

June 24, 2014, Board meeting discussion - Re-Roofing Project. Tropical Roofing is schedule to being the last building after the Fourth of July weekend.

Roofing Committee. Chair Longfellow reported the committee met and agreed to re-bid the project to all three roofing consultants using a singular specification with the hope of obtaining equal or similar proposal for comparison. Results of rebidding will be reviewed by the committee and e-mailed to all Board members for review and action.

Re-roofing Project Change Orders. The Board deferred action on roofing change orders until the roofing consultant is selected and a recommendation is made.

Roofing Consultant Proposals. See Roofing Committee report above.

July 29, 2014, Letter dated June 26, 2014 from Grant and Tracey Murata; Roofing Work and Vent Tubing. The Board reviewed the letter from the Muratas, and Resident Manager Rodriguez reported that the roofer was out to re-attach the vent tubing in the attic. Board directed the Managing Agent to respond.

Board meeting discussion – Roofing Committee. Chair Longfellow reported the committee selected Trinity ERD and the Board concurred via e-poll. Trinity ERD began immediately, and selected shake pieces were removed from the roof to be tested in the Trinity ERD labs. Results are pending.

Re-roofing Project Change Orders. The Board deferred action on roofing change orders until the roofing consultant recommendation is made.

August 26, 2014, Board meeting discussion – Roofing Committee. Chair Longfellow reported the committee and Board need to find a date to meet with Trinity ERD to hear their report.

Re-roofing Project Change Orders. The Board deferred action on roofing change orders until the roofing consultant recommendation is made.

September 30, 2014, Board meeting discussion – Roofing Committee. Chari Longfellow reported that he will get an update from the consultant and email to everyone on October 1st.

Re-roofing Project Change Orders. The Board deferred action on roofing change orders until the roofing consultant recommendation is made.

October 28, 2014, Board meeting discussion – Roofing Committee. Chair Longfellow gave a verbal report and recommended Trinity ERD provide a report to the homeowners rather than providing an article in the newsletter. Board concurred and Trinity will be asked to provide a report.

Re-roofing Project Change Orders. The Board deferred action on roofing change orders until the roofing consultant recommendation is made.

November 25, 2014, Board meeting discussion – Roofing Committee. Chair Longfellow gave a verbal report. Re-roofing Project Change Orders. The Board deferred action on roofing change orders until the roofing consultant recommendation is made.

February 24, 2015, Board meeting discussion – Roofing Committee. Chair Longfellow deferred discussion to executive session.

Re-roofing Project Change Orders. The Board deferred this matter to executive session.

April 28, 2015 – Board Members during this period; **President Matt Longfellow, Vice President Karl Kagesa, Secretary Judi Manthei, Treasurer Joe Tillotson, Directors Linell Goya, Eric Kane, Kendall Mau, Kathy Paresa and Rich Vermeesch**

Board meeting discussion – Re-roofing Project Change Orders. The Board deferred this matter to Executive session.

Trinity ERD Flat Roof Specification. Board reviewed the specification developed by Trinity ERD and agreed that it was too detailed and had too many reporting requirements for this straightforward project. Board agreed that President Longfellow would see what options were available from Trinity ERD such as alternative roofing products to those specified, reducing scope of specification requirements and report to the Board via e-mail.

May 26, 2015 - Re-roofing Project Change Orders. The Board deferred this matter to executive session. Trinity ERD Flat Roof Specifications. The Board reviewed the revised specifications developed by Trinity ERD for flat roof coatings. Vice President Kagesa made a motion to approve the revised specification and put the project out to bid. Director Paresa seconded the motion passed unanimously.

Roofing change orders no longer appears on the agenda and the focus of the roofs are now on the flat roofs. Porter, McGuire, Kiakona & Chow, Attorneys at Law was retained.

June 30, 2015, Board meeting discussion – Roofing/Siding Committee. Chair Mau gave a verbal report. Proposal from Tropical Roofing. The proposal from Tropical Roofing to remove and replace wall to roof flashing so that siding materials can be replaced was not in the Board packet and will be distributed by email for the Board's consideration.

July 28, 2015, Board meeting discussion – Roofing/Siding Committee – Chair Mau gave a verbal report. Flat Roof Recoat – The Roofing committee recommended White Lava coating. Vice President Kagesa made a motion to approve a \$58,800 contract with Rainbow Roof Maintenance Company to recoat the flat roofs with White Lava. Contract price will be adjusted for the five roofs already completed and paid for. Motion passed unanimously.

Proposal from Tropical Roofing. The Board reviewed a proposal from Tropical Roofing to remove and replace wall to roof flashing so that siding materials can be replaced. The Board asked whether the warranty exclusion in the proposal was correct. Managing Agent to ask roofer and Board will do an e-poll so that this work can proceed.

From August 2015 to present, all discussions pertaining to the roofing project by Tropical was discussed in Executive Session due the possibility of litigation.

Owners Questions

1. Loan

- a. *Why are special assessments or a loan the only options for the roofing project?* Currently there are three options available to the association for acquiring funds: Maintenance Fees, Special Assessments, and Loans. Maintenance fees are based on budgets set forth for the fiscal year. Hukuloa's fiscal year is the calendar year. Once all expenses are estimated, the budget is determined. Maintenance fees are based on each homeowner's assigned portion of responsibility called a Percentage of Interest. This percentage was determined and created by the Developer and is contained in the Association Declaration. If expenses are incurred that will cause the Association to exceed what is in the budget, a special assessment can be levied. This assessment is imposed in

addition to the maintenance fees that are set for the calendar year. If the special assessment is not preferred, then a loan may be pursued. As previously mentioned in the Board of Directors Monthly meeting on 29 March, loans are a convenient way to acquire a large amount of money should circumstances otherwise would adversely affect the funding capabilities of member's ability to generate necessary funds. Of course, it could be argued that other sources such as insurance claims, litigation success, etc. could also be meant as a funding option, but those sources fall under limited opportunities that are situational based. The Board is open to suggestions.

- b. ***Voting deadline of April 22 is too soon to cast an informed vote. Can it be extended past the Annual Meeting date?*** Yes, if necessary, the voting deadline can be extended. If the votes needed are not received by April 22, the Board of Directors can extend the deadline. However, all should realize that the longer the wait to get a decision on the loan, the more chance there exists for interest rates to rise and the overall cost of the project to also rise.
- c. ***How was the amount requested for the loan determined?*** Based on the historical pricing for roof replacement received through the bid process, the Board of Directors determined that to replace every roof and to repair the foundations of three units along with a contingency amount 7.5 million dollars was needed. A planning assumption was that all roofs would need to be replaced in five years. This is the estimated amount. If the cost is less, we do not have to use all the loan money up.
- d. ***What are the terms of the loan?*** Terms of the loan are still in discussion. That being said the Board of Directors are looking for a 15 year or 20-year term that is flexible enough for the Association to pay back early without penalty. Competitive interest rates were also sought.

2. Roofing

- a. ***How were the quotes for the roofs reached? It seems that 20K for a unit is a lot.*** As previously mentioned, when roofs began failing in 2019 several roofing contractors were contacted to provide bids. Initially, Tory's Roofing was selected to repair one roof. A good experience was achieved with Tory's, and they proved to be very competitive in their bidding processes as the situation progressed. Other companies were contacted, and they also provided bids. It should be noted that during these past 2 years many roofing companies began to withdraw from bidding. Tory's has consistently provided bids and have also provided exemplary work. They are currently the contractor of choice for our roofing repairs.
- b. ***Where are the proposals from multiple roofing companies?*** Copies of proposal's are maintained with the General Manager.
- c. ***Do we have an itemized breakdown of work being done along with warranties?*** Each proposal has an itemized breakdown of work. There are manufacturers and labor warranties in place as well. Contracts that have already been approved can be provided for the description of the work and for warranty information.
- d. ***What is the consensus on units that have solar systems, or those units that desire solar systems in regard to the warranties?*** PVs and solar devices are granted by the Association under the building modification process. Owners desiring to place PVs on the roofs agree to indemnify the Association from damages and incur sole responsibility for the PVs. If the damage incurred on the roof are not attributed to the PVs, then the roof is covered under warranty. Tory's Roofing will be engaged to ensure the warranty remains intact.

- e. **How are roof repair priorities being set?** Roof repairs are set generally on the seriousness of the roof deterioration. If a roof is deemed beyond repair, it is placed on a list with the other roofs earmarked for replacement. If the roof's condition warrants it to be bumped ahead of another, it will be so scheduled.
- f. **What determines which roof is repaired first?** The integrity of the roof and whether it can be maintained. Leaking roofs are the priority.
- g. **What is the timeline for completing the roofing project?** Five years.
- h. **What is the price of asphalt tile?** The Malarkey Legacy Algae Resistant asphalt shingles are considered top quality shingles. They generally go for \$73 to \$170 per square. A square cover approximately 100 square feet. They last well over 30 years. Copies of approved contracts can be made available.
- i. **What is the plan for the repair of the roofs?** All roofs are to be replaced in the next five years. Too many are failing to allow for roofs to continue past that date.
- j. **Is the existing roof under warranty and if so, is the previous roofing contractor making requested repairs?** On September 25, 2012, that board who was in place at that time, see the timeline on the attached chronology, approved Tropical Roofing as the contractor to replace the cedar roofs. That contract required a 7-year workmanship warranty and a 50-year material warranty. The workmanship warranty period has expired, and Tropical Roofing is no longer in business.

Litigation Status

- a. **What is the status of our current litigation with the previous roofing contractor?** Currently pursuing arbitration with the previous roofing contractor. Pending status from the Association attorney.
- b. **If money is awarded through the judicial process, will residents be reimbursed?** A number of options are possible, if an award is made. Reimbursement is certainly one option. Others would be to pay off the loan to the extent possible as well as to place in reserves to shore up any deficiencies.
- c. **Was the prior roofing contract paid in full? If not, what is being done with the remaining money?** The prior roofing contract has not been paid in full. The remaining money of approximately \$386,344.69 is being held in abeyance pending the arbitration outcome.

3. Budget

- a. **Not a Question but a Request: Information on loan, roofing-cost analysis, materials analysis, make up of maintenance fees and anticipated budget and reserve analysis, be shared with all owners.** Information on loan was provided by Mr. Eric Fairfax of BOH at the BOD meeting in March. He also has been invited as a guest speaker for our Annual BOD meeting in April. He described the nature of the loan, reason for the loan, and various means that other Associations have fulfilled to meet their capital obligations. Make up of maintenance fees and anticipated budget and reserve analysis were given to all homeowners in December of 2021, under a "Dear Owner" letter. Please refer to that for maintenance fee and budget information or you can submit additional questions to the Board of Directors, c/o Touchstone Properties, LTD., 680 Iwilei Road, Suite 777, Honolulu Hawaii 96817.
- b. **How were the assessments for the 2022-year budget determined?** Assessments for the 2022-year budget were determined by reviewing historical expenses and projecting known expense

increases. There were four major category expense increases: Grounds at 16.01%, General Maintenance at 81.66%, Insurance at 24.48% and Other Fixed Expenses which was a new category set forth to calculate projected roofing expenses. To help alleviate the impact of that expense to homeowners the Board of Directors is soliciting permission to enter into a loan agreement for 7.5 million dollars. We wish to avoid implementing a special assessment.

Assessments are based on each homeowner's percentage of interest of projected expenses and income.

- c. ***Why can't we break special assessment, if picked over a loan, over several years?*** Planned special assessments are not permitted. The intent of the reserve study is that all owners today must pay their fair share of capital improvement which come due within the next 20 years. Planning special assessments do not permit owners to pay their fair share.
- d. ***Will the increase in maintenance fees due to the loan be reduced at the completion of the loan?*** As mentioned, maintenance fees cover a number of items other than the roofing. The budget is set each year. While we cannot commit to lowering the maintenance fees, if there is no loan to pay due to its being paid off, then it is less likely to impact the maintenance fee and in fact, could lower the overall cost. The maintenance fees are determined by the operating expenses and the capital repairs and replacements that come due.

4. Management/Organization

- a. ***Why do we have a general manager instead of a resident manager?*** When the last resident manager departed, the BOD solicited resumes for interested persons to apply for the position. There were very few applicants and the ones who did apply were not of the caliber that was needed to manage our community. Additionally, the size of the apartment limits those persons who have large families from applying. To attract more candidates, the decision was made to open the position which would not require a manager to reside on property. At that time, applicant flow increased, and the BOD was able to interview an appropriate number of candidates.
- b. ***How were the salaries determined?*** Salaries were determined based on review of comparable job salaries here in the C & C of Honolulu, the labor statistics and scope of work the job entailed.
- c. ***Why is there an overwhelming negative view towards the current general manager?*** There may be negative views towards management, but most homeowners at Hokuhoa are appreciative of the work the general manager and staff perform. Everyone has their own perceptions and biases.
- d. ***Why are Marvin and Lillian not owner friendly?*** The BOD believes that Marvin and Lillian are owner friendly.
- e. ***What can be done to enhance communication throughout Hokuhoa?*** A website has been created and is under progress. Further, newsletters are being developed to enhance communication. Owners can participate on a committee if they want to assist with communications. Communication requires at least two parties to participate.
- f. ***Why are we conducting an Annual Inspection?*** Annual inspections are a necessary function to maintain our common areas. Without periodic checks of all areas, problems will not be discovered, and necessary repairs not taken in a timely manner.

- g. *What plan do we have for checking and applying repairs to our breaker boxes?* Checks to breaker boxes and other utilities will be incorporated into a maintenance plan which will be updated annually in conjunction with the formulation of the budget.

5. Bulletin Boards the Board established a policy on what can be posted on the bulletin board and all approval for posting must first be approved by the general manager.