

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

Date: November 11, 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 8:00 A.M. HST

**Determination of Quorum:** Mike Nicholls, President - Jon Givens, Vice President – \*Vern Albright, Treasurer - Annie Albritton, Secretary – Glenn Lawrence, Director - Richard Felkins, Director

Owners: Ken & Linda Bergstrom C312 - \*Suzanne O’Connell B110 - \*Georgiana Olson A103 - \*Connie Albright A-305 – Malcolm Mackey & Keri Zacher C305 – Dixie Durham C-104 - Luann Cefola A107 – \*Joe Howell C310 – David & Lynne Briscoe B305 – Bruce Roessler B208 – Larry Wangen C309 - Kathy Felkins C108 & C212 – Jeff Fairchild C309 - Kris Chernik C112 - Gary Gonder, Resident Manager

**Proof of Notice of Meeting:** The Secretary reported Notice of Meeting posted Wednesday, November 2<sup>nd</sup> at both the office and cabana as well as via email to the owner list maintained by the office.

**Approval of Minutes:** President Mike Nicholls noted that the minutes of the last regular meeting have been posted on the website for review. **MOTION** by Richard Felkins seconded by Glenn Lawrence to waive reading of the minutes of the Regular Meeting of September 16, 2011 and the Special Meeting of September 26, 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 posted on the website for review.

**Presidents Report:** (copy attached) Mike reported in detail the status of our solar project including the agreement with MECO for 37KW which expired Sept. 28<sup>th</sup> as a result of delays caused by the Molokai Planning Commission. He noted that our solar panels are here on island ready for work to begin. He briefly explained that photos of the shoreline required by the Planning Commission for the solar project resulted in their advising us that the concrete along the shore will have to be removed at some time in the future with oversight from the Shoreline Commission. His report outlined several of the subjects that will be discussed in detail later in today’s meeting.

**Treasurers Report:** (copy attached) Verne’s report was overall positive showing that revenue exceeded the projected budget for the first nine months by \$28,000 due to receipt of back payments from units that were sold earlier in the year and that hopefully that will rise to \$35,000 by the end of the year. His report went on to offer an overview of each section of the budget. He ended his report letting us know he had received good news last night from attorney Morris’s

office that we had just received an additional \$18,000 from a bank owned unit that had sold which will increase our end of the year balance. Mike noted that it's good to see some of the money we've been carrying is coming back to the AOA and thanked Verne for his guidance through these unsure economic times. Jon asked about rolling over certain funds now with a motion by the board and Verne suggested waiting until the end of the year so we can earmark this unexpected revenue which will also give us time to see where our insurance premium for next year will come in.

**Secretary's Report:** (copy attached) Annie said that after writing her report, she received two additional emails from owners; one on 11-6 from Bob McCann with his observations and recommendations for the tiki torches at the pool and one on 11-10 from Connie Albright with suggestions concerning guests at the pool. Joe Howell asked if she had received an email sent through the website contact page and she had not. She will review the website page and make sure the links are working correctly. Joe's email concerned noise issues at the pool.

**Manager's Report:** (copy attached) There was additional discussion with Gary about moving the driveway palms that are growing up into the power lines. He said there are a lot of utility lines running down that side of the lawn area and he will have to determine where they are located in relation to getting equipment in to dig up the root balls of the palms. If they can be moved without damage to utilities, they will be and replanted elsewhere on the grounds in coordination with Glenn and Jon's landscape committee. He also let owners know he has a "gas station type" air hose up at the office for low tires as well as a portable jump starter for batteries that is also has a built-in air compressor for flat tires. He reminded us that we receive 25% of the revenue from the water machine up at the office and it's for sale at 60 cents a gallon. To date we have received a check for \$102 and there is no expense to the association. Suzanne suggested he ask the gas company how to clean the tiki torches since there are some parts that have to be removed. They should burn white not yellow smoke. Mike said we will look into the maintenance procedure. Gary added that they continue to add cinder rock to the planters and there is only one source on island and the material available is not the best.

**NEW BUSINESS: IRA Contributions & Holiday Bonus for Employees:** Verne said in 2010 the Board approved contributing \$300 to IRA plans for all employees who are half-time or more and who have been employed at Wavecrest for at least 1 year.

**MOTION** by Verne seconded by Glenn to \$300 contribution per qualified employee for this year. Motion carried by unanimous vote. Verne explained that for the past few years the Board has approved distributing \$1,500 equally between all employees that are currently employed regardless of time base. **MOTION** by Glenn seconded by Jon to continue the practice for this year. Motion passed by unanimous vote. Verne said this does not include any contributions from homeowners and that if checks are made payable to Gary he will distribute the funds accordingly. If checks are made out to "Wavecrest" then they are deposited with Hawaiiana Mgt. C., run through the books and a check is written back to our office.

**Reinvestment of Reserve Funds Beyond 12 months:** Verne explained that we currently have reserve funds invested in a liquid account for deposits according to the budget and from which monies are taken for capital expenditures. We also have five 12

month CDs for reserve funds that we have no immediate need for which are earning between 1.3% and .75%. Wavecrest may invest funds for period up to 10 years when approved by the board and homeowners are informed of such investments at the annual meeting. Investments beyond 10 years require majority homeowner approval. He went on to explain which institutions are approved and that the firm must have a physical office in the State of Hawaii. Hawaiiana provided the best CD rates from .70% to 1.9% for a 5 year but none offered a 10 year CD. T-bills for ten years are currently at 2.2%. Vern said regardless it's still nothing but that we could "triple our nothing" by making a change. Verne suggested the Board approve the concept of investing beyond 1 year, describe the plan to homeowners at the March meeting and wait to invest until June 2012. **MOTION** by Jon seconded by Glenn to authorize the Board to invest in instruments having a maturity term of longer than one year and less than 10 and that these investments be consistent with Hawaii laws requiring investments in institutions insured by an agency of the US Govt. or held by the US Treasury, or purchased in the name of and held for the benefit of the Assoc. through a securities broker with physical offices located in the State of Hawaii. Motion carried by unanimous vote.

**Resolution – Abandonment of Original TV Signal Distribution System:** Mike explained the history behind the original Wavecrest TV antenna system and quoted current Hawaii Condo Law 524B-140 allowing abandonment of obsolete common elements. **MOTION** by Richard seconded by Jon to approve and accept the Resolution as written. Motion carried by unanimous vote. Mike signed and dated the Resolution. A copy will be posted on the website and sent to John Morris.

**Resolution – Define Limited Common Use & Responsibility:** Ann explained that both Gary and the Board have been asked by owners who is responsible for certain limited common elements and both Gary and the Board have spent many hours researching 514B and our By-Laws and Declarations as well as common practices at Wavecrest in the past. The goal being to have the answer to those questions is consistent in all cases so that the responsibility is fair and equitable to all owners. After a lot of deliberation the Board decided that current common practices at Wavecrest is in line with the laws and that there is no need for a resolution at this time. Suzanne asked if Wavecrest is responsible for replacement of the hall entry door and said she had paid to replace her door in the past. Mike suggested she submit her invoice and the Board would revisit the issue. Connie questioned her request to replace and upgrade her existing entry door with a panel door which was denied in the past. The Boards response at that time was that their goal was to maintain uniformity for all exterior aspects of Wavecrest and the panel door was denied on that basis.

**Wavecrest Sign Policy:** Ann explained that a section of our by-laws state no signs are allowed on site but that the Board has the authority to extend exceptions to that rule. Mike said the Board received a request from a local Realtor to hold open houses on weekends and asked for permission to use Open House signs. He also said we are the only condo complex on island that does not allow them. So this last month the Board held a straw vote and approved the temporary use of Open House signs with the provision that guidelines would be set at the November meeting. Discussion followed

about parking and other issues and finally Malcolm and Luann said we should try it and see how it works. We can revisit it in June of next year. **MOTION** by Richard seconded by Glenn to accept the following concerning the use of Open House signs at Wavecrest: 1. only one open house per weekend day. Open house is limited to a 4 hour maximum showing. 2. Realtors may sign up on a first come first serve basis for showing appointments by contacting our office between 7:30 A.M. and 1:00 P.M. Monday thru Friday. Realtors cannot sign up for consecutive days if a Realtor from an agency other than the original requestor requests a showing on the second day. Reservations will not be taken further than four weeks in advance of the proposed open house. 3, Signage is permitted on the day of the Open House for one sign at the driveway entrance (2 ft. X 2 ft. maximum) and a second sign as near as practical to the unit being shown. It is requested visitors to the Resort park in 'guest parking' across from the office. We ask that Realtors respect the parking requirements as well. Motion carried by unanimous vote.

**Discuss General Noise Issues i.e. Wall Mount & Bedroom TVs:** Mike explains that the old walls at Wavecrest are hollow, have no insulation and that sound transmits thru the walls especially with such things as wall mounted TV's and someone's favorite Bose sound system. Ann added that there have been owner complaints regarding unit noise and that Gary had asked the board for direction. Again the Board did exhaustive research on noise issues in condominium complexes, researched the laws, rules and regulations and has again concluded that no Resolution is needed at this time. Ann reminded everyone that as of our last board meeting, a motion passed stating that all owner complaints now have to be in writing so that we have an accountable paper trail of how the complaint was handled and addressed. Mike said the most important thing is for us all to observe common courtesy with our neighbors in our communal living situation. The Board believes we have the mechanism in place to handle noise issues and we would like owners to give the system a chance to work. Georgia said it is important to notify Gary "when it is happening" so he can hear the noise and verify the problem. Telling him after the fact is not the best course of action. Richard said that Gary's policy is to call Security or himself so they can confirm the noise problem. Suzanne said there may be some misunderstanding between Security and Gary about handling a noise problem at the time of the incident when Security's first step may be to have the owner fill out a complaint form. Gary said he is having a meeting with Security this coming weekend and will go over the process with them.

Mike called for a 10 minute break at 9:50 A.M. Meeting reconvened at 10:00 A.M.

**COMMITTEE REPORT: Tree Replacement Program, Glenn Lawrence & Jon Givens** – Glenn reported that according to plan, Gary replaced the plumeria in front of the A Building, one in front of the C Building. He said Jon has been doing a lot of research as he's been on site here on island and is now looking for citrus and other fruit trees. They are creating a planting program and moving forward with that plan. Dixie said we need to remember about "fruit rats" in the future. Jon noted the old tangerine tree by the wall died from the tsunami waters and will be removed and replaced. Sources for trees on Molokai are few and far between so if anyone has any contacts please share them

with Glenn and Jon. Luann gave them a source for palms which worked out great. Bruce asked about the Arborist Report and Glenn said it is posted on our website.

**House Rules – Revisit Pool/Cabana Noise Issues:** Annie started the discussion by explaining there is still conflicting and confusing language in the House Rules and Rules for Occupants & Guests especially where the word “guest” is misused. She will correct the errors so that these documents use the terms Owner – Occupant – Guest correctly. The Board has received complaints about daytime guests and several suggestions on how to solve the problem. Connie agreed that we needed to define a “guest” in the House Rules as it is now confusing. She also suggested imposing a \$5 fee per guest, paid to the office in advance of the guest’s arrival. And possibly limiting guests to no more than 4 per quarter as well as reinstating that the unit owner must accompany their guests to the pool. Annie had a discussion with four owners whose’ comments included full time security on Saturday and Sunday with no gap between shifts, stronger enforcement of our existing rules or allowing no guests at all for anyone. Glenn said that as an owner he would be able to support a no guest rule. Richard agreed that it would certainly be a way to solve the weekend noise issue. Jon said he experienced two disturbing incidents at the pool over the last two weekends which included glass in the pool area and smoking and the gate being propped open with a rock. If necessary to correct the problem he said he could support a no guest rule. Mike said he would be an advocate for the other side as did Verne who suggested he would rather see a tightening up on the 4 guest number than no guests all together. Keri spoke about the number of units at Wavecrest and that owner groups arrange parties at the cabana. Glenn offered that large groups are intimidating to some individuals who make them uncomfortable using the pool and cabana. Jon said this issue applies to native and non-native alike and that race is not an issue. That we have a limited area and that large groups create an atmosphere that is often uncomfortable to others. Glenn said at this time there is no solution that will make everyone happy. Annie would like to see us try and work within the framework we have. There are rules in place but if they are not enforced we get nowhere. The decision of the Board at this time is to aggressively seek enforcement of our existing rules, have full time security with no gap between shifts and to all try and live together here at Wavecrest. Mike instructed Gary to adjust the weekend security schedule to provide continuous coverage and to met with the security staff and discusses what is required of them. Kathy offered that Kipuhi Beach rules say “no guests in the pool” but they can use the cabana and BBQ. Owner groups also ask permission to hold events and the events are posted in advance.

Jeff Fairchild asked about where the smoking areas are and Mike said outside the pool fence and to the south side of the office building. Jeff also suggested using smaller tables at the BBQ area and using the big ones in the cabana and make the BBQ area for cooking only. Dave Briscoe asked about landscape planting around the pool area to mitigate the noise and Mike said they removed landscaping several years ago because it blocked ground floor water views from the B Building. Richard felt that 90% of the problem could be solved with Security enforcing our existing rules.

Jon suggested a committee could be formed to consider this issue and present their findings at the next Board meeting in March. Jon will head the committee and volunteers included Kathy, Linda, Bruce, Jeff and Suzanne. Richard will act as their Board contact.

**OLD BUSINESS: Kayak Storage Rack-** Gary said the kayaks stored under the cabana are a mess and some are not identified and have “been there forever” and may be abandoned. He would like to build storage racks for the kayaks against the back wall of the cabana and get them out from underneath and away from plumbing pipes etc. General discussion about the area. Conclusion that notice will be sent to all owners to let the office know if they have a kayak and identify it. Unit numbers are supposed to be on the Kayak for identification. After a reasonable amount of time those kayaks not claimed will be disposed of and sold. **Bike Storage** – Still waiting to see if any room will be available in the stairwells after the solar project is complete but beyond that we could consider outside, covered bike storage and Gary suggested it should be coordinated with repaving of our parking lot. Anyone who has information on covered outside bike storage units please pass it on to Gary.

**OPEN SESSION:** Mike complimented Gary bringing our grounds back after the tsunami water intrusion. He also let everyone know that Gary is in close contact with the contractor who installed the carpet to fix the edges that are cupping and coming unglued and the ripples in some of the walkways. This issue is being addressed and taken care of. The new stamped concrete surface at the pool was also mentioned and that there are still some rough areas that may need to be resealed. Bob McCann’s email suggested we continue to pay close attention to weeds growing in our parking lot and preserve it as long as possible. If we come on hard times we may to extend the repaving project and need to keep what we have as long as we can. Bob also made mention of the tiki torches and that they are not burning properly and smoke a lot which is unattractive. He requested that there be more solar torches and that we discontinue use of the propane tiki torches unless there is a special event that would benefit from their use. Mike discussed the history around use of the torches. Joe suggested we clean the heads so they will burn better and Gary will look into it. Georgia said the cement walkway from the pool to the A Building is extremely dark at night and someone needs to check the lighting or add lighting. Joe asked if anyone has thought ahead to the repaving project and the addition of an electric car recharge station. Mike said that was a good suggestion and it would be looked into. That it was a valid thought and we should always plan ahead and think forward.

Lastly Bruce shared with Mike some history about the rock wall in front of Wavecrest and that it was put in illegally many years ago. Then the county found out and made Wavecrest remove the rock and it was taken out and stored next door on the Swenson property. The Corp of Army Engineers was contacted and they obtained a permit for the riprap and the rock was put back in place. Mike said this was very important information for us and we will research and find the old permit information. He thanked Bruce for sharing this information “as the person who has owned his unit the longest here at Wavecrest”, his knowledge of our history in invaluable.

There being no further business, **MOTION** by Glenn Lawrence seconded by Richard Felkins to adjourn the regular session and reconvene in executive session in 10 minutes to further discuss delinquencies and liens. Motion carried by unanimous vote. Regular meeting adjourned at 11:50 A.M. HST

Regular session reconvened at 12:30 PM HST

**MOTION** by Jon Givens seconded by Richard Felkins to adjourn the Regular Meeting of the Board of Directors. Motion passed by unanimous vote. Meeting adjourned at 12:32 PM HST.

Respectfully Submitted,  
Annie Albritton  
Board Secretary