

Regular Meeting Minutes
Board of Directors – Wavecrest Resort
Association of Apartment Owners
Kaunakakai, Hawaii

Date: September 11, 2012

Time: 8:00 A.M. HST

Place: Wavecrest Cabana & by *Teleconference

AGENDA & ORDER OF BUSINESS

Call to Order: The meeting was called to order by President Mike Nicholls at 8:00 A.M. HST

Determination of Quorum: Mike Nicholls, President – Jon Givens, Vice President – Richard Felkins, Treasurer – Annie Albritton, Secretary, - Glenn Lawrence, Director – Joe Howell, Director – Gary Gonder, Resident Manager

Guests: Luann Cefola A107 – Malcolm Mackey and Keri Zacher C305 – Dixie and David Durham C104 – Bender/Davis A315 – Larry Wangen C109 – Cathy Felkins C108/C216 – Joe Barno A212 *Suzanne O’Connell B110 – *Verne & Connie Albright A305P – *John Scriver A308 – *Georgiana Olson A103

Proof of Notice of Meeting: The Secretary reported Notice of Meeting posted Friday, September 3, 2011 both at the office and cabana bulletin boards and via email to the owner list maintained at the office.

Approval of Minutes: President Mike Nicholls noted that the minutes of the last regular meeting of June 6th have been posted on the website for review. Asked if there were any correction – Dixie Durham said that one of the guests, Dan Burkett’s unit number was incorrectly listed. Ann said she would check the owner list and make the correction. **MOTION** by Jon Givens seconded by Glenn Lawrence to waive the reading of the minutes of the Regular Meeting of June 15, 2012 and approve as corrected. Motion carried by unanimous vote.

OFFICER REPORTS: All reports were read aloud and entered into the record and will be listed on the website for review.

Presidents Report: (copy attached)

Treasurers Report: (attached)

Secretary’s Report: (copy attached)

Manager’s Report: (copy attached)

COMMITTEE REPORT: Landscape Committee: Glenn Lawrence and Jon Givens reported a problem with some of the fruit trees that are not native to Hawaii but that overall the new plants and trees are doing well. We currently have about 20 plumeria and 10 palm starts in our shade shed.

OLD BUSINESS: Rent Review WC Units B203-C2w12-A312-A102 – MOTION by Joe Howell seconded by Richard Felkins that our goal is to maintain the rent schedule set forth in our June meeting but to avoid vacancies. Motion carried by unanimous vote.

Review Owner Recommendations of 4-20-2012: The three main recommendations were discussed and it was determined that #1 dealing with the handling and documenting emergency situations on site is being implemented. #2 changing the title of the Request for Corrective Action for Rules Violation so the form can be used for more than one thing will be implemented. #3 suggesting the House Rule modifications be limited to once every two years was felt to be inconsistent with our Bylaws. Jon Givens suggested that the "Boards goal" can be to revise the HR's every two years but that all owner concerns on problems with the existing rules or new issues must be heard in a timely manner and handled accordingly by the Board.

Handicap Assistance Animal Policy for Short/Long Term Occupancy: General discussion about the difference between Short Term Occupancy (less than 30 days) governed by ADA regulations and Long Term Occupancy (30 days or more) governed by HUD regulations. Ann will work with Zaida to include this information on our AOA website as well as other housekeeping related to documents and forms being easier to find on the site.

Review Handicap Assistance Animal Application: Mike noted that counsel has recommended approval. **MOTION** by Glenn Lawrence to approve the application in front of us at this time, seconded by Annie Albritton. In favor - Mike Nicholls, Glenn Lawrence, Annie Albritton, Joe Howell. Opposed - Richard Felkins, Jon Givens. Motion carried by a vote of 4 to 2.

Chris Hart Inc. Shoreline Assessment Proposal: **MOTION** by Joe Howell seconded by Glenn Lawrence to put \$6,000 into the budget for 2013 for the shoreline assessment project. Motion carried by unanimous vote.

Stream Cleanout: Gary Gonder reported he has received one bid for stream cleanout in the amount of \$13,000 and is looking into permits necessary to get the work done. **MOTION** by Joe Howell seconded by Glenn Lawrence to go ahead with the project with competitive bidding, the Board to approve the final bid. Motion carried by unanimous vote

Washer/Dryer Criteria Discussion: The Board confirmed that any improperly vented dryers are illegal and if reported to management should be given notice and fined in accordance with our House Rules. **MOTION** by Jon Givens seconded by Richard Felkins that all units may install a vent less washer and dryer. Owners of end units may apply to the Resident Manager to install a vented dryer (showing the location of the vent penetration of the end wall and the proposed exterior vent cap. Any washer/dryer installation that requires modification of the common element must be submitted to the Resident Manager on the Remodel Form. Motion carried by unanimous vote.

Mike announced we will take a 15 minute break. 9:55 A.M. to 10:10 A.M.

NEW BUSINESS: Budget Review 2013 – Richard Felkins reviewed the 2013 budget line items and the board agreed on each line item amount for the coming year.

Approve the SEP Retirement Fund – MOTION by Glenn Lawrence seconded by Jon Givens to fund the SEP this year on the same basis as last year. Motion passed by unanimous vote.

Owner Bob McCann Request for Consideration: MOTION by Joe Howell seconded by Jon Givens that the Board deny the request for \$1250 in compensation for lost rental income but forgive the delinquent plumbing bill as long as this resolves both matters. In favor – Mike, Ann, Jon, Richard, Joe. Opposed – Glenn. Motion carried by a vote of 5 to 1. This decision will be sent to Bob McCann by certified mail delivery.

Mike called for a five minute break between noon and 12:05 P.M.

Reserve Study Review: General discussion

MOTION by Jon Givens seconded by Joe Howell to adjourn the regular session and move into executive session to discuss payroll issues. Motion carried by unanimous vote. Mike suggested owners check back in within an hour. Regular meeting adjourned 1 P.M.

Regular session reconvened at 2:00 P.M.

MOTION by Jon Givens seconded by Joe Howell to maintain the homeowner dues for the 2013 fiscal year at the same level as 2012. In favor – Jon Givens, Joe Howell, Richard Felkins. Opposed – Glenn Lawrence, Annie Albritton. Abstained – Mike Nicholls. Motion carried.

It should be noted that the conference call connection expired at 2 P.M. and since Zaida had gone home for the day the call was not reconnected.

Mike announced to those owners present that the homeowner dues for 2013 will remain the same.

“Ways to Generate Income & Save on Expenses” A list was generated by Gary Gonder and added to by some board members. Each line item was reviewed by the board with some comment from homeowners. Recommendations on which items to consider and which items to delete were noted by Annie and will be passed on to Gary for handling and further evaluation.

Open Session: Several owners expressed the opinion that they would rather see a dues increase than be nickel and dimed with other fees.

MOTION by Richard Felkins seconded by Glenn Lawrence to adjourn the Regular Meeting of the Board of Directors. Motion passed by unanimous vote. Meeting adjourned at 3:15 P.M. HST.

Respectfully Submitted

Annie Albritton/Board Secretary

President's Report

Board of Directors Meeting

September 11, 2012

Update on Solar PV System – In late June the Molokai Planning Commission finally granted our permit to proceed with our rooftop solar installation. Our solar contractor was advised we are obligated to install our original 37kW project prior to MECO considering an official re-submit variance regarding increased PV generation. Panels, associated inverters and other installation materials are assembled on Oahu and ready to ship to Molokai to arrive approximately September 19th. The contractor met with Gary last week to review staging and installation details.

Internet – iWavecrest – We have been promised for at least four years, an improvement in the island's Internet infrastructure. I've been in contact with the Governor and his Technology Department as well as Congresswoman Hirono's technology aide in Washington DC, indicating our bandwidth speeds on the East End of Molokai are classified as 'unserved' by FCC standards. Recent articles in the *Molokai Dispatch* have also focused on the issue. The state is requesting Molokai Internet users e-mail cabletv@dcca.hawaii.gov with complaints relative to poor service. One can back up the complaint process by using your browser and navigating to www.speedtest.net and running a speed check on the service you are receiving at that moment. Federal FCC regulations denote a speed of 4 mbps download and 1 mbps upload are *minimums* required to qualify as 'served'. Information gathering must be submitted no later than September 14, 2012. I've noted bandwidth speed varies greatly, during peak hours in the early evening speeds barely creep along at 1 mbps down and .2 mbps up, slower than the worst satellite internet service on the mainland and most smart phones anywhere on a 4G network.

Carpeting – As reported in June, the carpet installer had been served notice by our general counsel to correct the installation deficiencies noted in past reports. He has been out to re-evaluate the deficiencies, has partially completed the project and has advised Gary he expects to be on site late September to complete the work necessary to fulfill contract obligations.

Comfort and Service Animals - The board will review updated documents and procedures relative to Service Animals residing at Wavecrest during the course of today's meeting. Our counsel has advised we are to operate under two separate and distinct legal interpretations. Occupants with a Wavecrest residency of 1 to 29 days fall under the ADA guidelines and those with a residency of 30 days or more now fall within HUD guidelines. The board will review the details of governance during open session in today's meeting

Streambed Cleanout - Residents on site following the Annual Meeting certainly are familiar with the flooding incurred in our parking lot, mud deposits and waste as a result of the cloudburst the evening of our annual meeting. Under Hawaii law, owners of streambeds must obtain a permit to clean out the bed AND it is the property owner's responsibility to maintain the bed in proper condition to move the water quickly to the ocean. The streambed in the mauka direction from the ocean has filled in and basically is a grassy field, totally inefficient to quickly move great amounts of storm runoff through our property to the ocean. We are obligated to remediate this situation and have taken steps to receive permission to dredge out the bed. The associated cost is an unanticipated \$13,000 for excavating and hauling the many truckloads of accumulated fill to an approved dumping location.

Reserves - As reported in June, we have a balance of about \$32,000 in unspent reserve funding scheduled for this fiscal year. The board will evaluate the projects slated for completion and may elect to defer additional spending this fiscal year. In addition to building reserves for the parking lot overlay, our roof replacement reserve (which had been postponed four years) will appear on the schedule next year. This is a \$330,000 expense that we must save for annually to be able to cover the roof replacement cost in 2034. As reported last March, we now are in the accrual process, continuing to build necessary funds to pay for the expensive Parking Lot and Driveway Asphalt Overlay Project slated for 2013 (or perhaps later). We will present the reserve schedule in two formats, first, without the roof cost impact and secondly with the roof built into the schedule.

Cost Savings/Income Generation -- Due to the fact we will be facing some extraordinary expenses with reserves and unanticipated emergency expenditures, Gary will present proposals to the board for savings and income generation consideration.

WAVECREST AOA Board Of Director's Meeting
September 11, 2012
Treasurer's Report

Budget & Expenditures	Through July			Annual Budget
	YTD Budget	YTD Revenue-Expense	Variance	
Total Revenue	\$ 493,670	\$ 559,833	\$ 66,163	\$ 846,300
Less: Operating Expense	476,352	546,135	\$ (69,783)	844,552
Operating Surplus	\$ 17,318	\$ 13,698	\$ (3,620)	\$ 1,748
Capital Expenditures		\$ 14,334		
Net Increase (Cash & Reserve Funds)		\$ (636)		

Revenue:

Revenues (45,760) are greater than budgeted due to the receipt of about \$11,000 in back payments. There was also an insurance settlement for damages in the amount of \$46,000. This is offset by Ins. Damage settlements in the amount of \$54,760

Operating Expenses:

Operating expenses are exceed the budget by \$72,091. This a combination of \$54,760 in insurance claims and not calculating in WWTP payroll currently at \$17061.

Utilities:

Electricity - Our latest bills have been running about 49 cents per KWH. We are currently over budget by \$6,514. We did have a carryover of around \$9,000 from December of last year. This should put us within the budget for electricity.

WWTP - Currently running over by \$2319. This is expected to even out towards the end of the year.

Water - Water levels continue to be above prior year level. Currently over budget by \$1820. We are also using about 3000 gallons more per day than 2011. Water rates are expected to rise 10 percent in 2013 and 2014.

Gas - Running over budget by \$14,541. Not sure why although cost per gallon has increased over last year by an average of .52 cents per gallon. Not sure why such a large increase.

Refuse - Is currently running over by \$988. Project refuse to run over budget by \$2,000 by end of year.

Building Maintenance - (2466) Should even out over the rest of the year.

Professional Services - Currently under by \$13,807. Most of this is due to legal fees decreasing by about \$10,500.

Payroll - Currently shows a deficeit of \$23,340. Should be corrected to \$6279. If continue as is project payroll to be overexpended by \$9,279.

Most of this due to increased security.

Insurance (- \$16,339)

Insurance costs this year are expected to be \$8,300 over our allotment due to higher renewal rates (14%) than anticipated (8%), and increases in coverage for homeowner policies for units owned by Wavecrest. An \$8,755 bill carried over from 2010 brings our total deficit to \$16,339,

Capital Expenditures - Capital expenditures totaling \$14,334 over last seven months.

Overall - Currently actual budget is at \$559,833. Total operating \$546,135. Does not include capital expenditures of \$14,334.

Cash & Investment Balances

	Total	This Period Operating Fund	Reserve Fund (Invest)
July 31, 2012 Cash & Investment Balance	\$ 405,661	\$ 51,455	\$ 354,206
Net Increase (Decrease) in 2012	\$ (635)	\$ (4,871)	\$ 4,235
Cash & Investment Balance	\$ 405,026	\$ 46,584	\$ 358,441

Secretary's Report

September 11, 2012

Since our last regular meeting of June 15th, I have received correspondence from two individual homeowners and sent a response to an owner with a question that couldn't be answered at the June meeting until some research was done.

Current issues of concern involved (1) the new Service Animal requirements and (2) a request for reimbursement of lost income related to these new requirements.

Basically it's been "all quiet on the front" which I hope is an indication that day to day issues are being directed to Gary and Zaida at the office for handling and documentation.

Respectfully Submitted

Annie Albritton

Board Secretary

Managers Report For Wavecrest Board Meeting 9/11/2012

Buildings:

- Sewer line cleanout will start September 17th I'm waiting on a schedule from Roto Rooter. Contracts signed, license & Insurance verified.
- Annual testing the backflow prevention valve, completed
- Waiting for start date on solar from Green Global and meetings with Michael Leone
- Approx 6 violation sent out
- Another water heater went out, we now have one heater in A & C buildings and 2 water heaters in B building
- MECO will be replacing 2 poles by employee parking lot (completed)
- Solar metering equipment is being installed, completed at Office, A,B, and C buildings
- Repaired broken cast iron pipe in several units
- Repaired A building concrete walkway
- Construction Engineering labs completed the evaluation of the asphalt, report and the asphalt has been moved to 2017.
- Hawaiian Telcom trimmed the trees around the phone lines and installed new phone lines
- Attorney sent out letter to carpet installer. Installer showed up last week and started the repairs. Still working on repairs
- Miscellaneous touchup painting
- Replacing & repairing railing pickets as needed

Grounds:

- Installed two new benches, ocean front lawn
- Working on riverbed cleanup permit
- June , trimmed coconut trees, next trimming December
- Replaced two irrigation control panels and replaced 1 irrigation valves
- Planted tealeaf along river wall
- Replaced 3 irrigation valves
- Repaired 1 broken irrigation lines
- Potted at WWTP 2 palm trees, 2 Manila and 10 coconut palms 10 Plumeria
- Pressure washed courtyard walkways
- Ongoing irrigation testing and repairs
- Fertilized all lawn area every 4 months
- Reset irrigation timers seasonally
- Replacing walkway lights as needed

- Installing cinders in planter areas

Wastewater treatment plant

- Tuned up both generators (completed)
- WWTP drain field controller panel replaced
- Remove bushes, trim trees and organize compound
- Annual pumping of lift station and WWTP (completed)
- Setup weekly testing schedule for lift station phone line, pumps and control panel
- Test both backup generators weekly
- Installed new electric motor for blower
- Serviced control panel at WWTP
- Completing injection well report to State, due October 2012
- Clean lift station and test weekly
- Clean and service Tanks A,B & C daily
- Wasting holding tanks A,B & C monthly

Swimming Pool and Cabana:

- Installed potted trees around pool, Mihpel's idea
- Installed new pool signs (New House Rules) at pool
- Check and clean laundry room daily
- Changed pool gate code May 1st (4789) will change again Nov 1st to (2468)
- Backwashing pool to maintain Cyanuric acid level
- We check and clean the pool and cabana area daily
- BBQ's deep cleaned Mon, Wed and Fri