



COMMERCIAL PROPERTIES
OF MAUI
MANAGEMENT INCORPORATED

MEMORANDUM

DATE: October 7, 2014
TO: All Homeowner's
FROM: Debbie K. Anthony, Property Manager
Commercial Properties of Maui Management, Inc.
RE: 2015 Maintenance Fees
PROPERTY: West Kuiaha Meadows Homeowner's Association

Attached are the Board approved operating budget, budget notes, and reserve study for the Homeowner's Association and Water System for calendar year 2015.

Maintenance fees for the Homeowner's Association will be \$114.00 per month; a \$12.00 per month increase over the 2014 fees. Therefore, your quarterly billing commencing January 2015 will be \$342.00.

Maintenance fees for the Water System will be \$139.00 per month; a decrease of \$3.00 under the 2014 fees. Therefore, your quarterly billing commencing January 2015 will be \$417.00.

Please review the enclosed and should you have any questions, please don't hesitate to contact us.

Attachments

WEST KUIAHA MEADOWS HOMEOWNERS ASSOCIATION
 2015 ANNUAL OPERATING BUDGET

Prepared on a Cash basis
 Budget based on Lower Reserve Contribution

	January	February	March	April	May	June	July	August	September	October	November	December	Total
ASSOCIATION INCOME:													
3001	5,472.00	0.00	0.00	5,472.00	0.00	0.00	5,472.00	0.00	0.00	5,472.00	0.00	0.00	21,888.00
	Common Area Maintenance Fees												
3007	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	4.20
	16 lots @ \$114.00/mo billed \$342.00 qtrly												
	Bank Interest Income (Association Reserves)												
TOTAL INCOME	5,472.35	0.35	0.35	5,472.35	0.35	0.35	5,472.35	0.35	0.35	5,472.35	0.35	0.35	21,892.20
ASSOCIATION COMMON EXPENSES:													
4003	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00	516.00
	Electricity - Gate												
4011	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	1,500.00
	Gate Repair & Maintenance												
4004	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	504.00
	Telephone - Gate												
4012	0.00	0.00	1,134.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,134.00
	Insurance - D&O												
4012	0.00	0.00	656.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	656.00
	Insurance - General Liability												
4012	0.00	0.00	977.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	977.00
	Insurance - Property												
4014	558.00	558.00	558.00	558.00	558.00	558.00	558.00	558.00	558.00	558.00	558.00	558.00	6,996.00
	Landscaping Service & Supplies												
4016	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	6,238.00
	Management Fees												
4018	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	180.00
	Miscellaneous Expenses (bank fees, postage, etc.)												
4007	0.00	75.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200.00
	Professional Fees - Legal												
4021	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
	Professional Fees - Tax Preparation												
4024	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	120.00
	General Excise Taxes - Association												
4033	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	1,620.00
	Contingency Reserves												
4200	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	1,620.00
	Replacement Reserves												
TOTAL ASSOCIATION EXPENSES	1,518.00	1,592.00	4,284.00	1,517.00	1,517.00	1,517.00	1,518.00	1,687.00	1,647.00	1,817.00	1,757.00	1,517.00	21,888.00
WATER SYSTEM INCOME:													
3002	5,838.00	0.00	0.00	5,838.00	0.00	0.00	5,838.00	0.00	0.00	5,838.00	0.00	0.00	23,352.00
	Water System Maintenance Fees												
	14 lots @ \$139.00/mo billed \$417.00 qtrly												
3008	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	4.20
	Bank Interest Income (Water System Reserves)												
3011	1,500.00	0.00	0.00	1,500.00	0.00	0.00	1,500.00	0.00	0.00	1,500.00	0.00	0.00	6,000.00
	Water Recovery												
	3,000.00	0.00	0.00	3,000.00	0.00	0.00	3,000.00	0.00	0.00	3,000.00	0.00	0.00	12,000.00
	Electricity Expense Recovery												
TOTAL INCOME	10,338.35	0.35	0.35	10,338.35	0.35	0.35	10,338.35	0.35	0.35	10,338.35	0.35	0.35	41,356.20
WATER SYSTEM EXPENSES:													
5003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Electric												
5012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Insurance												
5006	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	9,206.00
	System Manager												
5016	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	489.00	6,238.00
	Management Fees												
5007	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	2,100.00
	Testing												
5009	158.00	158.00	158.00	158.00	158.00	158.00	158.00	158.00	158.00	158.00	158.00	158.00	1,896.00
	Miscellaneous Supplies & Repairs												
5008	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
	Professional Fees - Legal												
5009	0.00	75.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	245.00
	Professional Fees - Tax Preparation												
5018	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.00
	Miscellaneous Expense (CCR Report distribution etc)												
5024	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
	General Excise Taxes - Water System												
5200	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	8,400.00
	Replacement Reserves												
TOTAL WATER SYSTEM EXPENSES	2,361.00	2,435.00	2,360.00	2,360.00	2,360.00	2,360.00	2,426.00	2,880.00	2,490.00	2,360.00	2,600.00	2,360.00	29,352.00
Recovered through quarterly water billing	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
5003	Electricity - Water System Expense												41,352.00

Association Common Expenses	
Costs per homeowner/month	105.56
Reserve per homeowner/month	8.44
Total per month	114.00
Rounded	114.00

Water System Expenses	
System Cost per homeowner/month	124.71
Reserve per homeowner/month	50.00
Subtotal per month	174.71
Water Usage Recovery	35.71
Total per month	139.00
Rounded	139.00

BUDGET

WEST KUIAHA MEADOWS HOMEOWNERS ASSOCIATION
2015 ASSOCIATION AND WATER SYSTEM BUDGET NOTES
(Based on Lower than Recommended Reserve Contribution)

ASSOCIATION INCOME:

Association Maintenance Fees

This amount represents the maintenance fees for 16 lot owners. Maintenance fees are \$114.00 per month which increased by \$12.00 per month over 2014 fees. Owners will be assessed \$342.00 quarterly.

Bank Interest Earned

Bank interest earned from reserve fund monies.

ASSOCIATION COMMON EXPENSES:

Electricity - Gate

Electricity costs are projected at \$43.00 per month based on costs and consumption amounts in 2014 plus projected rate and fuel surcharge increases.

Gate Repair & Maintenance

We budgeted \$125.00 per month to cover the cost of the monthly maintenance contract and minor repairs.

Telephone - Gate

The telephone for the entrance gate is budgeted at \$42.00 per month.

D & O Insurance

We have budgeted \$1,134.00 in March for renewal of the Directors and Officers insurance policy. This amount is based on the actual 2014 renewal plus projected increase for the 2015 renewal.

General Liability Insurance

We projected \$656.00 in March for the liability insurance policy renewed in April. This amount is based on actual 2014 rates along with projected increase anticipated in 2015. This policy provides liability insurance for the common areas.

Property Insurance

We projected \$977.00 for property insurance policy renewed in April. This amount is based on the actual 2014 renewal plus projected increase for the 2015 renewal. This policy provides property damage insurance for the common elements.

Landscaping

We budgeted \$558.00 for the monthly landscape maintenance which includes a projected 2.5% increase over 2014 rates. We have also included \$300.00 in October for annual tree trimming.

Management Fees

This fee for contract management service for the Homeowner's Association is projected at \$470.00 plus tax per month. We also budgeted \$125.00 plus tax for the managing agent's preparation and attendance of the board meeting in September and \$230.00 plus tax for the Annual Meeting in November.

Miscellaneous Expenses

We budgeted \$15.00 per month for bank service fees, checks, deposit slips, printing, postage, and miscellaneous supplies for the Association.

Professional Fees – Legal

We budgeted \$100.00 monthly for legal fees for collection and other issues of the Association based on 2014 expenses.

Professional Fees – Tax Preparation

We budgeted \$75.00 in February for preparation of the 1099 forms and \$170.00 in August for preparation of the annual income taxes.

General Excise Taxes

This expense paid to the Hawaii State Tax Collector is budgeted at 4% of reserve interest and other miscellaneous income collected.

Contingency Reserves

We budgeted \$10.00 per month for unanticipated or unbudgeted expenses.

Replacement Reserves

Based on the 2014 reserve contributions, and projected gate repairs needed, we budgeted \$135.00 per month.

WATER SYSTEM INCOME:

Water System Maintenance Fees

This amount represents the water system maintenance fees for 14 lot owners on the private water system. System fees are \$142.00 per month; an increase of \$5.00 over the 2014 fees. Owners will be assessed \$426.00 per quarter.

Water Recovery

This amount represents projected fees to be collected quarterly for water usage based on water fees collected in 2014.

WATER SYSTEM EXPENSES:

Electricity

No amounts were budgeted for electricity costs to operate the private water system. Electricity costs will be recovered with your water usage billing. This change is being implemented so that those owners who use more water or those who use less will pay their proportionate share of the electricity cost to produce the water used.

Insurance

No amounts were budgeted for equipment breakdown insurance as the policy was non-renewed following the December 2013 well failure.

System Manager

This fee for the water system management services is budgeted at \$738.00 per month and includes a 2½% increase requested by the system manager. We have also budgeted \$350.00 in August for the preparation of the annual Consumer Confidence Report.

Management Fees

This fee for contract management service for the Water System is projected at \$470.00 plus tax per month. We also budgeted \$125.00 plus tax for the managing agent's preparation and attendance of the board meeting in September and \$230.00 plus tax for the Annual Meeting in November.

Testing

We budgeted \$175.00 per month for routine and periodic water testing done as required by the Dept. of Health.

Miscellaneous Supplies & Repairs

We budgeted \$158.00 per month for supplies and chemicals needed to operate the water system, and for minor repairs that may be necessary.

Professional Fees – Legal

We budgeted \$100.00 monthly for legal fees for collection and other issues of the water system based on 2014 expenses.

Professional Fees – Tax Preparation

We budgeted \$75.00 in February for preparation of the 1099 forms and \$170.00 in August for preparation of the annual income taxes.

Miscellaneous Expense – Water System

We budgeted \$65.00 in July for the printing, supplies, and postage to distribute the annual Consumer Confidence Report as required by the Department of Health.

General Excise Taxes

This expense paid to the Hawaii State Tax Collector is budgeted at 4% of reserve interest and other miscellaneous income collected.

Replacement Reserves

Based on the 2006 reserve study and 20-year cash flow plan, \$1,131.77 is projected per month for long term replacement of the water system components. Following the December 2013 well failure and non-renewal of the equipment breakdown insurance, we have budgeted \$700.00 per month to be transferred to the water system reserve monthly. This amount is still lower than the amount recommended in the reserve study. We recommend that the reserve study be updated to include the new equipment and components installed in early-2014.

WEST KUIAHA MEADOWS HOA
 WATER SYSTEM RESERVE & CASH FLOW PLAN
 20 YEAR CASH FLOW PLAN
 UPDATED CY 2007

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
TOTAL REPLACEMENT COST	190,840.00	198,473.60	206,412.54	214,669.05	223,255.81	232,186.04	241,473.48	251,132.42	261,177.72	271,624.83	282,489.82	293,789.41	305,540.99	317,762.63	330,473.13	343,692.06	357,439.74	371,737.33	386,606.82	402,071.10
X 4% annual cost adjustment	7,633.60	7,938.60	8,256.50	8,586.76	8,930.23	9,287.44	9,658.94	10,045.30	10,447.11	10,864.99	11,299.59	11,751.58	12,221.64	12,710.51	13,218.93	13,747.68	14,297.59	14,869.49	15,464.27	16,082.84
TOTAL COSTS	198,473.60	206,412.54	214,669.05	223,255.81	232,186.04	241,473.48	251,132.42	261,177.72	271,624.83	282,489.82	293,789.41	305,540.99	317,762.63	330,473.13	343,692.06	357,439.74	371,737.33	386,606.82	402,071.10	418,153.94
AMORTIZE 20 YEARS	9,923.68	10,320.63	10,733.45	11,162.79	11,609.30	12,073.67	12,556.62	13,058.89	13,581.24	14,124.49	14,689.47	15,277.05	15,888.13	16,523.66	17,184.60	17,871.99	18,586.87	19,330.34	20,103.55	20,907.70
DIVIDED BY 12 months	826.97	860.05	894.45	930.23	967.44	1,006.14	1,046.39	1,086.24	1,131.77	1,177.04	1,224.12	1,273.09	1,324.01	1,376.97	1,432.05	1,489.33	1,548.91	1,610.96	1,675.30	1,742.31
MONTHLY RESERVE PER OWNER	59.07	61.43	63.89	66.45	69.10	71.87	74.74	77.73	80.84	84.07	87.44	90.83	94.57	98.36	102.29	106.38	110.64	115.06	119.66	124.45
Pipes																				
Storage-replace 1 tank (50000 tank)		50	40	750,000.00	780,000.00	811,200.00	843,648.00	877,393.92	912,489.68	948,989.26	986,948.83	1,026,426.79	1,067,483.86	1,110,183.21	1,154,590.54	1,200,774.16	1,248,805.13	1,298,757.34	1,350,707.63	1,404,844.15
Power system-3phase converter		25	10	100,000.00	104,000.00	108,160.00	112,486.40	116,985.86	121,665.29	126,531.90	131,593.18	136,856.91	142,331.18	148,024.43	153,945.41	160,103.22	166,507.35	173,167.64	180,094.35	187,394.15
Booster Pumps		75	5	3,000.00	3,120.00	3,244.80	3,374.59	3,509.58	3,649.98	3,795.96	3,947.80	4,105.71	4,269.94	4,440.73	4,618.36	4,803.10	4,995.22	5,195.03	5,402.83	5,618.15
Well Pump		20	5	35,000.00	36,400.00	37,866.00	39,370.24	40,945.05	42,582.85	44,286.17	46,057.61	47,899.92	49,815.91	51,808.55	53,880.89	56,036.13	58,277.57	60,608.68	63,033.02	65,556.99
Storage Tank Liner		60	5	25,000.00	26,000.00	27,040.00	28,121.60	29,246.46	30,416.32	31,632.98	32,896.29	34,214.23	35,586.80	37,006.11	38,486.35	40,025.61	41,626.84	43,291.91	45,023.59	46,828.36
Chlorinator		15	5	1,500.00	1,560.00	1,622.40	1,687.30	1,754.79	1,824.98	1,897.98	1,973.90	2,052.85	2,134.97	2,220.37	2,309.18	2,401.55	2,497.61	2,597.51	2,701.42	2,810.42
Valves - replacement		15	5	2,500.00	2,600.00	2,704.00	2,812.16	2,924.65	3,041.63	3,163.30	3,289.83	3,421.42	3,558.28	3,700.61	3,848.64	4,002.58	4,162.68	4,329.19	4,502.36	4,681.42
Water Meters (18)		15	5	1,500.00	1,560.00	1,622.40	1,687.30	1,754.79	1,824.98	1,897.98	1,973.90	2,052.85	2,134.97	2,220.37	2,309.18	2,401.55	2,497.61	2,597.51	2,701.42	2,810.42
Total Replacement Cost	183,500.00	190,840.00	198,473.60	206,412.54	214,669.05	223,255.81	232,186.04	241,473.48	251,132.42	261,177.72	271,624.83	282,489.82	293,789.41	305,540.99	317,762.63	330,473.13	343,692.06	357,439.74	371,737.33	386,606.82

**West Kuiaha Meadows Homeowners Association
C/O Board of Directors**

October 6, 2014

Ms. Debbie Anthony, Property Manager
Commercial Properties of Maui Management, Inc.
1962B Wells Street
Wailuku, HI 96793

RE: Approval of 2015 Association & Water System Budget

Dear Debbie:

This letter will serve to give official notice for the proposed West Kuiaha Meadows Homeowners Association budget for 2015. The Board took into consideration the proposed budget from Commercial Properties of Maui Management, Inc. which included a lower replacement reserve than previously recommended for the Water System and projected repairs needed for the entrance gate. The replacement reserve funds for the water system are for the cost of complete "Common Area Element Replacement and Repair" which includes such items as the pipes, storage tank, power system, booster pumps, well pump, storage tank liner, chlorinator, valves, water meters, and other elements which could require replacement or repairs in the long term. The Board of Directors felt that they, along with the owners of West Kuiaha Meadows, would rather pay for any shortfall in funds required for repairs or replacement by doing a special assessment to the owners on the water system as discussed at the 2007 Annual Meeting. Due to the water system failure in December 2014, the Board increased the replacement reserve contribution to \$50.00 per owner each month; however, this amount is still lower than the monthly recommended amount of \$80.84 per lot owner.

The Board of Directors has also approved the 2015 Association Budget of \$21,888.00; the proposed Common Area Maintenance Fee increased by \$12.00 to \$114.00 per month per property. The Board of Directors has also approved the 2015 Water System Budget of \$41,352.00 based on the lower water system reserve contribution. The proposed monthly Water System Maintenance Fee decreased to \$139.00 each month per property as electricity expense will be recovered with the water usage billing prepared quarterly. Billing for the Association and Water System will continue to be done on a quarterly basis.

The Board of Directors could the following year investigate a budget which would take into consideration the Professional Reserve Study previously prepared for the Association by Karen Johnson in January 2006 or arrange for a new or updated Professional Reserve Study for the water system and common area including the entrance gates to be prepared. The Board of Directors agrees to not hold Commercial Properties of Maui Management, Inc. directly responsible for any shortfalls in our water system or common area reserve funding should such major repair or replacement take place in 2015 or in the future. As provided within the West Kuiaha Meadows CC&R's and ByLaws, assessments can be increased to meet the demand for such costs of repairs, on an as needed basis, and will be reviewed at such time should the need arise.

Sincerely,



Caron Barrett, President

Vice President – position vacant



Cristina Graziano, Secretary



Joann Haskin, Treasurer



Mike Grier, Director-at-Large