

FOR BOARD USE ONLY

CERTIFICATE OF BOARD ACTION

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

The RFA was denied for lack of a motion.

Coordinating Instructions

Distribution Instructions

Recording Secretary	Desmond Oliveira	Action Date	10/29/19	RFA No.	27-2019
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