

FREQUENTLY ASKED QUESTIONS ABOUT THE PURCHASE OF A 2-BEDROOM APARTMENT

1. **What is this all about?** Honolulu Park Place currently owns a one-bedroom apartment reserved for use by the General Manager. In order for Honolulu Park Place to compete with other condominiums, the Board believes that the General Manager should have the use of a two-bedroom apartment. To make this change, our By-Laws require that we obtain the approval of the Association—to date we do not have the approval of enough owners.
2. **What advantages are there to the Association owning a two-bedroom rather than a one-bedroom apartment?** The position of General Manager is key to the success of any homeowners' association in a building as large as ours. Our association will be competing with many other associations for top General Manager talent in Honolulu. Keep in mind that our building is unique in that we have been fortunate to have General Managers with exceptional mechanical and engineering skills, which allows for in-house maintenance of our aging infrastructure at much reduced costs. Our ability to find and attract General Managers with these specialized skills is the purpose of this proposal. A two-bedroom apartment is a big part of our plan to offer the most competitive compensation package.
3. **What do other luxury condominiums offer their General Managers for housing?** Hawaiiana Management does not have information on all buildings they manage. However, they informed us that the following buildings offer a 1-bedroom apartment: *The Imperial Plaza, One Archer Lane, Salt Lake*. A 2-bedroom apartment is provided by: *Park Lane, Waiea, Waipuna and Hokua. Capitol Place*, just one block away from us, provides a 3-bedroom unit to its General Manager.
4. **Does this mean that Walters Miranda is leaving?** We have no information to suggest that is true. Walt has done and continues to do a fantastic job of managing our building and we are all grateful for his outstanding efforts. However, we know that at some point, we will have to find a replacement for Walt. When that day arrives, we hope to be able to attract the best of the best.
5. **What are the costs to the Association?**
 - a. **What is the difference in cost between a one-bedroom and a two-bedroom apartment?** Since April 2020, there have been six one-bedroom units and twenty-nine two-bedroom units sold at Honolulu Park Place. The average price of a one-bedroom is \$534,000; the average price of a two-bedroom unit is \$615,000. Data has been obtained from <https://www.oahure.com/> We did not include the sales of two-bedroom penthouses or the largest one-bedrooms (the 01 units).
 - b. **Where is the money coming from to purchase this apartment?** HPP already owns a one-bedroom apartment, which has always been reserved for use by the General Manager. Our plan is to sell this unit and use the proceeds towards the cost of a two-bedroom unit. The difference, approximately \$81,000, will come from reserves. By taking money from reserves to purchase a two-bedroom unit owned by the Association, we are investing in ourselves. We are trading one asset—cash, for another—real estate, traditionally a good investment, especially in Hawaii.
 - c. **What will the Board do to hold down costs?** The Board will consider an unimproved or unrenovated unit to save money with repairs and renovations done in-house. A foreclosure, should one become available, will also be considered.
 - d. **What are the realtor fees, closing costs, etc. to the Association?** These costs will depend upon market conditions at the time.
 - e. **Aren't the maintenance fees for a two-bedroom unit higher than for a one-bedroom? Won't the association have to pay those higher fees for the General Manager's apartment?** That is correct. The difference is about \$250/month.
6. **What are the chances that this purchase will increase my maintenance fees or result in a special assessment?** Our financial position is healthy. We can afford this investment without a special assessment. The Board is convinced that it will not contribute unduly to upward pressure on maintenance fees.
7. **If the Board purchases a 2-bedroom apartment, who will own it? Will it be a gift to the current General Manager?** The apartment will be wholly owned by the Association.
8. **I already voted. Can I change my vote?** Yes, simply date and sign a new ballot form, which will supersede your previous vote. Return the ballot in the pre-addressed envelope or turn it into the HPP office.
9. **When is the deadline for this vote?** March 27, 2023