



Wavecrest

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

NOTICE OF MEETING

Date: Friday, September 27, 2019
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

Review/Approval of Minutes and Reports -

Regular Meeting Minutes of June 7, 2019
President, Treasurer, Secretary, and Manager's Reports

Old Business

Professional Reserve Study Update – Jack

New Business

Lift tank pumps - Ted Johns
2020 Budget - Martha Strock

Open Session - Owner Comments

Executive Session - Employee/Personnel Issues – Delinquencies & Liens/Legal Issues

Adjournment

Teleconference Information:
1 (515) 603 – 3147
Guest Access Code 657819#
This is no longer a free call.....

DATE OF NOTICE
Friday, September 13, 2019

Respectfully Submitted by
Roger Tinsman, Secretary



Wavecrest

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

Friday, September 27, 2019 @ 9:00 a.m. HST
Wavecrest Cabana & via Teleconference

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

AGENDA

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Board Meeting Minutes for June 7, 2019

Jack Thornton, President, called the meeting to order at 9:05 am HST

Board Members present on conference call: Jack Thornton A-207, Martha Strock A-101 & B-102, John Coffey A-315, Michael Peters C-213, & Gerry Johnson C-313 & A-206. Present in Cabana at Wavcrest: Roger Tinsman A-113. Quorum established.

Owner attendees: Steven Hurley A-113, Patric and Lynda Collins A-309, Dorothy and Lynn Donaldson A-305 & A-214, Ted Johns B-201, Jerry & Carol Gillen C-207 & 306, Calvin & Marcel Rolan C-212 & C-208, Frank Doemer as proxy for Bob McCann C-103, Cathy and Richard Felkins C-216, Dan Reed C-105, Dallas and Julie Jacobs C -104, Rocky Taylor C-106
On Conference call: Meredith Johnson C-313 & A-206 and Neil Strock A-101 & B-102

Proof of notice of meeting given.

Request for corrections or changes to March meeting minutes. Two noted, plus one clarification of wording. Martha moved to approve minutes with corrections, John Coffey second, vote passed unanimously. Corrected minutes have been posted to the website.

Jack read the President's Report. Report attached.

Martha highlighted details of the Treasurer's Report. Report attached.

Roger Tinsman reviewed the Secretary's Report. Report attached.

Ted Johns read highlights of the Manager's Report. Report attached.

Old Business:

Sub Metering Report: Jack reported that the data usage is being consistently reported and collected, and there is no cause for review currently. This data will be compiled and reviewed again for the September budget meeting. Martha explained her process of reviewing the electrical usage reported by Ikehu Utility Solutions (Multifamily Utility). Jerry moved to change the \$40 reduction in HOA fees to \$52 based on figures he had provided the Board. Jack called point of order, stating that he could not make a motion to change the given and accepted calculations that the Treasurer has already provided. Jerry reminded the Board that in the October 2018 meeting there was a motion passed to review the figures and to make adjustments if warranted in 2019 open session meetings. John Coffey spoke, Jerry gave further details, and Martha replied that the credit is an averaged amount, because actual usage varies depending on the seasonal occupancy of the buildings. Michael stated that the Board should continue to review and debate these rates, but should not make a change mid-season and rather evaluate 2019 actual numbers when preparing 2020 budget in September. Jerry asked to have documented his disapproval of the \$40 amount of reduction. Further discussion referred to Executive Session.

Jack addressed Molokai Shores' in-house alleged "free" billing, raised to question from an owner letter. Molokai Shores in fact adds a fee of \$18 folded into each MS unit's billing, but not listed as a line item. The President of MS Board has verified this. We pay roughly 1/3 less than that for our billing collection.

Professional Reserve Study: Jack is receiving cost documentation from Zaida, and will be using that to qualify companies to bid. A list of candidate companies was provided by Hawaiiana and others. Selection results will be presented at a future meeting.

New Business:

Homeowners insurance notification of cancellation is required to ensure that owners are not billed for insurance from Wavecrest. Please submit your completed form to the front office.

Written fee agreements and flat fee charges discussed at the last meeting were instituted. If further information is needed please ask the front office.

Jerry reviewed reports he submitted regarding long term options to address plumbing failures. One report addresses the copper fresh water pipes, and the other addressed the waste water piping. Plumbing runs vertically through each unit between the kitchen and bathroom walls. (To serve 3 floors of units on top of each other, alternatively referred to as "stack", or "stick"). For fresh water leaks there are options of replacement with new copper pipe, PEX flexible repiping, or repair with epoxy linings. For waste lines, replacement with new cast iron or PVC pipes are options. Jerry stated that in 2018 a total of \$55,000 was made in insurance pay outs, and to date in 2019, \$62,000 has been paid out by Wavecrest's insurers for water damage claims.

Ted commented that waste leakage is the most frequent occurrence, especially in T/Y couplings, but fresh water leaks can end up costing more due to the fact that they run slow and undiscovered for a longer period of time. At some point in the future it is probably inevitable that each building will need to be re-piped.

Jack stated that typical repiping of a unit in Hawaii can cost \$20 - \$40 thousand per unit. But means of potential Wavecrest financing are being explored to mitigate large assessments. This is the number one item that will be addressed by our Reserve Study, and the company selected will need to ensure us that they will give it personal attention.

There are currently funds in the existing budget to begin stockpiling supplies that may be needed for emergency repairs.

Open Session:

Rocky Taylor (C-106) Piping is a known issue, but what he sees in the attic are patches not repairs. Copper does not wear out, but if dissimilar metals are used in patching it can cause pitting and ultimately failure. It is important to institute a program to address how we move forward. Red lining drawings is one step to know where problem/repaired areas are. Jack stated that a detailed plan with projected expenses will be presented by the selected Reserve Study company. It will be their #1 priority. Rocky later volunteered to lend his expertise as a Piping Journeyman to help Wavecrest management with plumbing maintenance scheduling, removal of dissimilar metals, etc.

Julie Jacobs (C-104) - When will the Reserve Study be complete and results available? (As soon as possible. - Jack) She further asked for guidelines for remodeling...if walls are opened what should an owner do? (Ask Ted to inspect, and if needs are seen Wavecrest can address them at that time. - Jack) Ted reminded all present that plans of changes must be submitted to the office in advance of work, and Wavecrest will inspect work in process, and has the right to stop work if it is not being done to code.

Dallas Jacobs (C-104) - Dallas asked permission and volunteered to review the report on plumbing before it is approved. He is a Civil Engineer, and would like to offer his expertise. (Accepted. - Jack)

Dan Reed (C-105) - Thanked Jerry for his reports and asked if Jerry's numbers and Martha's numbers are, or will be, available to homeowners for comparison. Martha's were previously released last October, and Jerry's are available from him. (Numbers will be reviewed in Executive Session to ensure that there are no potential legal issues to releasing Jerry's work. - Jack)

Jack offered a reminder that Wavecrest staff can provide and install pipe access panels under a unit's sink for water shut off valves. Please see Ted for details.

Richard and Cathy Felkins (C-116), Dan Reed (C-105), Frank Domer (proxy with questions in writing from owner Bob McCann C-103) Dallas Jacobs (C-105), Marcel Roland all discussed the new letter to owners dated May 31st emphasizing existing parking rules, restrictions and enforcement of fines for violations. A common theme was the need for clarity on 'one vehicle per unit', vehicles being assigned to a unit and using a parking pass, renters not using passes, etc. Owners were encouraged to send specific questions in writing to the Board. Further study will be done as well as discussion in Executive Session. (Some vehicles have been banned from the premises for lack of current registration and insurance. Others with outdated registration are being addressed. - Jack). A copy of the letter is attached to meeting reports.

Dan Reed (C-105) - Recent renters told him they had never seen such a beautiful place as Wavecrest! Kudos to Ted and team. (Applause ensued)

Jerry Gillen C-207 & 306 - Asked if there is any policy by Wavecrest on generator use during blackouts, and if there is current consideration of Wavecrest having a backup generator for power losses. Short discussion of battery backup units ensued.

Cathy Felkins (C-116) Asked permission to convene a committee of volunteers to explore again the potential of heating the pool, and report back to the Board with concrete figures at the September board meeting. Richard, Neil and Jerry volunteered. Research committee verbally approved, and referred to previous reports from 2017.

Julie Jacobs (C-104) asked if she could host a free session in the Cabana for owners with a guest speaker from Hospice to inform of their on-island offerings. (General agreement) She also addressed frustration with the existing limitations of kayak storage and her opinion (echoed by others) that the fees are too low. She finally asked about ADA accessibility to the pool. Ted said he would review.

There being no further comments, Martha Strock moved and John Coffey seconded the Board adjourn to Executive Session. Passed unanimously at 10:45 HST.

Executive Session convened by teleconference at 11:07 am HST
Executive Session closed at 1:13 pm HST and open session closed immediately after.

Note: An additional Executive Session was called by Jack and Martha, and a teleconference was held from 10:35 am HST until 11:53 am HST on June 6, 2019. No action or votes were taken.

Respectfully submitted by Roger Tinsman, Secretary

President's Report
September 2019

Aloha all,

Your board continues working diligently on evolving projects at Wavecrest that continue to protect the Association and owners alike.

- Recently a homeowner living at Wavecrest was discovered via interior video surveillance trespassing in another owner's unit on multiple occasions. The police were called, and an investigation ensued. Fines were assessed and restrictions on the offender's common area use will be forthcoming after the investigation is complete. This is a good time to remind all owners to change their lockbox combinations periodically and provide written approval listing those persons you allow access to your unit. New owners: change the lockbox codes.
- Free WiFi usage is being abused excessively by 4-6 specific accounts/units. This abuse is interfering with daily operations of Wavecrest. We have identified a few of these and are in the process of identifying the rest. Please be considerate of others. The alternative is to remove the free WiFi service or purchase equipment to solve the problem.
- Parking permits
It appears that some permits are being shared in exchange for money as well as being used outside of their intended use. This is in violation of their authorized use and offenders are subject to immediate fines and revocation of permit usage. Permits are assigned to specific units and must be registered to specific vehicles upon use by any owners as well as renters. If you loan your permit to another owner, it must be recorded in the office and you may not have a vehicle on property. Regular vendors who register at the office are assigned their own permits for the convenience of owners. Be sure to display your permit in your vehicle in a conspicuous place. This helps us keep track of owners and guests on property as required by law. Please contact the office for further information.
- HO6 insurance
The office is still offering to set up a HO6 owner insurance "notification of cancellation" service for your convenience that is available to owners in order to meet requirements to have proof of insurance on file in the office. No cost to owners. See Zaida for details.
- Sub Metering
The last few details of the sub metering system are being completed. The office unit is being retrofitted by NPC to comply with the contract.
- The Reserve Study vendor has been chosen and the study will commence with all due diligence per previous motion authorizing authority to act [5-0].
- Zaida will be filling in for Ted by giving his managers report as well as reviewing additional office administration information for the convenience of owners and their guests and

renters. She has been instrumental in helping both the board and owners wade through needed documents. Wavecrest does not act as a rental agent per Hawaii Statutes.

- An update on Ted's condition. There is an email directly from Ted and Darlene that is being sent. I am relieved to hear that a full recovery is expected.

Please hold all owner comments until Open Session: Owner Comments. Owner comments are limited to 3 minutes each.

As always, the board accepts written input, as well as polite civil verbal input, at all board meetings. Written input is accepted at any time and does not have to be turned in prior to or at the time of the board meeting.

Best regards,
Jack Thornton

Wavecrest AOA
Treasurer's Report
September 27, 2019

	Actual 2019 August	Budget 2019	Actual 2018 August	Percent Change August/August	YTD Actual	2019 Budget
Revenue	89353.69	83164.98	75764.02	17.9%	730871.01	665319.84
Expenses						
Utilities	19123.58	18188.66	17349.99	10.2%	134394.61	145509.28
Professional Services	4840.87	3829.65	4288.77	12.9%	44929.32	70666.4
Bldg Maintenance	5093.61	8833.3	5106.09	-0.2%	41269.79	33037.2
Payroll & Benefits	20257.13	28219.73	21474.6	-5.7%	190029.43	234757.84
Other expenses:						
Insurance Master Policy	0	7365.01	0		86138.49	58920.08
Insurance Flood	0	0	0		1020	0
Insurance - Auto	0	0	0		0	750
Insurance - Claims	0	0	0		61633.81	0
Meeting Expense	0	1500	0		2149.24	4500
Miscellaneous Expense	234.92	125	294.61	-20.3%	1414.15	1000
Maintenance Fee Expense	2260	3333.33	3025	-25.3%	19210	26666.64
AOAO Wavecrest Rental Expense	93.75	0	0		1408.75	1408.75
AOAO Office Expense	565	605	605	-6.6%	4520	4840
Unreconciled Debit Card Items	1052.9	0	0		1767.98	0
Condo Registration	0	120	0		960	960
Real Property Tax	1067.89	99	875.23		1943.11	792
State General Excise Tax	0	190	0	-16.6%	1867.88	1520
State Income Tax	0	0	0		-102.58	0
Total Operating Expenses	54589.65	70908.68	53833.47	1.4%	593593.98	583919.44
Operating Surplus/Deficit	34764.04	12256.3	21930.55	58.5%	137277.03	81400.4
Capital Improvements	0	0	0		0	0
Total Cash Disbursements	54589.65	70908.68	53833.47	1.4%	593593.98	583919.44

Cash and Investment Balance

Operations	100,923	127,114.41	-20.6%
Reserves	568,854	380,030.66	49.7%
Total Association Cash	669,777.47	506,652.62	32.2%

Delinquencies - Active Owners

Maintenance Fees	96600.65	80,111	20.6%
Legal Fees	3102.39	1,384	124.2%
Late Fees	15615.69	15,136	3.2%
Interest Charges	38051.65	21,648	75.8%
Other Taxable Receipts	0	568	-100.0%
Fines		0	
Rental Income-Locker Storage	0	25	-100.0%
Unit Svcs and Repairs	0	0	
Lien Processing Fee	0	50	-100.0%
Return Fee		0	
Total	153370.38	118921.47	29.0%
Delinquencies - Inactive Owners	207667.59 on 15 inactive	202,568	2.5%

Secretary's Report

Wavecrest Resort Board of Directors
September 27, 2019 AOA meeting

On June 23, 2019 an owner sent a letter of inquiry regarding her request in the last meeting's Open Session to gather new cost information on options to heat the pool, and present results to the Board at the September meeting.

On August 11, 2019 an owner sent a letter of complaint regarding ongoing violations of the rule of no smoking on lanais by both renters and owners.

Respectfully submitted,

Roger Tinsman
Board Secretary

Prepared September 26, 2019

MANAGER'S REPORT

June 7, 2019 – September 27, 2019

Submitted by C.Ted Johns

COMPLETED PROJECTS:

PROJECTS COMPLETED IN-HOUSE

Bull nose edging on all stairs secured where loose with stainless steel screws.

Warning stickers placed in circuit breaker panels, stating not to turn off sub-meter circuit breaker, identified with sticker, that power is being monitored. The sub-meter circuit is dedicated, only supplies power to the sub-meter no other circuits. Wavecrest Office needs to be notified ,in advance, if breaker is turned off. Minimum fine of \$ 100.00 plus \$ 10.00 for each day breaker is off. Per homeowner notification from the Board- May 6,2019.

Efforts initiated to be more proactive in risk management. Continuously inspect property for obvious risk factors.

Employee: Clint (Kalae) Arnold, after attending the required course, is now a State of Hawaii licensed security guard. Currently we have Kalae working security on property Friday and Saturday- 5:00-9:00 PM.

OTHER

5/7/19 Lanai and common area inspection performed. Twenty-two violations issued. Most violations were minor in detail. Good response from owners and renters in correcting violations.

All non-judicial foreclosed units (C102, B203) in Wavecrest's control currently rented. Manager's unit (B210) also rented. Office apartment rented by Office Administrator. Income from rent, minus expenses, exceeds regular assessment fees.

ONGOING PROJECTS:

Maintenance turns off any hallway lights left on overnight at 7:45-8:00 AM.

Grounds repair and replace irrigation components as needed.

Systems equipment additions to improve complimentary Wi-fi performance with the goal to reduce Association's costs.

POOL:

8/7 Pool access code changed. New code is- 2156

Water balance good. Clarity very good to excellent.

WASTEWATER:

General operational tips for our wastewater treatment plant:

Detergents- Use of liquid detergent is recommended. Most powdered laundry detergents contain sodium perborate, which releases boron as it breaks down. Boron kills our "good" bacteria and damages our treatment plant. Never use more than the manufacturer's recommended amount of detergent. If excessive sudsing or foaming occurs, reduce the recommended amount by ½.

Bleach: Never use Chlorine bleach.

Grease, cooking oils and cooking fats should never be placed down the drain.

Never flush dental floss, rags, paper towels, paper of any kind, or feminine hygiene products into the system. **THE ONLY THING FLUSHED DOWN THE TOILET IS MILD SOAP AND WHAT WE INGEST.**

Never use caustic drain cleaners(such as Drano) or toilet bowl cleaners that contain bleach (such as 2000 Flushes)

Excessive food scraps should be disposed in trash not down the garbage disposal. Note: European transient renters guilty of excessive use of garbage disposal.

Work in lift tank to be scheduled in future, will require water main to be turned off.

Caring for our Wastewater Treatment System
September 27, 2019

Recently we had a very **serious** incident involving our Lift or Pumping Tank component of our Wastewater System; which is one of the most important building systems on property and very likely the **most** important.

First, a brief explanation of the function of the Lift Tank which is located in the courtyard near Building "B" literally in Wavecrest's front yard. Due to the distance from individual units/buildings to the Wastewater Treatment Plant (WWTP) which is located east of the tennis courts the Lift Tank and Tank Pumps are necessary. Gravity alone cannot transport the wastewater to the WWTP.

The incident occurred around August 11, 2019 when someone flushed a large fibrous, string rag or mop head down the toilet, which obstructed one of the pumps and caused it to stop working. Fortunately, the troubleshooting corrected the incident within a half-day's work involving three employees.

However, the seriousness of the incident whether accident or malicious could have resulted in several bad scenarios: sewage spill; costly cleanup of a health hazard; water to units turned-off; costly replacement parts to the Lift Tank. Intentional damage to a WWTP is a state and federal crime.

Rumor has it that some individuals use the toilet as a mop bucket, and there are still evidence of inorganic items getting in the WTTP: dental floss, rags, paper towels, plastic bags, toys, cigarette butts, feminine hygiene products (all of which should be put in the trash).

Therefore, I emphasize to all owners to join in the campaign for a healthy WTTP and communicate to all visitors and cleaning personnel that the only thing that can go down the toilet is mild soap and what we ingest.

Respectfully Submitted,
C. Ted Johns
Operator 1999 and DRC
General Manager
Wavecrest Resort Inc.

GL#	Description	2019 Budget	2020 Hawaiiiana Budget Proposal	2020 Draft Budget
	Revenue			
5100	Maintinace Fees	867840	893880	861060
5180	Electricity Reimbursement	82680	60000	60,000
5170	Investment interest	2280	2280	2280
5310	Vending Machine	1800	1956	1956
5330	Laundry	3120	3120	3120
5360	Late Charges	4800	0	0
5361	Interest Charges	504	996	996
5370	Other Taxable Receipts	2832	4104	4104
5378	Fines	7500	3768	3768
5400	Rental Income	23640	26124	26124
5405	Storage Rental/Kayak	4320	5964	5964
5753	Water Reimbursement	1128	804	804
5412	Office Apt Rent	7500	6600	6600
	Total Revenue	1009944	1009596	976776
	Utilities			
6010	Electricity	98064	96000	96000
6030	Water	44160	44160	44160
6040	Wastewater	21600	10200	10200
6050	Gas	47000	48000	48000
6060	Telephone	4680	4680	4680
6080	Internet/Website	2760	5532	5532
	Total Utilities	218264	208572	208572
	Maintinance			
6550	Grounds	8000	8400	8400
6552	Grounds-tree Trimming	8000	8004	8004
6580	Pool	9,000	9,000	9,000

6600 Pest Control	2500	2496	2496
6620 Refuse	29000	33600	33600
6660 Fire System	7500	7500	7500
6670 Building Repairs	22000	22000	22000
6690 Misc RPRS & Purchases	20000	20000	20000
Total Maintinace	106000	111000	111000

Professsional Services

6810 HMC Admin Supplies	13200	13200	13200
6812 AOA Admin Exps	4500	4500	4500
6830 Vehicle Expense	3000	3000	3000
6840 Education Expense	1000	1000	1000
6850 Management SRVCS	15456	16080	16080
6870 Audit	2400	2928	2928
6880 Legal Fees	7800	7800	20000
6927 Travel Expense	1000	1000	1000
Total Prof Services	48356	49508	61708

Payroll & Benefits

Total P/R & Benefits	339467	361322	329026
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Other Expenses

Insurance Master	88380	92796	92796
Insurance Flood	92388	92160	92160
Condo Reg - Odd Years	1440	0	0
Insurance Auto	750	768	768
Meeting Expenses	6000	6000	6000
Misc Expenses	1500	1776	1776
Maintinace Fee Expense	40000	40000	40000
AOAO Office Expense	7260	7260	7260
Real Property Tax	1188	8952	8952

State GET	2280	2496	2496
Rental Expenses	2256	3036	3036
Total Other Expenses	243442	255244	255244
TOTAL OP EXPENSE	955529	985646	965550
Transfer to Reserves	54415	23950	11226

Hawaiiana projects a starting budget in the reserve fund of \$635000 with \$444677 in commitments and \$137802 in 2021