



A Publication of the AOAO of Hawaiiki Tower, Inc..

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AND
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必要な場合、□してもらってお□みください。

2016 BUDGET

The 2017 budget was approved in August. It contains a 3% increase in maintenance fees. Fortunately oil prices have been very kind to us the past year and other uncontrollable utility rates continue to climb. The significant items that increased are listed below.

1. Water rates increased 15% in July 2016.
2. Sewer fees will continue to increase. Double digit rate increases implemented from 2005-2011 have been followed by more moderate 4% annual rate increase since 2012. Additional increases of 5% and 8% have been adopted for fiscal years 2016 and 2017, respectively. Environmental Services expects to design and seek approval on the next six-year rate package in the fall of 2015. We can expect rate increase for years!
3. The Board continues to make funding reserves a priority and maintains a funding level near 75%.

Expenses for electricity, gas, sewer, water, telephone and cable TV represent 34.2% of our total budget. Increases in these items translate directly into increases in our maintenance fees. Considering all the increases in expenses that are unavoidable, the Board is pleased that only a 3% increase in maintenance fees was necessary and that when compared to many other upscale hi-rise properties, the maintenance fees at Hawaiiki Tower continue to be very competitive. In fact, for 2016 maintenance fees at other comparable properties are on average 46% more than Hawaiiki's. In today's market, that translates into approximately \$78,000 of value added to the average apartment at Hawaiiki, or \$33.33 million to the entire project.

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IMPORTANT INSURANCE ISSUES

The purpose of this article is to provide you information about how the typical insurance claim is handled after a damaging event that involves restoration and repair.

The insurance deductible for the Association's insurance is **INCREASING** effective January 2017 to \$25,000. It is **VERY IMPORTANT** that each owner check with their agent and increase the loss assessment rider to protect them from this \$25,000 exposure. If the damages are not likely to exceed that amount, the Association will NOT be filing a claim.

The most common damaging event is a water leak. This article will use a water leak as an example of a typical claim sequence. The first course of action in the case of a water leak is to stop the leak. The next step is to extract the water that has leaked. The water extraction process is driven by the Association since the Association usually calls the vendor and establishes a contractual relationship. Once the water is extracted we usually have three options depending upon the severity of the damage. Each option is progressively invasive and disruptive to the occupants

1. Allow the carpets and walls to dry using air blowers.
2. Use dehumidifiers and blowers to dry out the walls.
3. Cut out damaged drywall and replace with new, and use blowers to dry out the carpet.

Often, the leak is not significant enough to warrant structural drying. In some cases, the damage is so extensive, it is better to remove the damaged elements and not bother with the structural drying. Once the water is extracted and the building dried out, and depending upon how much damage has occurred, the apartment interior may need restoration. The interior apartment restoration process is the responsibility of each owner.

The typical sequence of an event is as follows:

1. The Association immediately calls for water extraction service to clean up and dry out the building.
2. If the damages are likely to exceed the \$25,000 deductible, the Association files a claim with its insurance company.
3. The insurance company assigns an adjustor.
4. The adjustor either personally comes to the property to

(Continued on page 3)

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EMPLOYEE GRATUITY CHRISTMAS FUND

Many of our residents express their appreciation for our employees year-round by giving food and treats to the staff. Other residents express their appreciation by giving financial gifts. Both are appreciated.

The policy at Hawaiiki Tower is for employees not to accept monetary or other gifts of value directly from residents, vendors, or contractors.

However, we do not want to discourage residents from showing their appreciation. To facilitate voluntary gift giving consistent with Hawaiiki Tower policy, the 2016 Employee Gratuity/Christmas Fund has been established. Residents can make their contributions to this fund at any time of the year at the administrative office at level 3.

The gifts contributed to the Fund will be distributed as holiday gifts and bonuses for all non-supervisory employees. Each employee will share in the Fund an equal amount based on the length of his or her employment during the year.

INSURANCE ISSUES (cont'd)

inspect or hires someone else to perform the inspection.

5. The adjustor (or the hired help) prepares a report itemizing the damages and their expected cost to restore.

6. The insurance company sends the Association a check for the total amount.

7. The Association splits the check and sends each owner their respective portion as outlined in the adjustment report.

8. The owner who's apartment caused the leak is billed the \$25,000 deductible or the lesser amount of expenses incurred by the Association.

Each owner can choose to make repairs themselves, use a contractor or keep the money and do nothing. Each owner can choose to do the work (or not) prior to receiving a check or wait until funds are received.

It may take up to three months for this entire process to complete.

If the cause of the leak was a common element, the Association will be responsible for water extraction and common area building restoration. The Association's insurance does not cover ANY PERSONAL PROPERTY of an owner, even if the leak was from a common element, unless the Association is determined negligent in causing the damage, which is unlikely. If you have personal property that was damaged, please submit a claim to your personal insurance carrier for those items.

If the cause of the leak was from a component within the apartment, the owner of the apartment where the leak originated from should file a claim with the owner's insurance company. **State law and Hawaiki project documents require all owners to purchase their own insurance.** It is relatively inexpensive and well worth the money – especially considering the Association's deductible is increasing to \$25,000. The Association will be a claimant to that policy along with the other affected owners. If the owner fails to file a claim or doesn't have insurance, the Association will charge the expenses to the owner's account and demand reimbursement.

If the owner where the leak originated from doesn't



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have insurance, each affected owner should file a claim with their insurance company.

This is the typical sequence. Many factors can alter the way the events are handled.

These damaging occurrences are a strain and stressful for all parties involved.

The best thing is to avoid having leaks or other events that damage the building and other apartments.

HOLIDAY GATHERING

On December 16th at 5:30pm the AOA of Hawaiki Tower, Inc. will be sponsoring a Holiday gathering for the residents of Hawaiki Tower.

If you plan to attend, please bring a side dish, desert or other contribution to round out the menu. The Association will provide main dishes and beverages for everyone.

AC FLOAT SWITCHES

In May 2004, the Association adopted a policy that recommends owners install a device that automatically detects when the water level in the air conditioning drain pan rises too high and then turns the air conditioner off. This will alert the resident that a problem exists and that service is required.

In order to encourage homeowners to proactively install the device, the Association will provide the device at no cost. The devices are available at the administrative office at level 3.

The cost to install the valve will be the responsibility of the owner, along with the future maintenance, repair or replacement of the device. It can be installed during routine maintenance service by any of the air conditioning companies that provide service in the building. For the do-it-yourself apartment owner, we have an installation guide available in the office.

FREQUENTLY ASKED QUESTIONS (FAQs)

1. Do I need my own homeowners insurance?

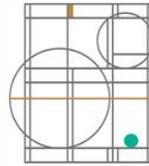
Answer: Yes. It is required by Hawaiki Tower's project documents. The Association purchases coverage to replace the original construction, which includes the interior walls, floors, cabinets and fixtures of an apartment. It does not cover any personal property or improvements you make to the apartment, or your personal liability for damage caused to other residents' personal property from sources originating your apartment. A loss assessment rider should be purchased to protect you from being assessed for the Association's deductible if your apartment caused the damage.

One important feature of an insurance policy is the "inside limit" for personal property. Most policies contain a value limit on artwork, musical instruments, jewelry, etc. If the value of an individual item exceeds the limit, you'll need to have that item appraised and purchase an additional rider to increase the limit for that item. As always, discuss these features with your insurance agent before buying the insurance.

2. How do I obtain the insurance information my lender requires?

Answer: An insurance summary is available from the Hawaiki Tower administrative office or from the Hawaiki Tower website. Just stop in the office for a copy, or ask your lender to check the website and they can print it right to their desk.

The Flood Insurance Declaration is another document lenders require owners to submit as proof of insurance. This can be obtained from the office or the Hawaiki Tower website too.



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