



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

NOTICE OF MEETING

Date: Friday, December 2, 2016
Time: 9:00 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

Video or audio recording of this meeting is not allowed. This meeting is for owners only.
Owner are asked to hold their comments until the Open Session after the regular business meeting of the Board of Directors.

Review/Approve Regular Meeting Minutes of October 6, 2016

Officers Reports

President – Treasurer - Secretary - Resident Manager

Old Business

Specifications for Fire Ladder Installation on Lanai's
Addition/Amendment to House Rules - Fire Ladder Installation

New Business

Contribution to Employee IRA Account
Donations to Employee Holiday Fund
E-Doc Storage with Hawaiiana

Open Session - Owner Comments

Executive Session - Employee/Personnel Issues – Delinquencies & Liens

Adjournment

*Conference Dial-In Number:
1 (712) 432-1500
Guest Access Code 657819#
This is no longer a free call.....*

DATE OF NOTICE November 28, 2016

Respectfully Submitted
By
Annie Albritton, Secretary



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Dear Fellow Owners

We need owners who want to make change and improvement at Wavecrest. I wanted to provide some perspective on what can be accomplished by volunteer board members. We have a board of 6 and on little Molokai, it has truly impressed me the deep pool of talent we have fielded on the Board. I have respected each of the Board members I have been privileged to serve with on several Boards. Each member has had various talents and background which has provided a highly qualified board with many skills. Board members are unpaid volunteers. I have donated hundreds of hours of my time each year to the AOA. I have seen other Board members work hundreds of hours to help us all.

I do not take credit for all that has happened since I have been on the Board. I do not write this to boast of what the many Boards I have served on at Wavecrest have done. I write to give some perspective of the importance of energetic owners who want to make a difference, and what they (you) can accomplish. I write to encourage others with a spirit of charity and volunteerism to step up and take their turn serving on the Board.

Nothing happens at Wavecrest without the hard work of our employees, and the vision of the volunteer Board to fund and support their efforts. We have a manager who is one of the longer tenured managers the AOA has had in many years. Too often Boards in the past would recruit managers from off island who would serve briefly and then quit. No manager is perfect, and any manager will have limited resources, and everything takes longer and costs more than we would like. However, our present manager cares about our property and has accomplished many great things. One of the most unrecognized accomplishments has been recruitment of a fantastic staff. Our employees all get along and work well together. We have a crew with many skills and they make the property what it is.

Since my time on the Board, I was appointed as the sole member of the 'landscape' committee. At the time, a newly created committee to improve our grounds and replace our disappearing trees. It is probably our longest standing committee, albiet a committee of just me. In 40 years Wavecrest has lost dozens of coconut trees. I directed we grow and plant new coconut trees to replace some of our losses, and we planted 7 new coconut palms in the courtyard. I also directed we buy and plant a star fruit tree, which is 4 years old and is growing nicely. We have planted 6 citrus trees, several of which, after 4 years are now mature and fruiting. We have 2 new species of bananas and over 40 banana plants which grew from the bananas I bought. We have planted 10 new plumeria trees, many in front of A building to replace plumeria trees which were cut down. We have planted and grown taller hedges for screening from our neighbors, and protection of the stream bed wall from erosion. We were over pruning several of our hedges, which eliminated our screening of the neighbors. We planted a new hedge along the entry drive, which will mature into a colorful mixture of ti plants and crotons to enhance our entry drive. I prevented plans to make major pruning to the plumeria trees by the pool and office. I protected these trophy trees from being drastically pruned. At the request of an owner in the C building, I had a new flower bed constructed at the end of C Building and we populated it with many new species of plants never before at Wavecrest. We established new plantings

behind A building. We removed one flower bed to enhance emergency response access by A and B buildings. We built a community garden, something no other condo on island has. We were missing several palm trees along our entry drive, so I located a source of manilla palms and king palms and acquired 12 palms, which have filled in all the gaps, and others were planted around the grounds. We added planters at the pool with tuberose and palms to enhance our pool landscaping. We planted the first anthuriums and added other new flowering plants including gingers and heliconias. Our landscaping doesn't look good by accident! My resignation, means we have no one on the landscaping committee, and no one charged with protecting our existing landscaping and enhancing and improving our grounds. We need committee volunteers.

In the last 5 years that I have been on the Board, we have installed a new more reliable internet system. We remodeled the cabana. We reroofed the cabana. We have increased the maintenance commitment from one 40 hour per week employee to a staff of 3 with over 60 hours per week of maintenance, and a manager and other crew who can also fill in for added maintenance hours. We have taken on many projects in house, like the cabana remodel, cabana reroof, lanai handrail project, refit and improvements at the waste water plant, and other projects for a savings of over \$100,000. We have the materials for reroofing the halls on site (a safety project). The Board has sought to keep dues in check by doing many projects in house.

We have replaced the exterior light fixtures. We added a new entry way sign. We eliminated mildew on the B building. We had been told, 5 years ago, the parking lot was beyond repair and needed replacement at a cost of over \$250,000. Instead we have crack filled and resealed the parking lot, and repainted the spaces. The life of the parking lot has been extended and it looks a ton better.

We added a bike storage shed, and are improving the kayak storage. We added 3 storage sheds and reorganized the office shop into a functional shop space. We purchased 2 golf carts and thereby increased the efficiency of our employees and security patrols. We stopped putting green waste in our dumpsters, and stopped filling our dumpsters and the local dump with biodegradable waste. We cleaned out the stream bed.

We purchased equipment to increase our ability to do repairs and maintenance in house. We purchased a commercial carpet cleaner, so for the first time, we can professionally clean our outdoor carpeting.

We installed meters to individually meter electricity. Unfortunately, while we purchased a wireless system, that is not what we were sold, and the issue is still unresolved. While I did not favor or vote for submetering, I respected the decision of the other Board members to save money and reduce energy waste. Another Board member, Rose, championed energy saving during my tenure. She analyzed and found many ways to save energy which to this day save us all money. We replaced the pool pump with a rebate she found, and this has saved us all thousands of dollars.

We brought the waste water treatment plant (WWTP) into compliance with state law. We have a trained operator who hopefully will be licensed to run the plant without supervision which will save the aoao in many ways. We now have an operations manual for the WWTP, and eliminated inoperable equipment and processes at the WWTP. We reduced the use of drying fans to save energy and cost at the WWTP by using more passive solar drying.

We installed solar panels which had been in the works for some time before I was on the Board. The solar system provides one third of our electricity, and at half the cost of MECO electricity. The solar system cost essentially nothing (paid for by NPC), and saves 1/6 of our electricity cost every month. I estimate around \$75,000 savings in the last 5 years. Thank you Mike Nichols and prior Board members.

We trained our employees in CPR. I took the class with them. We coordinated fire training with the local fire department. We trained employees in emergency and disaster preparedness. We now have emergency supplies on hand in the event of a natural disaster.

We increased some of our insurance coverage. We have continued to work to collect past due association dues. We replaced the sink and counter at the cabana. The Board has been trying to update the look of the association premises.

We have around \$400,000 in reserves (depending on the amount of operating funds we place back into reserves). We are probably the best funded aoao on island. I have opposed every suggested dues increase in the last 5+ years. We have never increased dues since I have been on the Board. The volunteer Board found many ways to reduce spending and make cuts.

Most of my tenure on the Board we had lower total labor hours, than before I joined the Board. At present due to the lanai project, and the emphasis on maintenance, our hours have increased. Ultimately, they should be reduced to help stay on budget.

We surveyed owners and made Wavecrest a largely non-smoking facility. Over 80% of owners favored this and we have protected our owners', employees', and guests' health as a result. We established very attractive smoking areas (nicest on island) to accommodate smokers.

Not everything has been perfect, but the volunteer Board members always have the best interest of everyone at heart. We established a written procedure for all maintenance requests, and a "request for corrective action" form for any other conceivable issue. This insures all issues begin with management (not the Board) and are documented. Some owners still refuse to follow this policy and elevate every petty (or non-petty) complaint to the Board. If a trash can needs emptying at an Exxon station, you don't write the Board of directors, you talk to the manager. Some owners don't get that. The Board has no authority to act outside the public meetings. The Board is a policy level entity. The day to day operations are run by the manager and the employees, not the Board.

Our manager and employees are wonderful people and have had a hand in all this success. Our property values are higher because the Board has helped guide decision making and improvements to our property.

I wanted to write you to announce my resignation from the Board. I have found the caustic attitude and unpleasantness of certain full time owners to make continued service on the Board until the end of my term in March, not worth it. Frankly given the choice of listening to the unpleasantness or being anywhere else on planet earth, I chose 'anywhere' else. It is unfortunate, but during my 5 plus years of service on the Board the vast majority of board members who left the board, did so because of these same owners' harassment. 99% of our owners are supportive of the board and are wonderful people, but it only takes one bad apple...

I encourage others to take their turn helping to run the association. Although there is one couple who will not appreciate what you do for them, most everyone else will. We need people to serve on the board and on committees who have a positive and volunteer spirit. The other board members need our support and respect. These are skilled people who volunteer a lot of their time to help everyone. Our property value is tied to their community spirit, which drives their good work and service for all of us. I thank and respect each of my fellow volunteer board members. I encourage those with Aloha in their heart and the time and energy to serve, to step up and do their part. The cart won't move without someone pushing or pulling it.

Wavecrest AOA
Treasure's Report

Oct-16

	Actual	Current Month Budget	Actual	Year to Date Budget	Variance	Comments
Revenue	67205.67	76438.33	758415.37	764383.30	-5967.93	
Expenses						
Utilities	11250.27	16849.66	160195.00	168496.60	-8301.60	
Professional Services	6907.09	3863.81	59143.06	39838.10	19304.96	
Bldg Maintenance	3790.17	8675.16	90052.74	86751.60	3301.14	
Payroll & Benefits	27394.36	24968.84	295764.77	276637.20	19127.57	
Other expenses	7772.36	78534.96	137268.54	204319.96	-67051.42	
Total Operating Expenses	57114.25	132892.43	742424.11	776043.46	-33619.35	
Net Revenue	10091.42	-56454.10	15991.26	-11660.16	27651.42	

DELINQUENCY REPORT	Oct-16	1-30 days	31-60	61-90	90+
ACTIVE OWNERS SUMMARY:					
Maintenance Fee	105,081.01	5093.89	2972.91		97014.21
Legal Fee Reimbursement	17,321.31		628.11	311.44	16381.76
Late Charges	33,431.18	60	50	40	33281.18
Interest Charges	8,717.63	1595.76	1522.26	1470.62	4128.99
Lien Processing Charge	50				50.00
Return Fee	30				30.00
ACTIVE OWNERS TOTAL	164,631.13	6749.65	5173.28	1822.06	150886.14
INACTIVE OWNERS SUMMARY					
Maintenance Fee	74819.59				74819.59
Legal Fee Reimbursement	12626.35			272.9	12353.45
Late Charges	12588.2				12588.2
Interest Charges	17.75				17.75
Rental Income-Lockers/Storage	878.58				878.58
Lien Processing Charge	50				50
Return Fee					
INACTIVE OWNER TOTAL	100980.47	0	0	272.9	100707.57

Secretary's Report
December 2, 2016

I would like to begin by thanking both Linda Bergstrom and Cathy Felkins for calling my attention to several items in my October report that were carried over from the previous meeting. The corrections were made and submitted with my revised report for posting on the website.

It has been a fairly quiet fourth quarter as far as correspondence is concerned.

I received an owner email on October 10th requesting a copy of the sub-meter Consultant's Report. A reply was sent out that same day explaining that the Board was holding the report pending possible litigation.

I also received a written letter from an owner asking that three specific items be addressed in the December meeting discussing current status and/or updates. Those items will be covered today.

Respectfully Submitted,

Annie Albritton
Board Secretary

Prepared November 28, 2016

Managers' Report for Wavecrest Board Meeting. 12/02/2016

Our staff continues keeping Wavecrest beautiful by working hard and staying consistent with improvements and daily upkeep.

A big Thank you to our Staff!

Buildings:

- Numerous repairs addressed, with emergency water leaks and several afterhours issues. Plumbing repairs or Water damage mediation, drywall repair, painting and restoration. Some of the Unit's which may of been effected are as follows = C101, C201,
- Courtyard light replacement of old deteriorated lines and lights, with new lighting and pathway lights installed.
- Various Administration / Office duties and relations. House rules violations & maintenance request being completed.
- The ongoing advancement of the Spindle reinforcement project and mediation work under way, this is a case by case custom repair and mediation work involving railing reinforcement, wood replacement, flashing and sealing. This is a major undertaking which is being performed on top of the endless other maintenance and emergency events that need to be addressed here at Wavecrest.
- Planning and ordering of 2 new commercial water heaters and fittings for the install of backups for A & C building.
- Coconut tree pruning throughout the Resort.
- Pest prevention and eradication of rodents evaluated with same course of action determined.
- Hauling of various loads of materials for several work projects.
- Management meeting with both Kaunakakai and Pukoo Fire Department units, time spent in test or practice run to better assess the specific or the what if scenarios of how to best respond to a fire at Wavecrest and their ability to position / turnaround / spacing needed. Management will also be contracting the install of additional fire support valves to be located at the B and C buildings.
- Research and order of materials, for more longevity in the repairs or replacement of corroded flashing with new aluminum flashing now being installed as an effective long term solution.
- Work on Cabana, with old TV box being removed and other cosmetic improvements. Also due to the heavy corrosive nature of the marine environment the fairly new lights at the cabana had start rusting, these have been prepped and paint to keep their life going at this stage.
- Electrician install of new lights at the corner of the west of the C building and landscape lighting.
- Licensed electrician and crew repaired several lighting and other electrical matters.
- Other various detailed repairs and numerous maintenance preformed throughout the property.
- Computer work, upgrades and administrative duties galore. Lots of internet issues.

Grounds:

- Removal of invasive weeds throughout the Resort.
- Hedge trimming behind C building to accommodate parking.
- Numerous irrigation repairs addressed, due to the aging complex and age of the irrigation system there is more frequent major repairs to or system, involving diagnosing and lots of work in trenching and repairs.
- Several locations with the addition of new plantings.

Wastewater treatment plant:

- Various Projects, being proactive in WWTP efficiency and improvements.
- Ted Johns applied to take Grade 2 State operators licensing, pending scheduling, likely Jan 1st.
- New diffusers ordered and installed to increase oxygen in digestion tanks.
- Sewage pump failure with new sump installed at lift station.
- Licensed electrician out to diagnose lead/ lack current on lift station pumps.
- Roofing project at WWTP drying bed north side to improve efficiency, 1/3 completed.
- Trouble shooting and digestive breakdown balancing phosphorous soluble in digestion tanks.
- Additional Emergency preparedness planning, as well as work with our licensed over site.
- Numerous small and operational improvements and cleaning of system in the WWTP.
- Continued education of the guest and owners of the importance what to Not put down our drains and the delicate balance of operating our own Waste Water Facility with State regulations and guidelines. We continue to put out both documentation, flyers and emails to keep all residents and guest with the correct understanding.

Swimming Pool and Cabana:

- BBQ and pool floor area cleaned and is now much improved.
- Work with cabana committee and design aspects to make a more cosmetic and functional area.
- More work on Pool attendant's maintenance room, where rotted wood had to be replaced and mediation repairs.
- New pool skimmer purchased in the hope the device will improve the removal of debris in the pool.
- New steam vacuum has now cleaned all hallways and the cabana carpet, this is a labor intensive and time consuming undertaking with evident results, a rotating schedule will be put into place, covering every building and cabana on some type of regularity.
- Resolving Pool clarity and enforcement of showering off prior to pool use.

Scheduled Maintenance

- To be determined as needed and by Board recommendation.
- The Cabana BBQ roof is scheduled for approximately Dec15th for new roofing, this will be a 2- 3 day job.
- Several items suggested by management including; Pool heating project, gutter work and gutter replacement, pump house new roof / rebuild of pump house, pool concrete / BBQ concrete staining, new tile / remodel of bathrooms at pool. Plus, numerous misc. upgrades and deferred maintenance upkeep.

Of Note

- Wavecrest has basic screen doors for sale at cost. These screen doors are much superior than the ones at Atlas Building Supply, these screen doors have a middle support bar to reinforce strength, they also have metal casters for more durability. Inquire at the office, these screen doors are \$100 each, non-refundable, payable to Wavecrest AOAO.