



Wavecrest

**BOARD OF DIRECTORS  
ASSOCIATION OF APARTMENT OWNERS  
WAVECREST RESORT, INC.  
Kaunakakai, Hawaii**

**NOTICE OF MEETING**

Date: Wednesday November 14, 2012  
Time: 8:00 a.m. HST  
Place: Wavecrest Cabana & via Teleconference

Agenda and Order of Business

Call to Order

Determination of Quorum – Homeowner's Roll Call – Proof of Notice

Approve Minutes for Regular Meeting 9-11-2012

Officers Reports

President – Treasurer - Secretary – Resident Manager

New Business

Approve 2013 Budget  
Approve Changes to the Reserve Study  
New Generator for Lift Station  
Holiday Bonus for Employees

Committee Updates

Landscape Committee Report

Old Business

Wavecrest Unit Rent Review

Open Session – Owner Comment

Executive Session – Personnel Update - Delinquencies & Liens – Legal Issues

*Teleconference Information:  
877-214-0960*

**DATE OF NOTICE  
November 5, 2012**

Respectfully Submitted  
By  
Annie Albritton, Secretary



**Wavecrest**

**BOARD OF DIRECTORS  
ASSOCIATION OF APARTMENT OWNERS  
WAVECREST RESORT, INC.**

**Kaunakakai, Hawaii**

Wednesday, November 14, 2012

8:00 A.M. HST

Wavecrest Cabana & Via Teleconference

**AGENDA**

Call to Order

Determination of Quorum – Homeowner's Roll Call – Proof of Notice

Approve Minutes for Regular Meeting 9-11-2012

Officers Reports

President – Treasurer - Secretary – Resident Manager

Committee Updates

Landscape Committee Report

New Business

Approve 2013 Budget

Approve Changes to the Reserve Study

New Generator for Lift Station

Holiday Bonus for Employees

Old Business

Wavecrest Unit Rent Review

Open Session – Owner Comment

Executive Session – Personnel Update - Delinquencies & Liens – Legal Issues

Adjournment

*Teleconference Information:*  
*877-214-0960*

# **President's Report**

## **Board of Directors Meeting**

### **November 14, 2012**

**Update on Solar PV System** – Installation of the first phase of solar panels, a 50kW installation is now complete. We are awaiting the county electrical inspection to finalize the permit and the subsequent installation of net metering instrumentation by MECO. Just as soon as that very minor bit of work has completed we can legally 'light up' our system. Once we are on line, we will immediately petition for an additional 155kW installation, which should cover our AOA needs. (MECO does not allow for additional permitting requests until the first segment is on line.) One of our goals has been to heat the pool, which will have to come under this second application for increased generation. The once restrictive 15% alternative generation per MECO circuit has been lifted by state mandate, so our solar providers are confident we will be able to move forward much more quickly on the second application, installation and implementation.

**Internet - iWavecrest** – Shortly after my last report in September, Oceanic Cable announced an increase from their present speeds which fall below the 'served category' by the FCC to "up to 10mbps" in November. I called Oceanic last week and am waiting to hear what date the system will be upgraded. Even better news is the fact service will migrate from microwave from Maui to a new undersea fiber optic cable, which will have gigabit capacity sometime after the first of the year – the question remains however, whether Oceanic will install the equipment necessary to provide up to gigabit level service to users who opt in for the increased speed tiers.

**Streambed Cleanout** – Gary is still soliciting bids, pending county approval to clean out our streambed on the west side of our property. The anticipated cost is about \$13,000 for excavating and hauling the many truckloads of accumulated fill to an approved dumping location.

**Reserves** – I reported in September our replacement cost for roofing was estimated at \$355,000. Since that time we have double checked with Hawaiiana in order to verify the



number we were using for planning purposes. This was necessary in order to be assured we will have the correct figure for including in reserves one year from now. We were advised roof replacement should be calculated at \$477,000 - a \$122,000 increase from our original thinking. As reported in September, 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). The increased cost for roofing, which must be added to our reserves next year will seriously impact the favorable financial status we have all worked so hard to maintain over the past 8 years. Furthermore, an unplanned expense this year your board has to consider at this meeting is authorizing the replacement of our lift station generator, which continues to fail during weekly testing and during unplanned power failures. Replacement is necessary in order to prevent raw sewage from accumulating and overflowing from the lift station adjacent to the B Building (east side) onto our courtyard and possibly B Building lanai areas. I also recommend for redundancy purposes, the purchase of a back up generator in the event the courtyard generator fails to operate. Without the ability to provide electricity to our courtyard lift station, we are "out of business"! We will need to budget \$8,000 for this necessary and critical component to our WWTP operation.

**Rent Issues** - The board will discuss rental structure during the course of the upcoming meeting. Board members are split evenly on the issue of increasing rents with the possibility of losing tenants or maintaining existing rents until units are vacated.

**Budget Approval** - Rather than calling a special meeting for budget approval, we will take up this important business in open session today.

November, 2012

Treasurer's Report

| Budget & Expenditures               | Through September 2012 |                     |             | Annual Budget |
|-------------------------------------|------------------------|---------------------|-------------|---------------|
|                                     | YTD Budget             | YTD Revenue-Expense | Variance    |               |
| Total Revenue                       | \$ 634,719             | \$ 706,312          | \$ 71,593   | \$ 846,300    |
| Less: Operating Expense             | 612,318                | 669,851             | \$ (57,533) | 844,552       |
| Operating Surplus                   | \$ 22,401              | \$ 36,461           | \$ 14,060   | \$ 1,748      |
| Capital Expenditures                |                        | \$ 14,334           |             |               |
| Net Increase (Cash & Reserve Funds) |                        | <u>\$ 22,127</u>    |             |               |

**Revenue:**

Revenue through September is \$706,312.

**Operating Expenses:**

Operating expenses through September is \$669,851.

**Utilities:****Electricity-**

Over for the year \$3,763. We are below our budget estimate for 2012 as there was a bill carried over from Dec. 2011 for approximately \$9,000.

**WWTP -**

Over through the month of September by \$1,449. Assumptions are that the WWTP operations will level out and fall within our budget in the coming months.

**Water -**

Water is over budget by \$2,681. Water usage appears to have increased over last year but history shows that this should level out close to our budget within the coming months. Note that the cost of water is projected to increase by 10 percent in 2013 and another 10 percent in 2014.

**Gas -**

Gas is over budget by \$12,968. It also appears that a bill paid in January 2012 was also carried over from December 2011 for around \$5,000. We do need to note that there has been a tremendous increase in the cost of gas over the last couple of years. Our use has also appeared to increase a small percentage over last year.

## Refuse

Garbage is expected to be over budget by about \$2,000.

## Other items-

### Building Maintenance

Building maintenance is currently over budget by about \$6,000 due to an unexpected cost for sewer cleanout.

### Professional Services:

Expect savings of around \$12,000 do to legal fee reductions.

### Payroll

Overrunning our payroll budget due to the increase in security hour (currently over budget by about \$6,134. Office is over around \$2,000.

### Capital Expenditures

Our capital expenditures included \$3,800 for gutter repair work, \$5,534 for new water heater. There was also \$5,000 dollars spent for sewer damage to A112/13.

### Overall

If the current trend continues wer should end up on the plus side at the end of the 2012 budget year.

## Sept. 30, 2012 Cash & Investment Balances

|  | Total                | This Period<br>Operating<br>Fund | Reserve<br>Fund (Invest) |
|--|----------------------|----------------------------------|--------------------------|
| Dec. 31., 2011 Cash & Investment Balance | \$ 405,661 \$        | 51,455 \$                        | 354,206                  |
| Net Increase (Decrease) in 2012          | \$ 22,127 \$         | 14,137 \$                        | 7,991                    |
| Cash & Investment Balance                | <u>\$ 427,788 \$</u> | <u>65,592 \$</u>                 | <u>362,197</u>           |

Delinquencies FY 2012

| Unit                 | Owner       | Sept.<br>Balance |
|----------------------|-------------|------------------|
| <b>Active Owners</b> |             |                  |
| A109                 | Hay         | 1,359            |
| A110                 | Weinberg    | 1,944            |
| A112                 | French      | 1,974            |
| A207                 | Wells Fargo | 7,477            |
| A303                 | Clarke      | 597              |
| B304                 | Vanderbilt  | 638              |
| C102                 | Duncan      | 9,154            |
| C106                 | Csolti      | 23,530           |
| C301                 | Staton      | 1,737            |
| C313                 | Roller      | 12,439           |
|                      |             | 60,849           |

**Inactive Owners (Previous Owners)**

|                        |               |        |
|------------------------|---------------|--------|
| A102                   | Chopra        | 6,061  |
| A312                   | Reddick       | 11,769 |
| B106                   | Nespor        | 4,067  |
| B106                   | Aurora Ln Svc | 21     |
| B203                   | Macwhorter    | 8,812  |
| C202                   | Mazumder      | 16,237 |
| C206                   | Brown         | 13,464 |
| C 212                  | Guerrero      | 14,723 |
| <b>Totals Inactive</b> |               | 75,154 |

|              |   |         |
|--------------|---|---------|
| Grand Totals | - | 136,003 |
|--------------|---|---------|



Expenditure Tracking FY 2012 - Through September

| GL Code | Revenues                  | Budget FY 2012 | Revenue Jan thru Sept 2012 | Budget Jan Thru Sept 2012 | Variance |
|---------|---------------------------|----------------|----------------------------|---------------------------|----------|
| 5100    | Maintenance Fees          | 846,720.0      | 623,430                    | 635,040                   | (11,610) |
| 5102    | Unrecovered Income        | (35,000)       | -                          | (26,250)                  | 26,250   |
|         | Sub total                 | 811,720.00     | 623,430                    | 608,790                   | 14,640   |
| 5103    | Maint. Fee-Reserves       | 0.00           | (154)                      |                           | (154)    |
| 5190    | Legal Fee Reimb           | 3,600          | 1,554                      | 2,700                     | (1,146)  |
| 5210    | Other non-taxable         | 1,200          | 372                        | 900                       | (528)    |
| 5218    | Ins. Claim-Water Damage   |                | 46,369                     |                           | 46,369   |
| 5270    | Interest Investments      | 3,000          | 1,731                      | 2,250                     | (519)    |
| 5290    | Interest Checking         |                | 14                         | -                         | 14       |
| 5310    | Vending Machine           | 1,200          | 1,669                      | 900                       | 769      |
| 5330    | Laundry Income            | 2,800          | 3,895                      | 2,097                     | 1,798    |
| 5360    | Late Charges              | 3,000          | 4,208                      | 2,250                     | 1,958    |
| 5361    | Interest Charges          | -              | 8                          | -                         | 8        |
| 5375    | Other Taxable             | -              | 412                        | -                         | 412      |
| 5378    | Fines                     | -              | 600                        | -                         | 600      |
| 5400    | Rental Income             | 10,000         | 14,824                     | 7,497                     | 7,327    |
| 5405    | Rent- lockers/storg       | 2,700          | 2,025                      | 2,025                     | -        |
| 5412    | Office Apt Rent           | 7,080          | 5,355                      | 5,310                     | 45       |
|         | Total Revenue             | 846,300        | 706,312                    | 634,719                   | 71,593   |
|         | <b>Operating Expenses</b> |                |                            |                           |          |
|         | <b>Utilities</b>          |                |                            |                           |          |
| 6010    | Electricity               | 133,000        | 103,511                    | 99,747                    | (3,764)  |
| 6030    | Water                     | 27,760         | 21,189                     | 18,508                    | (2,681)  |
| 6040    | WWTP Ops                  | 26,400         | 21,249                     | 19,800                    | (1,449)  |
| 6050    | Gas                       | 27,737         | 33,767                     | 20,799                    | (12,968) |
| 6060    | Telephone                 | 4,740          | 1,512                      | 3,555                     | 2,043    |
| 6080    | Internet Website          | 6,000          | 2,321                      | 4,500                     | 2,179    |
|         | Total Utilities           | 225,637        | 183,549                    | 166,909                   | (16,640) |
|         | <b>Building Maint.</b>    |                |                            |                           |          |
| 6550    | Grounds                   | 12,000         | 10,262                     | 9,000                     | (1,262)  |
| 6552    | Tree Trimming             | 6,000          | 3,367                      | 3,000                     | (367)    |
| 6580    | Pool                      | 7,920          | 5,990                      | 5,940                     | (50)     |
| 6600    | Pest Control              | 1,950          | 1,333                      | 1,625                     | 292      |
| 6620    | Refuse                    | 16,400         | 14,393                     | 12,620                    | (1,773)  |
| 6660    | Fire systems              | 800            | -                          | 800                       | 800      |
| 6670    | Building Repairs          | 16,080         | 10,135                     | 12,060                    | 1,925    |
| 6690    | Misc repairs              | 10,944         | 14,712                     | 8,208                     | (6,504)  |
|         | Total Build Maint.        | 72,094         | 60,192                     | 53,253                    | (6,939)  |



|      |                                 | Budget<br>FY 2012 | Expense<br>thru Sept. | Budget<br>Jan thru Sept | Variance |
|------|---------------------------------|-------------------|-----------------------|-------------------------|----------|
|      | <b><u>Professional Serv</u></b> |                   |                       |                         |          |
| 6810 | Adm. Supplies/serv              | 11,000            | 6,474                 | 8,253                   | 1,779    |
| 6812 | Assoc. Adm Exp                  | 8,400             | 4,581                 | 6,300                   | 1,719    |
| 6816 | Lien Processing                 | -                 | -                     | -                       | -        |
| 6830 | Vehicle Exp                     | 3,600             | 3,185                 | 2,700                   | (485)    |
| 6840 | Education Expense               | 2,000             | 501                   | 1,000                   | 499      |
| 6850 | Mgt Serv.                       | 12,300            | 9,225                 | 9,225                   | -        |
| 6870 | Audit/public Acctg              | 1,200             | 1,146                 | 1,200                   | 54       |
| 6880 | Legal fees                      | 24,000            | 5,925                 | 18,000                  | 12,075   |
| 6885 | CCC Collection Fee              | -                 | 38                    | -                       | (38)     |
| 6927 | Travel Exp                      | 1,000             | 623                   | 1,000                   | 377      |
|      | Total Prof Serv.                | 63,500.0          | 31,698                | 47,678                  | 15,980   |
|      | <b><u>Payroll</u></b>           |                   |                       |                         |          |
| 7010 | Manager                         | 39,745.0          | 31,029                | 30,577                  | (452)    |
| 7020 | Maintenance                     | 35,350.0          | 26,652                | 27,190                  | 538      |
| 7030 | Janitorial                      | 29,565.0          | 23,579                | 22,743                  | (836)    |
| 7040 | Grounds                         | 39,566.0          | 28,258                | 30,444                  | 2,186    |
| 7041 | WWTP                            | 29,994.0          | 22,577                | -                       | (22,577) |
| 7050 | Security                        | 32,431.0          | 31,083                | 24,949                  | (6,134)  |
| 7060 | Office                          | 22,495.0          | 19,512                | 17,304                  | (2,208)  |
|      | Total Salaries                  | 229,145.0         | 182,690               | 153,207                 | (29,483) |
|      | <b><u>Benefits</u></b>          |                   |                       |                         |          |
| 7070 | Workers Comp                    | 7,000.0           | 6,795                 | 7,000                   | 205      |
| 7080 | TDI                             | 1,000.0           | 55                    | 1,000                   | 945      |
| 7090 | Health Care                     | 37,836.0          | 19,730                | 28,377                  | 8,647    |
| 7100 | Payroll Taxes                   | 30,476.0          | 24,260                | 22,860                  | (1,400)  |
| 7140 | Payroll Prep                    | 2,160.0           | 1,632                 | 1,620                   | (12)     |
| 7150 | Garnishments                    | -                 | -                     | -                       | -        |
| 7161 | IRA Contribution                | 2,250.0           | -                     | -                       | -        |
| 7256 | Life Insurance                  | 600.0             | 411                   | 450                     | 39       |
|      | Total Payroll                   | 310,467.0         | 235,573               | 214,514                 | 8,424    |
|      | <b><u>Other Expenses</u></b>    |                   |                       |                         |          |
| 7310 | Insurance Property              | 127,347.0         | 66,088                | 71,947                  | 5,859    |
| 7357 | Insurance Claims                |                   | 54,760                | -                       | (54,760) |
| 7540 | Meeting Exp                     | 9,980.0           | 6,616                 | 7,485                   | 869      |
| 7550 | Misc Exp                        | 5,395.0           | 3,644                 | 4,050                   | 406      |
| 7551 | Maintenance Fee Expense         | 26,880.0          | 24,640                | 20,160                  | (4,480)  |
| 7710 | Real Prop Tax                   | 2,000.0           | 1,465                 | 2,000                   | 535      |
| 7720 | St Gen Excise Tax               | 1,251.0           | 1,626                 | 1,252                   | (374)    |

|                                   |           |         |         |          |
|-----------------------------------|-----------|---------|---------|----------|
| Total Other Exp                   | 172,853.0 | 158,839 | 106,894 | (51,945) |
| Total Operating Exp.              | 844,551.0 | 669,851 | 589,248 | (80,603) |
| Operating Surplus                 | 1,749.0   | 36,461  | 45,471  | (5,872)  |
| Reserve Fund (Capital)<br>Expense |           | 14,334  | 26,579  | 12,245   |

Item 7041 WWTP operator has been budgeted should include \$25,400 under budget.

Estimated cost of project items for years 2012, 2013, 2014  
as of September 2012

| Item                       | Norm<br>Life | Done<br>Last | Last<br>Cost | Next Due<br>Date | Cost<br>Now<br>2012 | 104%         | 108%         |
|----------------------------|--------------|--------------|--------------|------------------|---------------------|--------------|--------------|
|                            |              |              |              |                  |                     | 2013<br>Cost | 2014<br>Cost |
| Contingency                | 1            | 2008         | \$ 7,000     | 2013             | \$ 10,000           | 10,400       | 10,816       |
| Truck                      |              | 2007         | \$ 8,600     | 2013             | \$ 9,766            | 10,157       | 10,563       |
| Lawn Mower #1              | 5            | 2008         | \$ 2,142     | 2013             | \$ 2,887            | 3,002        | 3,123        |
| Pool Furniture             | 5            | 2008         | \$ 2,000     | 2013             | \$ 2,271            | 2,362        | 2,456        |
| Cabana Lawn Furniture 12   | 5            | 2008         | \$ 1,250     | 2013             | \$ 1,419            | 1,476        | 1,535        |
| Sub total 2013             |              |              |              |                  | \$ 26,343           | \$ 27,397    | \$ 28,493    |
| Cabana Carpeting           | 12           | 2003         | \$ 4,700     | 2015             | \$ 5,337            | 5,550        | 5,772        |
| Generator TP               | 10           | 2005         | \$ 8,500     | 2015             | \$ 11,923           | 12,400       | 12,896       |
| Generator Lift Station     | 10           | 2005         | \$ 4,000     | 2015             | \$ 5,905            | 6,141        | 6,387        |
| Sub total 2015             |              |              |              |                  | \$ 23,165           | \$ 24,092    | \$ 25,055    |
| Lawn Mower #2              | 5            | 2011         | \$ 2,887     | 2016             | \$ 2,887            | 3,002        | 3,123        |
| Water Heater B             | 15           | 2001         | \$ 5,000     | 2016             | \$ 7,495            | 7,795        | 8,107        |
| Unit Upgrades B210         | 10           | 2006         | \$ 2,000     | 2016             | \$ 2,271            | 2,362        | 2,456        |
| Sub total 2016             |              |              |              |                  | \$ 12,653           | \$ 37,251    | \$ 38,741    |
| Resurface Parking Lot      | 20           | 1992         | \$ 87,600    | 2017             | \$ 270,000          | 280,800      | 292,032      |
| Sub total 2017             |              |              |              |                  | \$ 270,000          | \$ 280,800   | \$ 292,032   |
| Office Flooring            | 12           | 2006         | \$ 1,500     | 2018             | \$ 6,813            | 7,086        | 7,369        |
| Pool Tile Lining           | 10           | 2008         | na           | 2018             | \$ 61,321           | 63,774       | 66,325       |
| Sub total 2018             |              |              |              |                  | \$ 68,134           | \$ 70,859    | \$ 73,694    |
| Water Heater C             | 15           | 2004         | \$ 4,000     | 2019             | \$ 8,063            | 8,386        | 8,721        |
| Sub total 2019             |              |              |              |                  | \$ 8,063            | \$ 8,386     | \$ 8,721     |
| Paint Exterior             | 10           | 2010         | \$ 120,000   | 2020             | \$ 123,600          | 128,544      | 133,686      |
| WWTP Blowers               | 10           | 2010         | \$ 4,000     | 2020             | \$ 4,120            | 4,285        | 4,456        |
| Water Heater Bldg A        | 15           | 2005         | \$ 4,000     | 2020             | \$ 8,289            | 8,621        | 8,965        |
| Cabana Roofs               | 20           | 2000         | \$ 5,000     | 2020             | \$ 36,000           | 37,440       | 38,938       |
| Sub total 2020             |              |              |              |                  | \$ 172,009          | \$ 178,889   | \$ 186,045   |
| Tennis Court Ph 2          | 15           | 2006         | \$ 50,000    | 2021             | \$ 56,779           | 59,050       | 61,412       |
| Shuffle Board Resurface    | 15           | 2006         | \$ 2,100     | 2021             | \$ 5,678            | 5,905        | 6,141        |
| Carpet Exterior walkways I | 10           | 2011         | \$ 34,500    | 2021             | \$ 47,380           | 49,275       | 51,246       |
| Sub total 2021             |              |              |              |                  | \$ 109,837          | \$ 114,230   | \$ 118,800   |
| Fire Extinguishers         | 15           | 2010         | \$ 3,308     | 2025             | \$ 3,407            | 3,543        | 3,685        |
| Asphalt Slurry             | 8            | 1997         | 24,000       | 2025             | \$ 24,720           | 25,709       | 26,737       |
| Sub total 2025             |              |              |              |                  | \$ 28,127           | \$ 29,252    | \$ 30,422    |
| Water Heater A2            | 15           | 2012         | \$ 5,600     | 2027             | \$ 6,359            | 6,613        | 6,878        |
| Sub total 2027             |              |              |              |                  | \$ 6,359            | \$ 6,613     | \$ 6,878     |
| Roof replacemt A-B-C bldg. | 25           | 2004         |              | 2030             |                     |              | 450,000      |
| Sub total 2030             |              |              |              |                  | \$ -                | \$ -         | \$ 450,000   |

1B Nov Revised Reserve Study Listing September 2012 thru 2014 board (2).xls

Grand Total \$ 724,690 \$ 777,769 \$ 1,258,880



Mike requested that I add the roof project to our reserve list of capital projects in order to provide a what if senerio with the roof project included. See below for breakdown of our reserve and operating fund status. In the same breath we need to provide the positive aspects. The lowering of the electrical bill for the rest of 2012 and all of 2013 with the installation of our solar project will change the aspects of the below numbers. Expediting the implementation of sub-metering and putting the cost of electrical use on the homeowners could result in in a cost savings of 50 to 100 thousand dollars per year year to our budget. This savings would be offset by a cost estimate of approximately \$50,000 dollars to implement the sub-metering program.

#### RESERVE FUND STATUS PROJECTIONS

| Year | Beginning Balance | Transfer to Reserves | Less Capital Expenditures | Ending Balance | 100% reserve funding level | % funded |
|------|-------------------|----------------------|---------------------------|----------------|----------------------------|----------|
| 2012 | 354,206           | 10,000               | 14,334                    | 349,872        | 365,274                    | 96%      |
| 2013 | 349,872           | 10,000               | 27,397                    | 332,475        | 442,093                    | 75%      |
| 2014 | 332,475           | 10,000               | 0                         | 342,475        | 487,912                    | 70%      |
| 2014 | 332,475           | 10,000               | 0                         | 342,475        | 640,022                    | 54%      |
| 2012 | 354,206           | 2,000                | 14,334                    | 341,872        | 365,274                    | 94%      |
| 2013 | 341,872           | 2,000                | 27,397                    | 316,475        | 442,093                    | 72%      |
| 2014 | 316,475           | 2,000                | 0                         | 318,475        | 487,912                    | 65%      |
| 2014 | 316,475           | 2,000                | 0                         | 318,475        | 640,022                    | 50%      |

The second calculation for 2014 includes the roof replacement for the A-B-C buildings.

These projections do not include interest earned on the reserve account. There is also potential for substancial savings in electrical expenses do to the installation of the solar panels. We can also expect savings if and when sub-metering is implemented.

# OPERATING FUNDS

Projected operating funds thru 2015

Operating fund projections with \$10,000 to reserves.

Projections with \$2,000 to reserves

|                                 |           |           |
|---------------------------------|-----------|-----------|
| Sept. 30, 2012 Operating Funds  | \$65,592  | \$65,592  |
| Minus Ditch 2012                | \$13,000  | \$13,000  |
| Dec. 31, 2012 Operating Funds   | \$52,592  | \$52,592  |
| Revenue 2013                    | \$862,400 | \$862,400 |
| Available 2013                  | \$914,992 | \$914,992 |
| Minus Transfer to reserves 2013 | \$10,000  | \$2,000   |
| Net Available 2013              | \$904,992 | \$912,992 |
| Minus Expenses 2013             | \$844,318 | \$844,318 |
| End Fund Balance 2013           | \$60,674  | \$68,674  |
| Revenue 2014                    | \$862,400 | \$862,400 |
| Available 2014                  | \$923,074 | \$931,074 |
| Minus Transfer to reserves 2014 | \$10,000  | \$2,000   |
| Net Available 2014              | \$913,074 | \$929,074 |
| Minus Expenses 2014 inflated    | \$869,648 | \$869,648 |
| Balance End 2014                | \$43,426  | \$59,426  |
| Revenue 2015                    | \$862,400 | \$862,400 |
| Available 2015                  | \$905,826 | \$921,826 |
| Minus Transfer to Reserves 2015 | \$10,000  | \$2,000   |
| Net Available 2015              | \$895,826 | \$919,826 |
| Minus Expenses 2015 Inflated    | \$895,737 | \$895,737 |
| Balance End 2015                | \$89      | \$24,089  |

# Wavecrest AOA

## Budget Summary FY 2013

|                             | Budget   | Average  |
|-----------------------------|----------|----------|
|                             | Summary  | Mo. Cost |
|                             | FY 2013  | Per Unit |
| <b>Revenues</b>             |          |          |
| 1 Maintenance Fees          | 846,720  | 560      |
| 2 Unrecovered Income        | (35,000) | (23)     |
| Sub total                   | 811,720  | 537      |
| 3 Legal Fee Reimb           | 3,600    |          |
| 4 Other non-taxable         | -        |          |
| 5 Interest Investments      | 1,800    |          |
| Interest Checking           | -        |          |
| 6 Vending Machine           | 1,200    |          |
| 7 Laundry Income            | 4,000    |          |
| 8 Late Charges              | 1,000    |          |
| 9 Other Taxable             | -        |          |
| Fines                       | -        |          |
| 10 Rental Income            | 28,000   |          |
| 11 Rent- lockers/stor. Etc. | 4,000    |          |
| 12 Office Apt Rent          | 7,080    |          |
| Total Revenue               | 862,400  | 570      |
| <b>Operating Expenses</b>   |          |          |
| <b>Utilities</b>            |          |          |
| 13 Electricity              | 110,000  | 73       |
| 14 Water                    | 34,000   | 22       |
| 15 WWTP Ops                 | 26,000   | 17       |
| 16 Gas                      | 50,000   | 33       |
| 17 Telephone                | 4,740    | 3        |
| 18 Internet Website         | 5,000    | 3        |
| Total Utilities             | 229,740  | 152      |
| <b>Building Maint.</b>      |          |          |
| 19 Grounds                  | 13,200   | 9        |
| 20 Tree Trimming            | 7,000    | 5        |
| 21 Pool                     | 7,920    | 5        |
| 22 Pest Control             | 2,100    | 1        |
| 23 Refuse                   | 19,500   | 13       |
| 24 Fire systems             | 1,200    | 1        |
| 25 Building Repairs         | 16,080   | 11       |
| 26 Misc repairs             | 11,400   | 8        |
| Total Build Maint.          | 78,400   | 52       |



| Professional Serv  |   |                        |                   |
|--------------------|---|------------------------|-------------------|
| 27                 | Adm. Supplies/serv                      | 10,200                 | 7                 |
| 28                 | Assoc. Adm Exp                          | 8,400                  | 6                 |
| 29                 | Vehicle Exp                             | 3,900                  | 3                 |
| 30                 | Education Expense                       | 2,000                  | 1                 |
| 31                 | Mgt Serv.                               | 12,780                 | 8                 |
| 32                 | Audit/public Acctg                      | 1,200                  | 1                 |
| 33                 | Legal fees                              | 12,000                 | 8                 |
| 34                 | Travel Exp                              | 1,000                  | 1                 |
|                    | Total Prof Serv                         | <u>51,480</u>          | <u>34</u>         |
|                    |   |                        |                   |
| Payroll & Benefits |   |                        |                   |
| 35                 | Total Salaries                          | 230,338                | 152               |
| 36                 | Workers Comp                            | 7,000                  | 5                 |
| 37                 | TDI                                     | 1,000                  | 1                 |
| 38                 | Health Care                             | 29,000                 | 19                |
| 39                 | Payroll Taxes                           | 32,400                 | 21                |
| 40                 | Payroll Prep                            | 2,160                  | 1                 |
| 41                 | IRA Contribution                        | 2,250                  | 1                 |
| 42                 | Life Insurance                          | 660                    | 0                 |
|                    | Total Payroll                           | <u>304,808</u>         | <u>202</u>        |
|                    |   |                        |                   |
| Other Expenses     |   |                        |                   |
| 43                 | Insurance Property                      | 131,010                | 87                |
| 44                 | Meeting Exp                             | 9,980                  | 7                 |
| 45                 | Misc Exp                                | 5,400                  | 4                 |
| 46                 | Maintenance Fee Expense                 | 30,000                 | 20                |
| 47                 | Real Prop Tax                           | 2,000                  | 1                 |
| 48                 | St Gen Excise Tax                       | 1,500                  | 1                 |
|                    | Total Other Exp                         | <u>179,890</u>         | <u>119</u>        |
|                    |   |                        |                   |
|                    | Total Operating Exp.                    | <u><u>844,318</u></u>  | <u><u>558</u></u> |
|                    |   |                        |                   |
|                    | Operating Surplus                       | <u><u>18,082</u></u>   | <u><u>12</u></u>  |
|                    |   |                        |                   |
|                    | Transfer to Capital<br>Expense Reserves | <u><u>(10,000)</u></u> | <u><u>(7)</u></u> |
|                    |   |                        |                   |
|                    | Net Total                               | <u><u>8,082</u></u>    | <u><u>5</u></u>   |

## Secretary's Report

November 14, 2012

Since our last regular meeting of September 11, 2012, I have received correspondence from four individual homeowners.

Issues of concern dealt with allowed uses of the lanai areas as a limited common element, service animals and the recent work completed in the ground floor units under the Roto Rooter contract.

The front office has sent numerous notices to owners of our ongoing projects keeping them advised of scheduling dates and progress.

Respectfully Submitted,

Annie Albritton]  
Board Secretary

## **Managers Report For Wavecrest Board Meeting 11/14/2012**

### **Buildings:**

- Looking into the cost of sub-metering electric for all units
- Sewer line cleanout went well, pipes look good with no breaks. Some toilets were not re-caulked. If you would like us to caulk your toilet base, give the office a call.
- Annual testing the backflow prevention valve, completed
- Green Global completed the solar panel installation, waiting for county inspection.
- Approx 5 violation sent out
- MECO will be installing new meters for solar. On order
- Solar e-metering equipment installed, completed at Office, A,B, and C buildings
- Repaired broken cast iron pipe in several units
- Repaired A building concrete walkway
- Hawaiian Telcom trimmed the trees around the phone lines and installed new phone lines completed.
- Installer showed up and completed the carpet repairs.
- Miscellaneous touchup painting
- Replacing & repairing railing pickets as needed

### **Grounds:**

- Installed two new benches, ocean front lawn
- Working on riverbed cleanup permit
- Coconut trees, next trimming December 6th
- Replaced two irrigation control panels, main valve and replaced 1 irrigation valve
- Planted tealeaf along river wall
- Installed 10 Plumeria and 3 Coconut Palms around property
- Repaired 1 broken irrigation lines
- Potted at WWTP 2 palm trees, 2 Manila and 7 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**

- Installed 2 electric fans over drying bed.
- 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
- 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 and plants around pool, Mihpel's idea
- Installed new pool signs (New House Rules) at pool
- Check and clean laundry room daily
- Changed pool gate code Nov 1<sup>st</sup> 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

| Employee                         | Hours | 1%                              | 2%                              | 3%                               | 4% COL                           |  |
|----------------------------------|-------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|--|
| Zaida<br>\$14.85<br>1560 Hrs     | 30    | \$15.00<br>+ .15<br>\$234 yr    | \$15.15<br>+ .30<br>\$468 yr    | \$15.30<br>+ .45<br>\$702 yr     | \$15.45<br>+ .60<br>\$936 yr     |  |
| Shane<br>\$14.42<br>2080 Hrs     | 40    | \$14.56<br>+ .14<br>\$291.20 yr | \$14.71<br>+ .28<br>\$562.40 yr | \$14.85<br>+ .43<br>\$894.40 yr  | \$15.00<br>+ .58<br>\$1206.40 yr |  |
| Aukai<br>\$17.00<br>2080 Hrs     | 40    | \$17.17<br>+ .17<br>\$353.60 yr | \$17.34<br>+ .34<br>\$707.20 yr | \$17.51<br>+ .51<br>\$1060.80 yr | \$17.78<br>+ .78<br>\$1622.40 yr |  |
| Mihpel<br>\$14.50<br>2080 Hrs    | 40    | \$14.65<br>+ .15<br>\$312 yr    | \$14.79<br>+ .30<br>\$624 yr    | \$14.94<br>+ .44<br>\$915.20 yr  | \$15.08<br>+ .58<br>\$1206.40 yr |  |
| Loube<br>\$11.50<br>1248 Hrs     | 24    | \$11.62<br>+ .12<br>\$149.76    | \$11.73<br>+ .24<br>\$299.52 yr | \$11.85<br>+ .36<br>\$449.28 yr  | \$11.96<br>+ .48<br>\$599.04 yr  |  |
| Kevin<br>\$11.00<br>2080 Hrs     | 40    | \$11.11<br>+ .11<br>\$228.80 yr | \$11.22<br>+ .22<br>\$557.60 yr | \$11.33<br>+ .33<br>\$686.40 yr  | \$11.44<br>+ .44<br>\$915.20     |  |
| Kalae<br>\$10.30<br>1664 Hrs     | 34    | \$10.40<br>+ .10<br>\$166.40    | \$10.51<br>+ .20<br>\$332.80 yr | \$10.61<br>+ .30<br>\$499.20 yr  | \$10.71<br>+ .40<br>\$665.60 yr  |  |
| Billy Jac<br>\$10.30<br>2080 Hrs | 40    | \$10.40<br>+ .10<br>\$208 yr    | \$10.51<br>+ .20<br>\$416 yr    | \$10.61<br>+ .30<br>\$624 yr     | \$10.71<br>+ .40<br>\$832 yr     |  |
|                                  |       |                                 |                                 |                                  |                                  |  |
| Total Yearly<br>Increase         |       | \$1,943.76                      | \$3,887.52                      | \$5,831.28                       | \$7,775.05                       |  |

employee wages.docx

## Roofing Bid update

**Roofing cost in 2004 \$355,000**

| Inflation rate | 1%        | 2%        | * 3%      | 4%        |
|----------------|-----------|-----------|-----------|-----------|
| 2005           | \$358,550 | \$362,100 | \$365,650 | \$369,200 |
| 2006           | \$362,135 | \$369,342 | \$376,619 | \$383,968 |
| 2007           | \$365,756 | \$376,728 | \$387,918 | \$399,326 |
| 2008           | \$369,414 | \$384,263 | \$399,555 | \$415,299 |
| 2009           | \$373,108 | \$391,948 | \$411,542 | \$431,911 |
| 2010           | \$376,839 | \$399,787 | \$423,888 | \$449,188 |
| 2011           | \$380,608 | \$407,783 | \$436,605 | \$467,155 |
| 2012           | \$384,414 | \$415,939 | \$449,703 | \$485,842 |
| 2013           | \$388,258 | \$424,257 | \$463,194 | \$505,275 |
| 2014           | \$392,140 | \$432,743 | \$477,090 | \$525,486 |
| 2015           | \$396,062 | \$441,397 | \$491,403 | \$546,506 |
| 2016           | \$400,022 | \$450,225 | \$506,145 | \$568,366 |

\* This is the \$ amount that Hawaiiana (Brandie) said they use for reserve studies to keep up with inflation.