

**KAHANA FALLS
ASSOCIATION OF APARTMENT OWNERS
AND
INTERVAL OWNERS ASSOCIATION
FINANCE COMMITTEE MEETING
KAHANA FALLS RESORT**

WEDNESDAY, MARCH 22, 2017; 11:30 A.M. (HST)

MINUTES

I. CALL MEETING TO ORDER / ROLL CALL INTRODUCTIONS

Chairperson Jesse Arman called the meeting to order at 12:28 p.m. (HST) and welcomed everyone to the meeting. The following persons were in attendance.

COMMITTEE MEMBERS

Jesse Arman	Chairperson
Katherine Ivey	Member
Kevin Ramage	Member

BOARD MEMBERS

Milton Jantzen
Karen Cornwell
Martin Hewitt

MANAGEMENT PRESENT

Suzie Moore	Resort Manager
Joanne Hallert	Director of Resort Operations
Kristen Makinen	Administrative Assistant, Director of Resort Operations

GUESTS

Mike Fitzgerald	Fitzgerald & Associates
Don and Glenndia Bridenbough	(Owners)

II. APPROVAL OF AGENDA

Jesse Arman requested adding under New Business a discussion of Property Tax Appeals.

A motion to approve the agenda as amended was made by Kevin Ramage, duly seconded by Katherine Ivey and unanimously approved.

III. APPROVAL OF MINUTES

The committee reviewed the meeting minutes from September 20, 2017.

A motion to approve the minutes was made by Kevin Ramage, seconded by Katherine Ivey and approved.

IV. CONTINUING BUSINESS

Financial Ratio Trends

Jesse Arman gave an overview of the financial status of the resort, highlighting the positive fiscal health of the associations, even in light of the elevator replacement.

Delinquency/Collections Reports

The committee discussed the approximately 1% increase in delinquency from December 2015 to 2016. It was noted that, as is the case for other timeshares on the islands, the owner base is aging and increasingly unable to travel, resulting in this type of delinquency rate increase.

The committee also discussed the Meridian collection report. Joanne Hallert commented that the delinquent amounts submitted to Meridian this year were lower than in 2016 for both associations.

Reserves

Katherine Ivey reviewed her reserves report for both the AOA and IOA. She made suggestions for balancing reserves and retained earnings funds between the two associations.

Jesse Arman commented on the relative current health of the reserves and the upcoming bathroom remodels and ADA projects. Mr. Arman and Ms. Ivey agreed that it would be advisable to wait until later in the year to consider transferring funds as the projects will pull from both associations.

V. NEW BUSINESS

January 2017 Financial Statements

Suzie Moore reported to the board on the favorable variances to budget thus far, including energy costs and staffing payroll. Combined, the total favorable variance was about \$41,000. The majority of the variance was a result of rental income.

The committee will propose a motion to accept the financials during the board meeting.

IOA Tax Computations and 2016 Audit Report

Mike Fitzgerald discussed the 2016 tax filing and explained the options available with regards to determining taxable income. The committee will suggest to the board that they accept Mike Fitzgerald's recommendations when filing the tax returns.

Mr. Fitzgerald then reviewed his audit for both associations.

Rental Report

Joanne Hallert reviewed the rental report, noting favorable trends in both total revenue and Average Daily Rate (ADR).

Property Tax Appeal

Joanne Hallert stated that her market comparison research showed that Maui County’s assessment was correct and recommended not appealing the assessed values.

VI. ADJOURNMENT

With no further business to discuss, a motion to adjourn was made by Katherine Ivey and seconded by Kevin Ramage.

The committee meeting adjourned at 1:30 p.m. (HST).

Submitted by:
Trading Places International
Its: Managing Agent

Approved by:
Kahana Falls Finance Committee

By: _____
Joanne Hallert
Director of Resort Operations

By: _____
Jesse Arman
Chairperson