

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

Date: September 16, 2011

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 8:05 A.M. HST

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

Guests: Luann Cefola A107 – Ruth and Dick Cox C113 & C207 – Malcolm Mackey and Keri Zacher C305 – Alexander Laing C315 - \*Georgiana Olson A103 - \*Bob McCann C103 – \*Carole Moore A313

**Proof of Notice of Meeting:** The Secretary reported Notice of Meeting posted Friday, September 2, 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 6<sup>th</sup> have been posted on the website for review. **MOTION** by Richard Felkins seconded by Glenn Lawrence to waive the reading of the minutes of the Regular Meeting of June 6, 2011 and approve as written. 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) Prior to the meeting Mike asked attending owners to write their name and unit number on a piece of paper that would be used in a drawing for a gift at the end of the meeting. He said he wanted to infuse a little fun into our meetings and thank the owners for taking the time to join us. He explained in detail the information given to us last week concerning the need to apply for a SMA permit for the electrical portion of our solar roof project and that Molokai is the only island where this is required with all other island projects being exempt. Contractors are working with MECO to extend our September 30<sup>th</sup> deadline or obtain an SMA waiver. He also acknowledged the good work Shane is doing on our WWTP and that he is a real asset to our facility. He also thanked Connie Albright for the many years she has contributed her time to Wavecrest both as a board member and service on various committees. He noted that today's meeting is primarily a budget meeting and that the underlying goal of this and recent Boards has been to keep Wavecrest on a "pay as you go basis" for reserves and keeping it 100% funded if at all possible. Today that is the Boards task and goal.

**Treasurers Report:** (attached) there will be a variety of handouts included in today's budget presentation. Verne explained the line items in his Treasurers Report which gives an overview of our



financial position to date. He explained two recent unexpected payments received from delinquent accounts totaling approx. \$26,000.

**Secretary's Report:** (copy attached) Ann reported no inquiries to the Board since our last meeting. She wanted owners to know her "door is always open" for anyone who has a question about Wavecrest and its operation and that it doesn't have to be an emergency to contact her. She will be glad to research information for you if you have a question.

**Manager's Report:** (copy attached) Gary began by saying that he believes the WWTP is in as good a shape as it's ever been and our test are all coming back great. Also that the system has fully recovered from the Tsunami. He took time to compliment the entire crew on the job they are doing. After reading his report Gary asked for comments or questions. Keri wanted to understand the issue about getting a new mail box system and Gary said he received a directive from the postal service that within the next two years they will switch to a direct mail service which will require us to buy a new box system approved by the postal service and the letter carrier will distribute all mail and it will no longer be sorted and handled by the office. Keri also asked if any determination had been made about bike racks under the stairs and Mike said first we have to have an owner vote on the disposition of the fire hoses at the annual meeting to find out if there will be room for a bike rack as well as getting the boiler footprint built out for the solar project.

**COMMITTEE REPORTS:** **House Rules Survey/Luann Cefola:** (copy attached) Luann noted that the survey had been sent to owners in July and that there were a lot of good comments from owners. She read the survey results in detail including the committee recommendation on each point contained in the survey. She also read the owner comments including those that pertained to issues not contained in the survey. Relative to Question 1 – Lanai Carpeting - **MOTION** by Ann, seconded by Glenn to retain Item #4 "Unit Modifications & Repairs" of House Rules *as is except to change the words neutral beige to beige spectrum.* Motion passed with a vote of 5 yes and 1 abstention (Verne Albright).

**MOTION** by Ann, seconded by Richard to accept all remaining recommendations of the committee pertaining to the House Rule Survey and with regard to Section 2 Plants on Lanai Question #2 that the number of plants allowed is 5. Discussion: Jon Givens asked that the survey committee develop language for the Pool section Question #4 relating to limiting the number of pool toy and the age of children using them so that the issue will be less specific and relate more to disturbance of others. (Luann Cefola & Ruth Cox who were both attending the meeting, drafted a statement and presented it to the Board) **MOTION** by Jon seconded by Verne to rescind and restate the previous motion. Motion passed by unanimous vote.

**MOTION:** by Jon seconded by Glenn to adopt into the House Rules language regarding the use of pool toys as follows: "Pool toys must not create a disturbance, safety hazard or interfere with others enjoyment or use of the pool." Motion passed by unanimous vote.

**MOTION:** by Ann seconded by Glenn to accept the remaining recommendations of the committee pertaining to the House Rule Survey and allow "housekeeping" of the House Rules and related documents and signs so that inconsistencies in language can be clarified and corrected". Motion passed by unanimous vote.

Mike thanked everyone on the committee for their hard work on behalf of Wavecrest.

**Landscape Committee:** Glenn Lawrence reported that he and Jon Givens had finished their review of our landscape needs after reviewing the report by the arborist. He noted that the arborist advised



against importing plants and trees from other islands to avoid introducing plant pests and disease to the island so that we will be restricted to finding or growing our landscape materials here on Molokai. He noted that Gary already has some plumeria and palm starts out in the shade shed. The first stage will be to put trees and shrubs back where ones have been removed and are missing as well as increasing the number of planting we have on site. Mike mentioned that Gary has brought in another load of cinders that will be placed over landscape cloth to retard weeds in the flower beds. Jon said we will be happy to plant mature trees if we can find a source on island. Luann said some may be available at Mile 14 where they have been selling royal and manila palms starts for \$70 each. Glenn and Jon said they would pursue this lead.

**OLD BUSINESS: Solar Install Update:** Mike said he felt this had been sufficiently covered in his Presidents Report.

**Pool Gate Code:** Due to comments received by owners through the House Rules Survey, the committee recommended the gate code be changed a minimum of once a quarter. After general discussion Mike suggested the Board implement an action on this issue. **MOTION** by Glenn seconded by Ann that the gate code be changed a minimum of once a quarter. Discussion: Richard asked about advance owner notice especially for those who rent their units and Gary assured him the office would give advance notice of any code change. Call for the vote – Yes 3 – No 3 – split vote and motion did not carry.

**MOTION** by Jon seconded by Verne that the gate code be changed at least once every six months. Motion carried by unanimous vote.

**NEW BUSINESS: Review/Revise Personnel Manual:** Ann explained that Gary had gone through the existing Personnel Manual and felt some areas were not clear and specific and wanted to add some clarification which he presented to the Board for their review. There was also a section on Page 9 – Vacations – Para. 2 where Gary requested adding a sentence. Jon discussed also adding to Para 2 for further clarification. **MOTION** by Ann seconded by Verne to accept the “clarifications” as submitted to the Board and to change the first sentence of Para 2 under Vacations, Page 9 to read “You must use your vacation days each year but you can carry over up to 5 days.” As well as change the first sentence of Para 3 under Vacations, Page 9 to read **(I need to insert his language that Jon wrote and gave to Gary)** Motion carried by unanimous vote.

Mike called for a ten minute break at 10:00 AM HST. Meeting resumed at 10:10 AM HST.

**Common Elements Defined: “Who Owns What”** (attached) Ann explained that she had been asked to research Hawaii State Law Document 514B as well as our Bylaws and Declarations to offer some clarification regarding the elements that make up a private unit vs. common elements and limited common elements here at Wavecrest. The attached “Who Owns What” contains information from 514B-35 “Unit Boundaries” – Declarations Page 3 “Residential Units – Page 9 (d) “Limit of Apt.” – Page 10 (4) “Limited Common Elements” – By-Laws , Use of Project #2 – Maintenance of Units (Page 16, 17, & 18) and 514B-105. In reading these documents she felt it was important for owners to remember that *Limited Common relates to the USE not OWNERSHIP*. The documents state generally that all exterior doors and windows are limited common elements and belong to the Association. When these elements are allowed to be upgraded the new installation becomes a limited common element. Any claim for damage or replacement would be calculated as an upgraded element by the AOAO’s insurance and cost based on the original element not the replacement element. General discussion between owners and the Board.



**Budget Review 2012:** (Budget Summary attached) Verne included a number of handouts to those owners present and noted the office will send these via email to owners who request them prior to the meeting. Included was a Budget Summary FY 2012. Verne discussed each of the 48 line items called out in the Budget Summary and answered questions from the floor.

Discussion with the Board resulted in the following recommended changes: Item 2 Verne reducing Unrecovered Income from \$45,000 to \$35,000. Item 12 he noted the current rent for the office apt. is \$595. Item 13 Electricity – Glenn and Verne suggest no change while other board members suggest reduction of \$5,000 and Jon reminding all owners to consume less power. Item 15 WWTP all members agree to increase by \$2,000 for Olson trips. Item 16 Mike recommends reducing by \$2,000 due to anticipated solar impact on our HWH. Item 19 Grounds, Jon wants to be sure there is enough to cover buying some palms and plants in the \$1,000 range this next year and Gary said yes.

Item 20 Tree Trimming Keri noted the Arborist recommended trimming three times a year and Glenn said the committee felt 2 times a year was sufficient and would reduce climbing cleat damage to the tree trunks. Item 43 Insurance Mike mentioned that we were following the suggestion of our insurance rep, Sue Savio who has served us well in the past. Item 46 Maintenance Fee Expense represents the four units we hold title to those being B210 (managers unit) A102, B203 and C212. We expect to have title to A312 in the near future. Jon asked if John Morris expected the banks to foreclose on any of the three units soon and Mikes answer was no, the process is getting longer rather than shorter.

**Reserve Study Review:** (Reserve Study Projection attached) Verne provided owners with a Reserve Study Projection sheet including 27 line items with the schedule running through 2025 with their cost estimates at the time of implementation. He also provided a 2 page proposal of Reserve Funding Percentage Level s offering 5 different approaches. He said that Gary's review of the study sheet resulted in his recommendation of 7 changes and the following changes were made: 1) add fire hoses as an item (now Item #4) this is an item homeowners will vote on in March. 2) Item #4 Lawn mower #1 change normal life to 5 years and move down to 2013 Item #5. 3) Item #8 Office Flooring change normal life to 12 years which moves it down to 2018 Item #16 4) Item #9 Lawn mower #2 change normal life to 5 years and move down to 2016 Item #13 5) Item #17 Water Heater B1 delete. When solar system is installed we only need 1 boiler in each building. 6) Item 21 Water Heater C1 delete 7) Item #27 Pool decking delete. The new concrete decking should have a life of at least 30 years thereby removing it from the 20 year reserve study. These changes don't make a significant difference in our reserve percentages but they do clean up the schedule.

Verne recommended reducing Item #1 Contingency from \$23,166y to \$10,000. The board concurred. Jon asked Gary about the condition of the truck and it was decided it was operating on borrowed time and the item needs to remain as is. Some discussion of Item #3 relative to the solar project. It was noted that the price of resurfacing the parking lot, Item #6 is driven by oil prices. There was discussion on whether or not to get this work done in 2012 rather than 2013 depending on oil prices and our ability to maybe piggyback the job with something the county road department is doing. Gary said that would be possible as long as it did not overlap with other 2012 projects. Keri asked about this items history and Mike said it was originally on the schedule for 2003 and that we have kept pushing it forward because the association did not have the money to do the project. It was last done in 1992 with one slurry seal since then. Discussion about how often you need to seal coat to preserve the new asphalt and that this should be a reserve study concern.



Item #11 TV & Cable System a 2015 item for \$11,356 was questioned and Mike explained that it is the old original TV antenna system and has nothing to do with our newer TV cable or satellite systems. It was believed that only one or perhaps two owners still use the system and Jon asked if it could be removed from the Reserve Study. Ann agreed to research the question since this service was originally offered to all owners as one of the common elements.

Mike reminded everyone that "the gorilla in the room" was the roof project which will not rotate back into the reserve study until 2013. That will be a very big ticket item.

Verne then discussed his Reserve Funding Percentage items and reviewed each of the five possibilities using the example of a three year schedule thru 2014 to show the end result of different levels of maintenance fees and where our reserve funding level would be at the end of three years. The five examples illustrate reserve funding levels in 2014 as low as 16% and as high as 94%.

The Board will be using all materials and figures provided by Verne to determine at what level to place the maintenance fees for 2012. That decision will not be made at the meeting today.

Mike thanked Verne for his expertise and detailed presentation and for providing both the Board and homeowners with an extremely transparent process.

**Accountable Paper Trail:** Mike explained that subsequent to the preparation of the Agenda, the Board was made aware of another item which they felt needed to be addressed. In response to owner concerns, the Board opened discussions with Gary. Mike asked Ann to talk about the issue.

Equitable Enforcement of Rules with an Accountable Paper Trail – Ann explained that there have been owner concerns about noise and behavior issues that owners feel have not been properly addressed and have asked for some resolution. Our By-Laws state on Page 17 (h) "All occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers in such manner as may disturb other occupants." There are currently complaints of TV and radio noise in bedrooms as well as problems with wall mounted TV's in the living room areas where sound and vibrations travel through and down walls. Wavecrest is almost 35 years old and there is no insulation or soundproofing in our walls. There are owners who feel their concerns about noise are not being addressed. This included disturbances at the pool.

Ann felt that "noise" needed to be further defined as either discretionary (being at the pleasure of and under control of an individual) or occasional and inadvertent (such as loud language or snoring). The noise items called out on Page 17 of the By-Laws are discretionary. The existing system of handling complaints was reviewed and it was determined that we should create a paper trail for accountability. Ann offered the following comments: 1) Owners need to understand that it is not managements solely responsible to seek out and discover violations. Their primary role is to act once a complaint is lodged by an owner. The Gary and Ann have agreed to immediately create and implement an Owner Request for Corrective Action of Rules Violation form (or similar title) that will be available from security, at the office and on our website. The form will require the name and unit number of the owner making the request and an explanation of the corrective action and must be signed and dated by the owner. It was agreed that whenever possible, the identity of the owner making the complaint would be kept confidential. The form will also contain the following statement:

*"This process is regulated by the Condominium Laws of the State of Hawaii, and by the By-Laws, Declarations and House Rules of Wavecrest Resort and will be handled in accordance with those regulations. If you believe this matter has not been resolved within a reasonable amount of time you are*



*advised to contact the Board of Directors."* Gary and Ann have both drafted sample forms and will have a final form ready for printing early next week and available asap.

Mike asked if there was a motion for consideration. **MOTION** by Glenn seconded by Richard that all owner complaints must be in writing on the form provided. Motion carried by unanimous vote.

**OPEN SESSION** Ruth thanked Gary for hosting the employee pool party and suggested that Wavecrest sponsor an annual Employee Appreciation Day "pot luck at the pool". Malcolm had a question about the MECO deadline relating to the solar project delay and Mike said the contractor is working through the issue and will keep us updated. Keri asked Gary to thank our neighboring property owner for allowing our cement truck access during the recent pour at the pool.

Since we were at the end of the meeting, Mike held the drawing and Malcolm won the prize – a new cookbook just released for sale yesterday. Mike thanked everyone in participating in our budget process.

There being no further business, **MOTION** by Glenn seconded by Verne to adjourn the regular session and reconvene in executive session in 10 minutes to further discuss budget payroll for next year and delinquencies and liens and other legal matters pending with John Morris. Motion carried by unanimous vote. Regular meeting adjourned at 1:20 P.M. HST.

Regular session reconvened at 2:04 P.M. HST. It was noted that during executive session the Board determined the need to call a Special Meeting for Monday, September 26<sup>th</sup> at 8 A.M. HST. Notices will be posted accordingly.

**MOTION** by Verne seconded by Glenn to adjourn the Regular Meeting of the Board of Directors. Motion passed by unanimous vote. Meeting adjourned at 2:05 P.M. HST.

Respectfully Submitted

Annie Albritton

Board Secretary



# **President's Report**

## **Board of Directors Meeting**

### **September 16, 2011**

**Update on Solar PV System/ Water Source Heat Pumps** – Our solar installers report they expect to be on island in late September installing the PV panels on the roofs of the office, and A, B and C buildings. We fully expect our electrical grid to be on-line prior to the end of the year. SMA and building permits will be required for the separate hot water phase of our project, due to construction issues, and 'in process' with the Maui County regulatory authorities. Just as soon as permits are granted we've been assured the hot water portion of the contract will commence promptly.

**Propane Update** – Propane has continued to increase in price since my last report in June. Verne will provide an overview of utilities costs during his presentation.

**Waste Water Treatment** – Our WWTP continues to operate well within prescribed parameters established by the State. Management's focus on this important aspect of our facility, coupled with the hire earlier this year of a motivated WWTP employee, has contributed to the successful operation and maintenance of our plant.

**Painting** – The completion of our painting project (hallways, cabana and office) utilizing in-house employees has been cost effective for the AOA. Thanks to RM Gary for suggesting this cost saving contract option and our staff for carrying out the plan effectively.

**Tree and Landscape Committee** – The committee chaired by Glenn Lawrence will report during today's meeting. Jon Givens, along with Glenn also worked on key components, information gathering and planning.

**Swimming Pool Deck Replacement** -- As outlined at the Annual Meeting; over the summer our pool decking and cabana cooking area flagstone was replaced with stamped concrete. The project completed and the pool area opened September 8<sup>th</sup>, a slight delay from our original plan due to interisland shipping delays. New, high



efficiency stainless steel BBQ's have been installed which provide a 'professional level' cooking experience for our local chefs!

President's Report - September 16, 2011

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**House Rules** - The House Rules committee has distributed a questionnaire to all homeowners requesting input on a number of issues that had been brought up at the March Annual Meeting. Committee members Annie Albritton and Luann Cefola are working 'over-time on your behalf, tabulating the mountains of data in the questionnaire, researching alternatives and mining other AOA sites for pertinent information. The committee, which also includes Suzanne O'Connell and Ruth Cox will report their findings to the board during the course of today's meeting. Connie Albright, has asked to step down from the Chair position due to personal reasons, however is continuing to assist the committee with its recommendations.

**Budget Session** - One of your board's more challenging annual duties will take place during the course of today's meeting. We are charged with the development of a cost-effective, yet feasible financial budget, for management to follow during 2012. Your treasurer, Verne Albright has developed for the board members a number of spreadsheets, 'what if' scenarios and fiscally sound estimates governing operating costs for the upcoming year. In addition to the operating budget we are charged with maintaining a prudent reserve budget, which *saves for* and *pays for* our upcoming planned capital expenses over the next 20 years. State law mandates we maintain at least a 50% reserve balance on hand. Your board in the past several years has set a goal of maintaining at least 100% in reserves. In other words, we as current homeowners are covering the AOA infrastructure on a 'pay as you go' basis, not pushing costs forward for future owners to either pay by assessment or increased HOA dues. Your monthly HOA dues cover both our operating as well as reserve budget requirements.



WAVECREST AOA Board Of Director's Meeting  
September 13, 2011  
Treasurer's Report

Budget & Expenditures	Through July			January through December		
	YTD Budget	YTD Revenue-Expense	Variance	Annual Budget	Estimated Revenue-Expense	Variance
Total Revenue	\$ 489,503	\$ 500,633	\$ 11,130	\$ 839,145	\$ 855,448	\$ 16,303
Less: Operating Expense	473,871	495,160	\$ (21,289)	817,633	839,445	\$ (21,812)
Operating Surplus	\$ 15,632	\$ 5,473	\$ (10,159)	\$ 21,512	\$ 16,003	\$ (5,509)
Capital Expenditures		\$ 83,761			\$ 98,218	
Net Increase (Cash & Reserve Funds)		<u>\$ (78,288)</u>			<u>\$ (82,215)</u>	

**Revenue:**

Revenues are greater than budgeted due to the receipt of \$6,630 in back payments from two units that were sold. An additional unit is pending sale and I anticipate \$6,700 in back maintenance fees this year under new legislation signed in May.

**Operating Expenses:**

I'm projecting operating expenses to exceed the budget by \$21,812. This a combination of an \$8,755 insurance bill carried over from 2010 and \$13,000 in increased expenses this year.

**Utilities: ( -\$6,425 )**

**Electricity** - Our budget was based on an average cost of 41.8 cents/KWH. Our latest bill was over 49 cents and I expect an average for the year of 45.8 cents. Our usage is approximately 272,000 KWHs and this 4 cent increases equates to a deficit of \$11,000 based on price and the balance a slight increase in usage.

**WWTP** - The use of a consultant for staff training in plant operations, and the purchase and installation of a new lift station pump have created a shortfall of approximately \$5,000.

**Internet** - General internet maintenance and the installation of a new Wi-Fi system in the cabana have exceeded our budget this year by over \$4,000.

**Water** - Water levels continue to be below prior year levels. I'm projecting a savings of 2 million gallons from our budgeted level with a dollar savings of \$9,000. This reduction has been consistent throughout the year.

**Gas.** I'm projecting a savings of over 2,000 gallons of propane with a value of \$7,000. This reduction has been consistent the last 12 months.



**Building Maintenance ( -\$6,242 )**

I'm expecting that we will exceed the budget for this category by \$6,242. An arborist's evaluation of our grounds, removal and stump grinding of trees and an upgrade of the electrical system in the lift station exceeded amounts budgeted for this category.

**Professional Services: ( + \$9,527 )**

I'm projecting a savings of \$9,500 this year as the Wavecrest's administrative costs for supplies, office equipment, computer services, etc. are below prior year levels.

**Payroll: ( - \$2,333 )**

I'm expecting a deficit of \$7,000 in salaries and payroll taxes as a result of increasing security hours. This is partial offset by savings in Health Care premium costs and Worker's Compensation Insurance costs. The net effect is a shortfall of \$2,333.

**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 \$98,128 include the final payments for the stairway and carpeting projects initiated last year along with the new pool decking, Office Roof, BBQ grills and repairs to the Manager's unit.

**Overall**

Although the annual budget projects a deficit, the beginning fund balances were sufficient that we will still end the year with an Operating Fund balance of \$41,220, and \$305,000 in Reserve Funds.

**Cash & Investment Balances**

	Total	This Period Operating Fund	Reserve Fund (Invest)	Total	Full Year Operating Fund	Reserve Fund (Invest)
Dec. 31, 2010 Cash & Investment Balance	\$ 428,435	\$ 79,332	\$ 349,103	\$ 428,435	\$ 79,332	\$ 349,103
Net Increase (Decrease) in 2011	\$ (78,288)	\$ (34,032)	\$ (44,256)	\$ (82,215)	\$ (38,112)	\$ (44,103)
Cash & Investment Balance	\$ 350,147	\$ 45,300	\$ 304,847	\$ 346,220	\$ 41,220	\$ 305,000

**Delinquencies**

	June Total	July Total	Change
Total	\$ 184,315	\$ 186,241	\$ 1,926
Current Owners	101,228	102,693	1,465
Previous Owners	83,137	83,548	411



## Secretary's Report

September 16, 2011

Since our last regular meeting of June 8<sup>th</sup> 2011, the Board has received no inquiries from homeowners.

Several notices were sent to owners from the front office including notices of pool closure dates, the House Rules Survey, the availability of low flow shower heads and faucet aerators at the office, the hallway painting schedule, an inquiry for extra hallway light fixtures as well as information on emergency preparedness.

A newsletter was sent to all owners in July.

Respectfully Submitted,

Annie Albritton

Board Secretary



## **Managers Report For Wavecrest Board Meeting 9/16/2011**

### **Buildings:**

- Exterior painting office, cabana and pump house completed
- Interior painting of laundry room completed
- The fire hoses we have under the stairways are not needed according to the Fire Inspector or our insurance company, the owners will decide if the hoses will be removed at the March 2012 meeting
- Building interior hallways have been painted
- Propane tank painting completed
- Certify Backflow Valve September 2011, due October 31, 2011

### **Grounds:**

- Pressure washed courtyard walkways
- New lawn tractor and trailer back in operation
- Ongoing irrigation testing and repairs
- Fertilized all lawn area every 4 months
- Purchased new gas powered equipment, 1 weed eater and 1 hedger
- Reset irrigation timers seasonally
- Emptied, repaired and cleaned pump house after tsunami
- Replacing walkway lights as needed
- Installing cinders in planter areas
- Repaired 3" pvc irrigation line

### **Wastewater treatment plant**

- Remove bushes, trim trees and organize compound
- Setup weekly testing schedule for lift station phone line, pumps and control panel
- Test both backup generators weekly
- Installed new battery chargers for backup generators
- Installed sink and toilet for cleanup at WWTP
- Serviced control panel at WWTP
- Installed additional security locks on blower shed
- Installed 2 new lift station pump, one 1hp and 3 new float switches
- Clean lift station weekly
- Clean and service Tanks A,B & C daily
- Wasting holding tanks A,B & C monthly



### **Swimming Pool and Cabana:**

- Installed new clock in pool area
- Cleaned cabana carpet
- New concrete pool decking completed
- Backwashing pool to maintain Cyanuric acid level
- We check and clean the pool and cabana area daily
- New BBQ's and gas valves installed

### **Summary and Pending Board action:**

#### **Pending Board questions**

- Are A/C units allowed in units ? - wiring and condensate lines are in place
- Doors & screens / Windows & screens /wiring / plumbing, AOA or Owner
- Employee manual update
- Tree planting location
- Fire hoses- keep or remove
- Kayak rack to replace storage under cabana
- Bike rack storage under stairway
- Lanai design – carpet color / plants etc.
- New mail boxes so post office can deliver mail
- Status on solar project
- George Hernandez C-215 has a mice problem and ask that we check other units and put bait stations in the attics of all building



## House Rules Committee – Recommendations

### 1. Lanai carpeting

Question - Should green as well as beige carpeting be allowed?

The responses to this question were split 50/50 between the responders. 21 in favor of green being allowed and 21 opposed.

Based on this response the committee recommends that the Board take a count of the number of green carpets remaining and, acting as the tie breaker, determine if green should or should not be allowed.

#### Related responder comments:

Exempt top two floors.

### 2. Plants on Lanai

Question #1 – Allow more than two planters

The responders voted 27 in favor and 16 against.

It is the committee's recommendation that more than two planters be allowed. This impacts the language in Wavecrest House Rules – LANAIS - #6 and Wavecrest Design Details – LANAI AREA – Plant/Planter.

Question #2 – How many planters?



The responses varied from 3 to unlimited, with the average number being 5.

It is the committee's recommendation that additional planters be allowed and suggest that the Board determine the number which the committee recommends being between 4 and 5. This impacts the language in Wavecrest House Rules – LANAIS - #6 and Wavecrest Design Details – LANAI AREA – Plant/Planter.

Question #3 – Allow the plants to be taller than 2'

The responders voted 30 in favor and 10 against.

It is the committee's recommendation that plants are allowed to be taller than 2'. This impacts the language in Wavecrest Design Details – LANAI AREA – Plant/Planter.

Question #4 – How tall?

The responses varied from 24" to unlimited with the majority of responders indicating 36".

It is the committee's recommendation that plants are allowed to be 36" in height not including the planter/container (which as noted below will remain at 2x2). It is also the committee's recommendation that it should be stated that the plants must be maintained. This impacts the language in Wavecrest Design Details – LANAI AREA – Plant/Planter.



### Question #5 – Planter limited to 2'x2'

The responders voted 26 in favor of the limit and 13 against.

It is the committee's recommendation that planters (container) be limited to the dimensions of 2'x2' and the language relative to planters being of a standard commercial nature be retained.

It is also the committee's recommendation that the board specify that these guidelines/rules include "faux" as well as live plants.

Subject to the preceding recommended changes, it is the committee's recommendation that the current rules and design detail language surrounding lanais be retained.

#### Related responder comments:

"Encourage beauty and tasteful landscaping of the lanais"

"lanai should look neat and loved, manager can tell if it looks overgrown"

"only standard planters should be allowed"

"use water catch basins for each plant"

"Lanai - let owners choose which combination as long as no more than 7 pieces"

### 3. Disturbances at the pool



Question #1 – Limit number of people from any one unit to 8

The responders voted 29 in favor of the limit and 13 against.

For clarification the “no” responders included owners who wanted either lower and/or higher limits which ranged from 4 to 12.

It is the committee’s recommendation that the second sentence of the current language in Wavecrest House Rules – Cabana & Pool – Item #2 be replaced with the following: “Up to four (4) guests per occupied unit are allowed at the pool.”

Question #2 - Horseplay would cause immediate fine to the owner.

The responders voted 20 in favor of the immediate fine and 23 against.

The comments received indicated concerns with “immediate” fines.

The committee recommends that the Board does not implement an immediate fine system at this time.

Related responder comments:

"Living here fulltime and do not notice any "disturbances"

"exaggerated, never seen a disturbance"



"I have never experienced a disturbance at the pool that made it unsafe"

"ejection and subsequent fine for second offense"

"Need to restrict "water aerobics to shallow end and specific days and times."

"There is a policy in place report to security and let them deal with warning."

"owner should be fined if behavior continues"

"suggest using the term dangerous or unsafe behavior vs.

"horseplay"

"fine after second incident"

### Question #3 – Increase security hours

The responders voted 16 in favor of the increased security hours and 24 against

The committee recommends that the Board investigate moving hours around in order to have increased weekend coverage at the pool versus paying for additional coverage.

### Related responder comments:

"need managerial enforcement of pool rules"

"Weekends can be a problem so security should be there during the day"

"move hours around so more security on weekends"



"Don't need to change pool rules, need to enforce what we have"

"Enforcement is the key"

"unless there are enforcement mechanisms for these rules - these measures won't work"

"how about a big sign with rules of the pool and instead of fines ask them to leave"

"expand summer pool hours, there should be lap swim times and adult only times (fully posted)"

"we really thought the keyed gate was better. By now everyone on Molokai knows the code"

"would support some modifications to our current procedures for behavioral pool issues - the key is reporting and documenting"

"I will suggest our rules are fine as they are. We can make all the rules we want but none of that will do any good unless the manager, and his staff, enforces the ones we have."

"I think the pool hours should be expanded in the summer"

Question #4 – Limit pool toys to 5 years and younger  
The responders voted 25 in favor and 15 against.



The committee recommends limiting pool toys to ages 5-7 or younger while allowing kickboards as well as carve outs for any safety related toys (baby floaties etc...).

Related responder comments:

“No pool toys at all”

“7 or younger”

“exercise kickboards should be allowed”

“pools are made for fun – if a problem call security”

Miscellaneous (Pool related):

The committee does offer the following additional suggestions regarding alternative methods of handling pool use and disturbances.

1. Security needs to be encouraged and tasked with asking people at the pool which unit they are affiliated with and/or staying in. If they are not occupying the unit and the unit is actually “unoccupied”, then they should be advised they cannot be at the pool. (See recommendation from Question #1 above).
2. Pool signage should be modified to include a statement similar to the following: “Call resort security at xxx-xxxx to report any violations and/or unsafe behavior”. This way the phone number is handy and accessible to people.



3. The gate code should be changed a minimum of once per quarter.
4. The committee recommends a sign in sheet for pool access. Guests and/or occupants would need to sign in once per day when using the pool. This sheet could then be used by security to confirm if those at the pool are occupants or guests of an "occupied" unit.



### **514B-35 – Unit Boundaries**

- (1) If walls, floors or ceilings are designated as boundaries of a unit, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting part of the **finished surfaces are a part of the unit** and **all other portions** of the walls, floors, or ceiling **are part of the common element**.
- (2) If any chute, flue, duct, **wire, conduit** or any other fixture **lies partially outside the designated boundaries of a unit, any portion serving only that unit is a limited common element** appurtenant solely to that unit and **any portion thereof serving more than one unit is part of the common element**.
- (3) ---**interior non-load bearing partitions** and other fixtures & improvements within the boundaries of the unit **are part of the unit** and
- (4) Any shutters, awnings, window boxes, doorsteps, stoops, porches balconies, **lanai's**, patios **and all exterior doors and windows** or other fixtures designed to serve a single unit but are located outside the units boundaries **are limited common elements**.

### **Declarations - Residential Units** (Page 3)

---the spaces between the perimeter walls, floors and ceilings of each of the residential units.

One bedroom apartments contain a bath, bedroom, kitchen and a living-dining area plus exterior lanai each apartment containing a total of 720 sq. ft. (604 sq. ft. living space plus 116 sq. ft. lanai = 720 sq. ft.)

(Page 9) Limit of Apt (d) not include undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the floors and ceilings surrounding each apartment **or any pipes, wires, conduits, or other utility lines running thru such apt. which are utilized for or service more than one apt. the same being common elements**. Apt. includes all the walls and partitions which are not load-bearing within its perimeter walls, inner decorated or finished surfaces of walls, floors and ceilings and the fixtures originally installed.



(Page 10) (4) Limited Common Elements – certain parts of the common elements designated “limited common” **are set aside and reserved for the exclusive use of certain apts.**

*\*“Limited Common” relates to use not ownership or responsibility for repair.*

**By-Laws - Use of the Project #2 – Maintenance of Units** (Page 16) Unit owner will repair, maintain, etc. all internal installations therein such as water, elect. gas, phone, sewer sanitation, A/C, lights and other fixtures belonging to the unit etc.....

(f) make no additions or structural alterations to or exterior changes of any common elements ----

(Page 17) (g) No unit owner will decorate or landscape any entrance, hallway, planting area **or lanai appurtenant to his unit** except in accordance with standards established by the BOD.

(h) All occupants will avoid making noises and using musical instruments, radios, TV’s and amplifiers **in such manner as to disturb other occupants.**

(Page 18) (m) No owner will, without written permission of the BOD install any wiring for electric or phone, machines or AC units, or other equipment whatsoever **on the exterior of the project or protruding through the walls, windows or roof.**

**514B-105** – Association can regulate any behavior in or occupancy of a unit which violates the dec’s or bylaws or **unreasonably interferes with the use and enjoyment** of other units or the common elements by other owners.



## Wavecrest AOA

## Budget Summary for FY 2012

	Actual FY 2010	Estimated FY 2011	Draft Budget FY 2012
<b>Revenues</b>			
1 Maintenance Fees	824,040	846,720	846,720
2 Unrecovered Income	(46,222)	(31,577)	(45,000)
Sub total	777,818	815,143	801,720
3 Legal Fee Reimb	6,873	4,564	3,600
4 Other non-taxable	1,311	2,006	1,200
5 Interest Inestments	6,382	3,875	3,000
Interest Checking	61	27	-
6 Vending Machine	2,690	1,282	1,200
7 Laundry Income	8,804	2,810	2,800
8 Late Charges	3,231	3,562	3,000
9 Other Taxable	1,649	954	
Fines		890	
10 Rental Income	11,303	9,702	10,000
11 Rent- lockers/storg	2,950	3,425	2,700
12 Office Apt Rent	5,746	7,208	7,080
Total Revenue	828,818	855,448	836,300

**Operating Expenses**

<b>Utilities</b>			
13 Electricty	99,853	124,585	138,000
14 Water	29,670	26,070	27,760
15 WWTP Ops	44,069	30,244	24,400
16 Gas	28,728	27,960	29,737
17 Telephone	4,713	4,965	4,740
18 Internet Website	6,166	7,461	6,000
Total Utilities	213,199	221,285	230,637

**Building Maint.**

19 Grounds	8,004	13,677	12,000
20 Tree Triming	8,642	7,933	6,000
21 Pool	8,820	7,496	7,920
22 Pest Control	1,760	2,263	1,950
23 Refuse	12,989	14,560	16,400
24 Fire systems	3,232	2,339	800
25 Building Repairs	14,204	18,086	16,080
26 Misc repairs	12,681	12,388	10,944
Total Build Maint.	70,332	78,742	72,094



	FY 2010	FY 2011	
<b>Professional Serv</b>			
27 Adm. Supplies/serv	10,604	10,956	11,000
28 Assoc. Adm Exp	12,606	7,578	8,400
29 Vehicle Exp	3,419	3,387	3,600
30 Education Expense	2,628	2,269	2,000
31 Mgt Serv.	11,580	11,940	12,300
32 Audit/public Acctg	1,144	1,146	1,200
33 Legal fees	23,002	24,525	24,000
34 Travel Exp	-	1,112	1,000
Total Prof Serv	64,983	62,913	63,500
<b>Payroll &amp; Benefits</b>			
35 Total Salaries	205,246	219,013	228,153
36 Workers Comp	7,248	6,795	7,000
37 TDI	80	2,488	1,000
38 Health Care	29,855	35,895	37,836
39 Payroll Taxes	24,676	29,404	30,344
40 Payroll Prep	2,130	2,136	2,160
41 IRA Contribution	1,800	2,250	2,250
42 Life Insurance	435	573	600
Total Payroll	271,470	298,554	309,343
<b>Other Expenses</b>			
43 Insurance Property	95,658	128,185	127,347
44 Meeting Exp	9,435	11,337	9,980
45 Misc Exp	3,832	5,998	5,396
46 Maintenance Fee Expense	22,409	28,560	26,880
47 Real Prop Tax	1,800	2,620	2,000
48 St Gen Excise Tax	1,742	1,251	1,251
Total Other Exp	134,876	177,951	172,854
Total Operating Exp.	754,860	839,445	848,428
Operating Surplus	73,958	16,003	(12,128)
Transfer to Capital Expense Reserves	(101,714)	(21,512)	
Mortgage Adj.	-		
Increase/Decrease Operating Funds	(27,756)	(5,509)	(12,128)



Reserve Study Projects with estimated 2011 costs and cost of project in year to be accomplished with a 2% CPI adjustment

						102%	104%	106%
Item	Norm Life	Done Last	Last Cost	Next Due Date	Est Cost 2011	2012 Cost	2013 Cost	2014 Cost
1 Contingency	1	2008	\$ 7,000	2012	\$ 22,712	23,166	23,630	24,102
2 Truck	5	2007	\$ 8,600	2012	\$ 9,766	9,961		
3 Water Heater A2	15	1994	\$ 5,600	2012	\$ 6,359	6,486		
4 Fire Hoses	15	1996	\$ 6,000	2012	\$ 6,813	6,949		
Sub total 2012					\$ 45,650			
5 Lawn Mower #1	5	2008	\$ 2,142	2013	\$ 2,887		3,004	
6 Resurface Parking Lot	20	1992	\$ 87,600	2013	\$ 154,500		160,742	
7 Pool Furniture	5	2008	\$ 2,000	2013	\$ 2,271		2,363	
8 Cabana Lawn Furniture 12	5	2008	\$ 1,250	2013	\$ 1,419		1,476	
Sub total 2013					\$ 161,077			
9 Cabana Carpeting	12	2003	\$ 4,700	2015	\$ 5,337			
10 Generator TP	10	2005	\$ 8,500	2015	\$ 11,923			
11 TV & Cable Systems	10	2005	\$ 10,000	2015	\$ 11,356			
12 Generator Lift Station	10	2005	\$ 4,000	2015	\$ 5,905			
Sub total 2015					\$ 34,521			
13 Lawn Mower #2	5	2011	\$ 2,887	2016	\$ 2,887			
14 Water Heater Bldg B	15	2001	\$ 5,000	2016	\$ 7,495			
15 Unit Upgrades B210	10	2006	\$ 2,000	2016	\$ 4,542			
Sub total 2016					\$ 14,924			
16 Office Flooring	12	2006	\$ 1,500	2018	\$ 6,813			
17 Pool Tile Lining	10	2008	na	2018	\$ 61,321			
Sub total 2018					\$ 68,134			
18 Water Heater Bldg C	15	2004	\$ 4,000	2019	\$ 8,063			
Sub total 2019					\$ 8,063			
19 Paint Exterior	10	2010	\$ 120,000	2020	\$ 123,600			
20 WWTP Blowers	10	2010	\$ 4,000	2020	\$ 4,120			
21 Water Heater Bldg A	15	2005	\$ 4,000	2020	\$ 8,289			
22 Cabana Roofs	20	2000	\$ 5,000	2020	\$ 7,950			
Sub total 2020					\$ 143,959			
23 Tennis Court Ph 2	15	2006	\$ 50,000	2021	\$ 56,779			
24 Shuffle Board Resurface	15	2006	\$ 2,100	2021	\$ 5,678			
25 Carpet Exterior walkways	10	2011	\$ 34,500	2021	\$ 47,380			
26 Asphalt Slurry	8	1997	24,000	2021	\$ 24,720			
Sub total 2021					\$ 134,557			
27 Fire Extinguishers	15	2010	\$ 3,308	2025	\$ 3,407			
Grand Total					\$ 614,292	46,563	191,214	24,102