

President's Report

Board of Directors Meeting

March 10, 2010

Waste Water Treatment – A personnel change was required due to the voluntary resignation of an employee returning to the mainland to be with his family. Our new employee Sam was hired in February and had 'overlap' training from our prior employee, RJ. As an additional follow-up, Mike Olson, the WWTP manufacturer and designer spent time with our new employee two weeks ago reviewing the system, reports, proper maintenance and operation. Test readings are well within prescribed limits and state guidelines – an extremely important factor during this annual high occupancy period. A note of caution – please heed the postings at the cabana and office bulletin boards' regarding what can and what CAN'T be disposed of through our sanitary sewer system. Compliance with the guidelines will optimize the efficiency of our WWTP.

Solar Proposal – Solar participation feeding the grid on Molokai from residential residences and businesses are approaching the limit for the island, thus will necessitate changes to our original project concept. Sean Costello will provide updates to the original proposal for your consideration at today's meeting.

Go Green, Carbon Clean Project – Free CFL's (compact florescent lights) will be available for Island residents after March 17th. The Wavecrest AOAO has long supported the swapping out of incandescent light bulbs in favor of CFL's in a continuing effort to reduce our energy costs. Please submit your requirement needs to the office prior to March 17th in order for us to arrange to have optimum inventory levels on hand for owners once they are available for our distribution. As an additional note, dimmable CFL's and CFL flood-lamps are now available on the Mainland at Home Depot, Costco, Lowe's and other hardware distributors. Conventional CFL's distributed in the Molokai project will not operate with dimmer switches. LED track lights (another low energy light source) should also be available at the above-mentioned distributors.

Employee Health Insurance -- Late last year after investigating cost impacts on employee health insurance, Wavecrest transitioned its health benefits program to Hawaiiana's group policy in order to take advantage of a better rate structure and coverage. Employees annually now have the option to review differences in policy options between HMSA and Kaiser and elect the coverage which best suits their needs as long as cost factors are similar. Your board will have to

review the situation annually should costs differ significantly between insurers. Honolulu papers announced on Tuesday a 7.8% HMSA increase in premiums effective July 2010 (approximately a 15% increase within 7 months). Wavecrest pays the health insurance premium for employees. Employees are responsible for spousal and dependents coverage under our group plan.

Rentals - Currently the Association is renting out two foreclosed units, thereby recouping lost HOA income on the units. An employee has continuously occupied our office rental unit for some time. We are aggressively attempting to rent additional units as they become available to the association after non-judicial foreclosure.

Auction Sale - Auction signs were illegally posted on Wavecrest property recently by an off island company. Signs were removed promptly as they are in violation of our House Rules. The Auction Company was formally notified they couldn't conduct an auction 'on premises' as our bylaws do not allow for commercial activity, nor do we have parking available for non-residents participating in a non-sanctioned auction.

Propane Update - In our continuing effort to communicate expense information, our most recent billing for propane was \$3.84 per gallon - this compares to Northern CA billings around \$2.35 per gallon. During our temporary cold weather snaps do not attempt to heat your units by turning on your ovens - it is dangerous and expensive for the Association! Wrap up in a 'Snuggie' or wear your mainland winter clothes during these brief periods of cooler weather!

Hot Water Return Piping Project - This project is now tentatively scheduled for late April. Our Resident Manager will advise each homeowner by mail of the projected dates and estimated outage times for each building. We realize this is inconvenient at any time, but is the last stage in finalizing our piping upgrades in the attic as well as replacing original risers to and from the ground floor hot water heaters to the attics.