



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

NOTICE OF MEETING

Date: Monday, September 21, 2015
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 of Meeting

Review/Approval of Previous Meeting Minutes 6-5-2015

Officers Reports

President - Treasurer - Secretary – Resident Manager

Committee Report

Streambed Update - Mike Nicholls
Service Animals - Jack Thornton
Smoking Survey - Cathy Felkins
(Recommendation to the Board)

House Rules - Richard Felkins
Yard Sale - Cathy Felkins
Hallway/Light Retrofit - Jon Givens

Old Business

Sub Metering & PPA Assignment
Pool Passive Solar
Shut-Off Valves - Group Rate on Installation
Review Fee Structure i.e. kayaks, bikes, storage, etc.
WC Rental Unit Review
Office Manuals

New Business

Modify House Rules re Smoking on Lanai's & Other Common Areas
Determination to Establish Designated Smoking Areas
Modify House Rules re Number of Pool Guests & Cabana/Pool Party Mgr. Approval
Budget Review 2016 – Reserve Study Review

Open Session - Owner Comments

Executive Session / Employee Update – Delinquencies & Liens

Adjournment

Conference Dial-In Number: **DATE OF NOTICE August 25, 2015**

1 (712) 432-1500

Guest Access Code 657819#

This is no longer a free call.....

Respectfully Submitted
By
Annie Albritton, Secretary



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

Monday, September 21, 2015
8:00 a.m. HST
Wavecrest Cabana & via Teleconference

AGENDA

Call to Order

Determination of Quorum - Homeowner's Roll Call
Proof of Notice of Meeting

Review/Approve Regular Meeting Minutes of 6-2-2015

Officers Reports

President - Treasurer - Secretary - Resident Manager

Committee Reports

Streambed Update - Mike Nicholls	House Rules - Richard Felkins
Service Animals - Jack Thornton	Yard Sale - Cathy Felkins
Smoking Survey - Cathy Felkins	Hallway/Light Retrofit - Jon Givens
(Recommendation to the Board)	

Old Business

Sub Metering & PPA Assignment
Pool Passive Solar
Shut-Off Valves - Group Rate on Installation
Review Fee Structure i.e. kayaks, bikes, storage, etc
WC Rental Unit Review
Office Manuals

New Business

Modify House Rules re Smoking on Lanai's & Other Common Areas
Determination to Establish Designated Smoking Areas
Modify HR's re Number of Pool Guests & Cabana/Pool Party Mgr. Approval
Budget Review 2016 - Reserve Study Review

Open Session - Owner Comments

Executive Session

Employee Update - Delinquencies and Lien - Legal Issues

Adjournment

Teleconference Information:

1 (712) 432-1500

Guest Access Code 6578190#

This is no longer a free call.....

PRESIDENTS REPORT FOR SEPTEMBER 2015 BOARD MEETING

The September board meeting is our annual budget meeting so most of the meeting focus will be on the 2016 budget.

Our manager and staff work hard to make Wavecrest an attractive and pleasant place to be. They also work hard on projects, which helps keep the resort on budget.

One of the ways we have been able to stay on budget is by doing projects in house. We could accomplish some of these tasks faster by doing them with outside labor, but with budget busting consequences. The staff has been repairing the cabana roof, installing new light fixtures on the buildings, and been resurfacing the parking lot and driveways. In addition to these capital projects they have enhanced the landscaping and done a ton of on-going maintenance projects.

The staff has remodeled one sample hallway so the owners and board can assess what hall remodeling should occur in 2016. The 2015 resort remodel was new exterior light fixtures, which will consume less energy and be dark sky compliant, and resurfacing the parking lots. The light fixtures have been purchased and partially installed. We expect those fixtures will be installed by year-end. The hallways are the target remodel for 2016. We are trying to upgrade and

improve the resort appearance, and this will be an on-going process.

The manager has trained our staff and had emergency professionals assist with disaster preparedness. The aoao has ordered supplies for disaster preparedness.

We are growing closer to having the permit necessary to clean out the streambed, which crosses our property.

Thank you to all our staff for their hard work and to the volunteer homeowners who help on committees and projects.

Regards,

[on Givens, President

Wavecrest AOA
Treasure's Report

Jul-15

	Current Month		Year to Date		Variance	Comments
	Actual	Budget	Actual	Budget		
Revenue	73628.30	76430.00	534850.89	535010.00	-159.11	
Expenses						
Utilities	11225.30	18166.00	123735.84	127162.00	-3426.16	
Professional Services	4250.22	3762.00	34487.59	28034.00	6453.59	
Bldg Maintenance	5463.92	7044.00	54237.90	58807.00	-4569.10	
Payroll & Benefits	33175.89	30831.00	176791.40	187850.00	-11058.60	
Other expenses	4943.87	7410.00	149952.84	150305.00	-352.16	
Total Operating Expenses	59059.20	67213.00	539205.57	552158.00	-12952.43	
Net Revenue	14569.10	9217.00	-4354.68	-17148.00	12793.32	

Delinquency Report

		JULY	1-30 days	31-60	61-90	90+
ACTIVE OWNERS SUMMARY:						
5100	MAINTENANCE FEE	89,732.12	4,891.28	4,480.00		80,360.84
5190	LEGAL FEE REIMBURSEMENT	7,477.69	2,130.81	2,073.61	750.53	2,522.74
5360	LATE CHARGES	24,125.43	1,359.95	1,266.17	1,205.77	20,293.54
6816	LIEN PROCESSING CHARGE	50.00				50.00
7550	RETURN FEE	30.00				30.00
ACTIVE OWNERS TOTAL		<u>121,415.24</u>	<u>8,382.04</u>	<u>7,819.78</u>	<u>1,956.30</u>	<u>103,257.12</u>
DELINQUENT OWNERS COUNT		<u>9</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>7</u>

INACTIVE OWNERS SUMMARY:

5100	MAINTENANCE FEE	77,228.14				77,228.14
5190	LEGAL FEE REIMBURSEMENT	12,224.75		91.67		12,133.08
5360	LATE CHARGES	13,400.89				13,400.89
5361	INTEREST CHARGES	30.50				30.50
5405	RENTAL INCOME-LOCKET	950.00				950.00
6816	LIEN PROCESSING CHARGE	50.00				50.00
INACTIVE OWNERS TOTAL		<u>103,884.28</u>	<u>0.00</u>	<u>91.67</u>	<u>0.00</u>	<u>103,792.61</u>
DELINQUENT OWNERS COUNT		<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>

Secretary's Report

September 21, 2015

Since our last regular meeting of June 6, 2015, the secretary has received correspondence from several owners.

On June 10th I received an owner letter strongly supporting heating the pool.

On June 28th I received an owner inquiry as to how the pool was being cleaned on weekends as the owner had observed debris in the pool. The matter was referred to management for review and handling.

I received complaints from an owner on August 18th and 20th respectively, concerning violations at the pool by a large party. Both pieces of correspondence were referred to management for review and handling.

The front office has continued to keep owners informed of ongoing events at Wavecrest from the schedule for trimming the palm trees to potential hurricane activity over the last few months. I thank them for the service they provide in keeping all of us informed.

Respectfully Submitted,

Annie Albritton
Board Secretary

Managers' Report for Wavecrest Board Meeting. 9/20/2015

Our staff continues keeping Wavecrest beautiful and working hard with continued improvements.

A big Thank you to our Staff!

Buildings:

- Numerous repairs addressed, with emergency water leaks and several afterhours issues. Water damage mediation, drywall repair, painting and restoration. Some of the Unit's effected are as follows = A301, C 107 and patio wood damage on C 116 and B 102.
 - Work on kayak storage fees and unpaid fees, with a new system proposed to organize this process, as well as a proposed new rack organization project for the storage area under the cabana.
 - Maintenance emergency planning, including training and the ordering of supplies also other hard to locate materials.
 - Mounted additional solar lights on posts as well as installing better lighting through the entry of the Resort, also replacement of some worn out tiki and solar landscape lights.
 - Asphalt work, crack filler and sealer continued through the parking lots and the driveway.
 - Various Administration / Office duties and relations. House rules violations & maintenance request being completed.
 - Continued work with the hallway committee, completed sample hallway.
 - Installation of a new light fixtures / sconces throughout the Resort with this exterior upgrade of the new design lighting to be in compliance with mandate dark sky Maui county deadline. We now have installed 20 % to date.
 - Contacting solar hot water contractors for analysis / quote for costs saving options for both the Resorts hot water use and the heating of the Pool.
 - Research into additional Security cameras for the resort.
 - Rock wall / landscaped beds and new rock work and repairs.
 - Work on Golf carts and budget planning for upgrades to other equipment and grounds equipment.
 - Emergency preparedness training for our complete staff, with various drills enacted to assure readiness and protocols in the event of this type of crises.
 - Hauling of various loads of materials for several work projects= including materials for cabana eve replacement and WWTP drying bed roof, new resort lighting, cement products and more.
 - Bids received for replacement of Gazebo roof above barbeque area and request of gutter cleaning and gutter work throughout resort.
 - Emergency preparedness meetings and walkthrough with both Pukoo and Kaunakakai fire department station representatives.
 - More repairs to numerous old wood or rotted wood = wood replacement and paint. Including rusted brackets and supports.
 - Safety concerns throughout the Resort. Including new signage for fire equipment, fire hoses and new painting of fire alarms, fire equipment, etc. Safety lockouts installed on solar panels.
 - Laundry repairs coordinated with vendor. New Laundry contract with a change to 75 cents for 30 minutes. This is to be enacted shortly.
 - Licensed trailer with other trailer modifications to assist us in the hauling of materials and supplies for projects.
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- Staff made lots of progress towards the road project and asphalt patching and sealing in the front of the Resort and drive ending at speed bump past the C building. New paint of parking stall lines.
- Electrical transformers replaced and upgraded near A building, by MECO.
- Desk manual created and updated, also work on new orientation and information package for owners.
- Other various detailed and numerous maintenance repairs throughout the property.
- New Staffing schedule and budget needs addressed, also new employee's orientations and training. A Big Welcome aboard to Kaili Seales.. Thanks for the continued hard work.

Grounds:

- Removal of invasive weeds throughout the Resort.
- Establishment of dog walking area, as well as dog waste station, which is located next to the tennis court.
- Numerous irrigation repairs addressed. Irrigation leak at front of Resort resulting in main water shut off to all units.
- Coconut trees trimmed 8/10/15.
- Delivery of red cinder to our maintenance yard and application started throughout some planter beds.
- Nursery maintenance and additional plants cultivated in our nursery.
- Numerous locations with additional new plantings, for example a variable colorful hedge planted at ocean side entry driveway.

Wastewater treatment plant:

- Various Projects, being proactive in its efficiency and improvement.
- Repair to WWTP air supply line = a 2" main galvanized line replacement needed, with the ordering of piping and custom threading to meet our specification needs.
- WWTP drying bed = Installed new clear roofing panels on the sun exposed side of structure, which has proved to be much more efficient.
- Work with Libby Stoddard regarding waste hauling and plant operations.
- WWTP various projects; new sewage pump installed.
- Work with Rural Water Hawaii a nonprofit assisting in additional training educational material and other site resources, all provided at free of cost to the AOA.
- Concrete work and leveling of existing concrete pad to prevent issue of rain water flooding WWTP operator's office/ shop area.
- Additional Emergency preparedness planning, as well as work with our licensed over site.
- Numerous small and operational improvements and cleaning of system and WWTP grounds.

Swimming Pool and Cabana:

- New lounge chairs ordered from company made in U.S.A, should be arriving on the barge any day.
 - Cabana roof work project= front eve facing pool completely caulked and painted several coats.
 - Pool up keep and projects around pool area.
 - Currently working on back cabana eve and ocean facing eve, with completely new plywood and new siding / roofing materials= paint etc.
-

- Cabana main roof sealing and painting with membrane coating now completed.

Scheduled Maintenance:

- Numerous and various projects= Cabana Roof and awning repairs, restoration work, asphalt work, etc.
- Cabana counter and sink upgrade.
- Safety concerns throughout the Resort. Including recommendations from fire department.
- Riverbed clean out project and SMA approval.
- Numerous Owner and Board directed requests.

Regular Board Meeting
Board of Directors - Association of Apartment Owners
Wavecrest Resort Inc. Kaunakakai, HI

Date: September 21, 2015

Time: 8:00 A.M. HST

Place: Wavecrest Cabana and by *Teleconference

AGENDA & ORDER OF BUSINESS:

Call to Order: Meeting called to order by President Jon Givens at 8:05 A.M. HST.

Determination of Quorum: Jon Givens, President - Georgiana Olson, Vice President - Annie Albritton, Secretary - Rose Pecoraro, Director - Jack Thornton, Director Michael Peters, Treasurer - Bret Hoffman, Manager

Owners Present: *Ken and Linda Bergstrom C113 & C312 - *Mike Nicholls A116 - Cathy and Richard Felkins C108 & C216 - *Donna Brown B107 - Suzanne O'Connell B110 - *Connie Albright A305 - Ann Staton C301 - Johnson A206 - John Clarke A303 & C304 - Luann Cefola A107 - Jean Paris A207 - Jeff Olks C106 - Darlene Johns B201 - Duane Brooks B209 - John Scriver A308 & A110 - *Joe Howell C310 - * Dan Reed C105 -

Jon Givens opened the meeting stating there would be no video or audio recording permitted and that the meeting was for owners only. Also that owner comments will be held until Open Session at the end of the meeting. At that time questions will be taken and comments restricted to 3 minutes in length unless the board specifies otherwise.

Proof of Notice of Meeting: Secretary Annie Albritton reported the Notice of Meeting was posted as of Monday, September 14, 2015.

Approval of Minutes: President Jon Givens noted the minutes of the June 5th meeting have been posted on the website for review. **MOTION** by Jon seconded by Rose to approve the minutes as posted. Motion carried by unanimous vote.

Officers Reports: All reports were read out loud and entered into the record and will be posted on the website for review.

President's Report: (copy attached)

Treasurer's Report: (copy attached) Mike noted that our cash on hand totals as of July 31st were \$96,697.70 in Operations and \$395,863.96 in Reserves for total cash on hand of \$492,561.66.

Secretary Report (copy attached)

Manager's Report: (copy attached) Bret announced a new laundry contract that will be more user friendly with a choice of dryer times and prices for smaller loads. Bret explained an important handout concerning our WWTP and "What Goes down the Drain". Jon noted the new pool lounge chairs were due to arrive soon. The two older ones with skids will be put out in the lawn area. The remaining will be offered for purchase to owners and then to staff. Bret also reminded owners that complimentary low flow faucet heads and shower heads are available at the office.

Jon reported that a WWTP Report had been submitted by Ted Johns and reviewed the current running of the plant. He also stated that Ted will be taking his license exam in January.

Committee Reports: **Streambed Update – Mike Nicholls** – said this has been a five year project for him, working with Luigi for consultant work with the Corp. of Engineers and the county. We have Maui County approval for our cleanout project but still need approval from Molokai Planning. We are on their September 23rd agenda. Luigi will be attending on Mike's behalf along with Bret and board member Jack Thornton. Jon stated that this project has already been budgeted and approved by the board and that Bret can move forward taking bids based on the specifications provided to him by Luigi.

Service Animals – Jack Thornton – Jack reported that the committee was tasked with reviewing the Service Animal procedure already in place for Wavecrest and the system was found to be up to date and providing the service and information needed to operate under the law. He said "education" is the key to the process being understood and operating smoothly.

Smoking Survey – Cathy Felkins – Committee members included Jon Givens, Suzanne O'Connell and Georgiana Olson. The results of the survey showed 82% of respondents wanted smoking prohibited in the common elements except in designated areas. 76% wanted smoking prohibited on lanais. It was also noted that an unusually high number of responses were received giving support to the survey questions. The survey results were submitted to the board.

House Rules – Richard Felkins – Richard submitted a four page recommendation to the board (copy attached). The committee will review the recommendations and speak with the committee again at the next board meeting in December. Richard also submitted a list of individual owner comments received by the committee.

Yard Sale – Cathy Felkins – had difficulty forming a committee of interested parties to move forward on this. Stated that Molokai Shores held a yard sale with all proceeds going to the AOA. Suggested this item be moved forward to the December meeting.

Hallway/Light Retrofit – Jon Givens – Jon stated the Dark Sky Compliance laws go into effect in Maui County in 2016. We will be replacing all lanai lights and building hallway lights to bring us into compliance. The project has been funded in the budget. The C105/106 hallway has been remodeled as a “sample hallway” with a new painted sheetrock ceiling, new energy efficient ceiling fixture with a sensor that will turn it off automatically after a period of time. Doors have been fitted with raised trim to give them the appearance of two panel doors and two paint color choices can be seen. New door closures are also planned. Jon’s suggestion is that Wavecrest should fund the hallway remodel project and noted that rebates are available for some components. It is estimated that the energy savings will pay for the project in two years.

OLD BUSINESS: PPA Assignment & Sub-Metering Jack Thornton explained that our current contract with Neighborhood Power for our solar panels is called a PPA. NP has been working on obtaining a loan through Hawaii Bank using several PPA projects as collateral and we have been asked to subordinate our interest and take a second position to the bank. After careful research it has been determined that it is not in our best interest to do so. Our denial will not jeopardize NP’s ability to obtain the loan. **MOTION** by Jon seconded by Rose NOT to agree to subordinate our purchase price option under the PPA to a bank lien for Neighborhood Power. Motion carried by unanimous vote.

Jon explained the history of the sub-metering project and that the system we contracted for was represented to be a wireless system. When installed, it was not functional due to conductivity issues. The proposed fix involved a hardwire from the panel box running to a master box to be installed in the stairwell area. General discussion. It was noted that if this wire was run in the walls it would have to be encased in conduit to meet “code”. Therefore the external fix has been recommended. In the meantime, Molokai Shores is installing the same system presumably using the exterior wire fix. **It was agreed** that the board would adopt a “wait and see” position to see if the Molokai Shores system gets up and running. Jon noted that the rebate monies will still be available into 2016. Jon also noted that the board does not need to vote “to do nothing”. We are also looking at the option of a booster system.

Pool Passive Solar Heating – Jack Thornton As the result of a lot of research, it was determined that the proposed passive solar pool heating through a pipe system would require a safety valve to for public safety and since this is a requirement of Maui County there is a permit process involved. Therefore, this is not a project that we can install in-house as we had hoped. The board asked Bret to bring the permitting information, bid prices for installation and overall estimated cost for the system to the next board meeting. A preliminary estimate is between \$15,000 and \$20,000.

Shut-Off Valves – Bret – Bret reported that the low “group rate” bid was \$450 per unit. The office will email owners to see if we can solicit enough interest to move forward.

Review Fee Structure – Annie reported several owners had recently received storage fee bills that they felt were in error. She reviewed her records and found that at the 9-11-2012 meeting the resident manager (Gary Gonder) presented a list of income generating

ideas. The board took the time to review the information and give each line item either their approval, disapproval, maybe or tag for further discussion. Some fees were set at that time and the manager was instructed to proceed with their implementation. The board asked that this be held over until the December board meeting at which time all fees will be reviewed and set.

Jon reviewed the problem with unidentified kayaks stored under the cabana and said the office will be moving to identify everything stored under the cabana and go through the process of removing unidentified and/or abandoned items. We now have standup board under there as well.

Rental Unit Review – Bret said we need to better understand who is responsible for what as far as the office and property management companies are concerned. It is under review at this time and he is trying to find the gaps and fix them. It's an ongoing process. General discussion about the five units owned by the association.

Office Manuals – Jon thanked Rose and John for putting together an extensive manual for the WWTP. Job description manuals are currently being updated including one for management and one for the front desk.

Meeting adjourned at 10:05 A.M. for a 10 minute break. Meeting resumed at 10:22 A.M.

NEW BUSINESS: Modify House Rules re Smoking on Lanai's and Other Common Areas – Jon reviewed the *proposed Resolution Smoking Within Common & Limited Common Elements* – Jon reviewed the background for the creation of the document and read the three paragraph's comprising the intent of the document. General discussion by the board resulted in an agreement to change Paragraph #1 and eliminate the number of designated smoking areas as well as the entire last sentence. **MOTION** by Jon to pass the Resolution as amended on Page 3, Item #1 and that the House Rules be amended to reflect Page 3, Items 1,2, & 3. Seconded by Jack. Motion carried by unanimous vote. Bret will designate and identify the smoking areas. Ann will amend the House Rules to be posted on the website. **MOTION** by Jon seconded by Rose that Page 3, Items 1, 2, & 3 and the amendment to the House Rules will take effect as soon as Bret designates the smoking areas and all owners receive notice. Motion passed by unanimous vote.

House Rules/Number of Pool Guests – Jon said the board will review current regulations and postpone any action until the December meeting. General discussion about pool parties, approved party list, etc. Jack will work with Bret and give their recommendations in December. **MOTION** by Jon seconded by Georgiana to ban all tenant parties. Motion carried by unanimous vote. Bret and Jack will coordinate with Richard on House Rule recommendations in December.

Budget Review – Michael Peters presented a proposed budget for 2016 (copy attached). He reviewed the line items. There was a line item correction for Maintenance Fee Expense from \$40,320 to \$33,600. General discussion by the board. Michael's

recommendation is that there is no dues increase for the coming year and that the dues remain at \$560. General owner question and answer period. Michael stated that this budget would have the Reserve Fund fully funded for 2016 at 100% with the transfer of approximately \$30,000 from the general fund, which is anticipated.

Fish Pond Lease Jon explained that one of our neighbors may be proposing the lease of the fish pond in front of Wavecrest. Ann and Jack volunteered to follow this activity and report back to the board in December.

OPEN SESSION: Owners discussed the smoking issue, the heating of the pool. Mike Nicholls, who was among the owners attending via phone, suggested the AOA invest in a new poly-com system as the one we are using is old and outdated and offers poor listening quality.

There being no further business: **MOTION** by Georgiana seconded by Jon to adjourn the Regular Meeting of the board and enter into Executive Session to discuss personnel and legal matters. Motion carried by unanimous vote. Meeting adjourned 12:30 A.M. HST

Return to Regular Session 2:05 P.M. HST. Several items were discussed in Executive Session with no matters to be brought forward at this time.

There being no further business, **MOTION** by Jack seconded by Georgiana to adjourn the Regular Meeting of the Board of Directors. Motion passed by unanimous vote. Meeting adjourned at 2:06 P.M. HST

Respectfully Submitted,

Annie Albritton, Board Secretary