



Wavecrest

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

NOTICE OF MEETING

Date: Tuesday, March 17, 2020
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 September 27, 2019
President, Treasurer, Secretary, and Manager's Reports

Old Business

Reserve Study
Update
Wi-Fi Bandwidth Usage – Jack Thornton

New Business

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
Monday, March 02, 2020

Respectfully submitted by:
Jack Thornton, President



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

Tuesday, March 17, 2020 @ 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 September 27, 2019

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

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

Owner attendees: Steven Hurley A-113, Barbara Clarke A-303, Dorothy Donaldson A-305 & A-214, Neil Strock A-101 & B-102, Meredith Johnson C-313 & A-206, Claire McCann A-109, Frank Doemer as proxy for Bob McCann C-103, Richard Felkins C-216, Judith and Daniel Burkett B-101, Dallas and Julie Jacobs C -104, Dayna Harris A-109, Rocky Taylor C-106, Suzanne O'Connell B-110,
On Conference call: Brenda Murray A-107.

Proof of notice of meeting given. New Owners Richard and Theresa Stock C-214 were allowed to attend as observers, because their new unit is closing escrow soon.

Request for corrections or changes to June meeting minutes. None noted. Martha moved to approve minutes, Gerry seconded, vote passed unanimously.
Jack read the President's Report. Reports attached.
Roger read the Secretary's Report. Report attached.
Zaida Place (Office Manager) read highlights of the Manager's Report. Report attached.
Martha highlighted details of the Treasurer's Report, with acknowledgement of 2020 Budget discussion to come later in meeting. Report and budget attached.

Old Business:

Professional Reserve Study: Jack announced Association Reserves, Inc. (<https://www.reservestudy.com>) has been selected to perform the professional reserve study for Wavecrest. The estimated cost will be \$5,920. The timeline is expedited.

New Business:

Ted Johns wrote a report entitled "Caring For Our Wastewater Treatment System" (attached) that was reviewed. An object similar to a mop head caused a serious obstruction in one of our lift pumps. Owners are reminded to promote an attitude of care to renters in this. Only what we ingest, and mild soap should enter our sewer system. Future incidents can result in high costs and permanent damage.

The draft budget (attached) was presented by Martha, with no increase of HOA dues at this time. Mike moved to approve and adopt the draft budget, with the Board retaining authority to act on it at a future meeting if warranted. Roger seconded. Budget passed 4 to 2, with Mike, Roger, John, and Gerry voting yes, Jack and Martha voting no.

Open Session: 9:45 HST

Gerry Johnson (C-313 & A-206) submitted a letter of resignation to the Board. Letter attached.

Dallas Jacobs (C-104) - discussed the need to use no-phosphate, no bleach Dishwasher detergent. Please read labels carefully when making your buying decisions.

Dan Burkett B-101 stated that the budget presentation did not allow for owner feedback and the placement of owner comments at the end does not allow for questions.

Richard Felkins C-116, presented a written document (attached) outlining the general costs plus features and benefits of heating the pool. Copies were distributed to the Board. He requested that the Board explore a questionnaire to send all owners gauging their interest based on the information.

Dayna Harris A-109 submitted a letter asking for reimbursement due to a small leak.

Rocky Taylor C-106 spoke to the aging piping, explaining that addressing it completely is a process, not a one time event. Rocky, whose career as a Piping Journeyman, offered to help Wavecrest management, and the Reserve Study formulators too.

There being no further comments, Martha Strock moved and Roger Tinsman seconded the Board adjourn to Executive Session. Passed at 10:17 HST.

Executive Session convened in person and by teleconference at 10:38 am HST
Executive Session closed at 11:19 am HST and open session closed immediately thereafter.

Note: An Emergency Executive Session was called by Jack on September 30 for the same day at 4:30 pm HST it ended at 5:15 pm HST. No action or votes were taken.

Respectfully submitted by Roger Tinsman, Secretary



President's Report
March 2020

Aloha all,

-The March 2020 Quarterly Meeting will involve some new information that helps set our course, not only in the near future, but long-term goals as well.

Current items

-Zaida, our new Property Manager, has the office running very smoothly as well. If you have stopped in recently you have no doubt observed the quiet efficiency and markedly new vibe. Zaida and I, as well as all Wavecrest, are also benefiting from the professionalism that Donna Miguel brings to the resort as the new Administrative Assistant.

-Zaida and crew continue to maintain the grounds at an impressive level. Please take time to walk the grounds to see for yourself as well as taking time to thank the crew personally.

-The reserve study draft is being sent out along with my president's report.

Ongoing items...

Oversight development.

I have increased the oversight of authority to purchase, project priorities, cost controls, general inventory, safety compliance, hazardous materials, insurance requirements, appliance installation inspections, owner/contractor work inspections, parking permit and sign in program, frequency task tracking and review of critical parts and tool inventory. These are really just a few of the most recent critical areas. As you will see from Zaida's Manager's Report, she has developed the document production and retention system to accomplish these oversights.

-We are reaching the near end of the NPC metering contract. That means the office is being retrofitted for metering, and the exterior main panel and splitter are being replaced as they no longer pass code due to age and deterioration. An upgrade to the solar configuration is being corrected by NPC as well. Just waiting for MECO to schedule an onsite visit and disconnect the main power lines so the work can be done.

-A property wide Audio/Video policy is being developed for review by our legal counsel. This will address placement of devices, authority to access, data retention, owner devices, and other pertinent issues.

Reminders on Behavioral Violations and Other Requirements

-NO Warnings for behavioral violations involving aggressive, threatening or other abusive conduct are required.

-NO Further Warnings for smoking violations.

-NO Further Warnings for parking permit violations.

-Lost, photocopied, retired, etc., parking permits will result in replacement fees (\$50), fines, and potential towing. HRS require Wavecrest to document our daily on-premise guest counts. This is a key component in achieving that goal.

-Wavecrest is not allowed to act in the capacity of a real estate agent or owner agent. We are allowed to oversee one unit. That unit has been designated as the office unit. Do not ask us to help manage your rental. We charge \$50 for help with unit entry or other non-common area issues. Last year, during the months I kept track, we were spending approximately \$1000 to \$1500 per month facilitating owner rentals on a wide variety of issues that should be dealt with by a rental agent.

-Please provide proof of HO6 insurance documents per Owner Insurance Resolution BOD, July 6, 2007 and Section 514B-143(g) Condominium Law State of Hawaii. We have a free expiration notification service you can sign up for and we will remind you if your insurance is about to expire. Otherwise we will purchase insurance for you and bill you through Hawaiiana Management Company.

-WiFi cable connections between all buildings is done or will be shortly. This will help with free WiFi coverage as well as Sub Meter data collection. Owner abuse of free WiFi service will now be addressed through additional means (violations, fines and expense to control abuse) because it still continues to be a problem. 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.

I'm sure there are more items to share but will do so at the meeting as they arise.

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**

	Actual 2020 January	Budget 2020 January	Actual 2019 January	Percent Change January/January	YTD Actual	2019 Budget
Revenue	77862.17	81963	114781.34	-32.2%	77862.17	81963
Expenses						
Utilities	25711.31	17381	16574.36	55.1%	25711.31	17381
Professional Services	2603.04	7826.37	2360.66	10.3%	2603.04	7826.37
Bldg Maintenance	6154.02	9250	4067.26	51.3%	6154.02	9250
Payroll & Benefits	23621.19	26866.83	23228.93	1.7%	23621.19	26866.83
Other expenses:						
Insurance Master Policy	16634.25	7733	32765.61	-49.2%	16634.25	7733
Meeting Expense	0	500	0		0	500
Miscellaneous Expense	325.67	148	173.99	87.2%	325.67	148
Maintenance Fee Expense	0	3333.33	2825	-100.0%	0	3333.33
AOAO Wavecrest Rental Expense	77.7	0	0		77.7	0
AOAO Office Expense	0	605	565	-100.0%	0	605
Unreconciled Debit Card Items	1523.82	0	1223.1	24.6%	1523.82	0
Real Property Tax	0	4476	0		0	4476
State General Excise Tax	733.2	208	611.84	-16.6%	733.2	208
Total Operating Expenses	77384.2	78327.5	87087.98	-11.1%	77384.2	78327.5
Operating Surplus/Deficit	477.97	3635.5	27693.36	-98.3%	477.97	3635.5
Capital Improvements	0	0	0		0	0
Total Cash Disbursements	77384.2	522994.5	87087.98	-11.1%	77384.2	522994.5
Cash and Investment Balance						
Operations	121554.25		107,761	12.8%		
Reserves	589099.37		451,833	30.4%		
Total Association Cash	710,653.62		559,593.80	27.0%		
Delinquencies - Active Owners						
Maintenance Fees	106147		81340	30.5%		
Legal Fees	4484		2929	53.1%		
Late Fees	15854		15376	3.1%		
Interest Charges	45724		28345	61.3%		
Total	172208		127990	34.5%		
Delinquencies - Inactive Owners	208554	on 16 inactive	206431	1.0%		



Board of Directors
Assoc. of Apartment Owners – Wavecrest Resort, Inc.
Secretary's Report
March 17, 2020

Nothing new to report.



Board of Directors
Assoc. of Apartment Owners – Wavecrest Resort, Inc.
Manager's Report
March 17, 2020

Aloha Homeowner(s).

As the new property manager, some of my immediate objectives included familiarizing myself with the common areas and identifying and categorizing needs. I've also familiarized myself with staff job duties, established working relationships, am in the process of identifying strengths and weaknesses to better utilize talents and to be better able to provide knowledge, awareness, streamlined information and directives in an effort to evoke teamwork and improve morale through communication, guidance and positive reinforcement and feedback.

What's Happening at Wavecrest

Completed Projects:

- Outdoor Kayak Racks
- Bldg. A, 2nd Floor Washer Removal & Replacement Install
- Bldg. B to Bldg. A Underground Network Cable Installation
- Unit(s) B108/208 Emergency Leak Repair
- Unit(s) A214/314 Emergency Leak Repair

There have also been some critical needs that have been identified and are in the process of undergoing repair and/or replacement.

Current Projects:

- Bldg. A Network Cable Reinstallation (near completion)
- Bldg. C East Stairwell Repair Project –Doug Rogers, Contractor
- Unit(s) B208 Drywall Repairs
- Unit(s) A214 Drywall Repairs
- Bldg. B Heater Replacement
- Bldg. A. Heater Replacement
- NPC Office Bldg. Revamp
- Maintenance Shop Clean Up and Inventory
- Preventative Maintenance Program Review

Upcoming Projects:

- Irrigation Box Lift and Ground Repair near gutter at Unit C108
- South Pool Gate Lock Repair
- Weather Station Install
- WC Storage Units Clean Outs/Seal
- Hallway Dimmer Lights Install

At the Office:

- Hired new office administrator, Donna Miguel.
- Update HO binder information upon HO check-ins.
- HO6 insurance policies (83.33% to date)
- Ensuring proper parking permits are being utilized by HOs and vendors.
- Ensuring visitor sign-ins.

WWTP:

- Please stop putting INORGANICS down toilets/drains (i.e. dental floss, fem. hygiene products, paper towels, plastics, cigarette butts, cloth rags, candy wrappers, lollipop sticks and electrical wire ties). Please dispose of excessive cooking grease into trash bins. Place these items into trash bins.
- not put down toilets/drains.
- Dept. of Health inspection completed on 12/11/19. WWTP found operating in optimum condition, however, we are still awaiting results of the inspection.
- Measures being taken for odor control.
- WWTP Operator/DRC C. Ted Johns completed required CEU courses in Feb. 2020 for Grade 2 WWTP Operator license renewal valid through 2022.
- Hire & train WWTP part-time/on-call position.

ADDENDUM
President's Report
March 2020

Aloha all,

As a board it is rather disheartening to be accused of ill intent and incompetence when the board continues to work diligently to meet the needs of all homeowners. Every faction of the law regarding condominium associations, board meeting protocol, and procedures is constantly reviewed and implemented according to Hawaii Law.

Without knowledge-based facts the continued ridicule and verbal assaults by a small faction of owners is insulting and extremely counterproductive.

The board will continue to work on everyone's behalf and would greatly appreciate your support and an end to malicious rumor mongering.

In this time of global crisis and conflict it would seem that we could work together in our small corner of the world. We would all be the better for it.

The March 2020 Quarterly Meeting involved some new information and some misinformation. I will attempt to add clarity and facts with this addendum.

Wavecrest meeting attendees were led to believe by Mr. Nicholls that under his supervision 100%+ funding was achieved with the 2003 Level 2 Reserve Study. This is a myth.

It can only be considered 100% funded because it provided 100% funding for the current year. Using this methodology, we too are 100% funded at this time.

There is no doubt that had proper follow-up been done on the 2003 and the 2009 manager reserve study, the most recent reserve study would not appear to be so dire.

Upon the completion of the 2003 Reserve Study there was no follow up or attempt to adhere to required due diligence. In 2009 it was once again not updated nor was there a response to the Global Financial Crisis.

These missteps are what has led us to the supposed, "catastrophic" results on the 2020 Reserve Study.

Wavecrest 2003 Level 2 Update of Reserve Study with On-Site Review

Per the 2003 Reserve Study referenced at the recent board meeting on March 17, 2020 [page 4 attached*]

The level 2 site inspection is less comprehensive than a Level 1 site inspection in that the reserve professional does not obtain or verify measurements and counts unless it appears that there have been changes since the prior study or mistakes in the prior study.

As a result, the useful life of a funding study is at best a few years, and certainly not more than five years [PROVIDED it is updated and there is documentation of the updates].

At least once a year.

At changes in interest rates.

At changes in inflation rates.

At changes in the number of dues paying members.

Before making changes to the property.

After a flood or fire.

After the change of ownership or management.

After Annexation or Incorporation.

This study estimated future projected expenses for Wavecrest based on, "Preservation of Existing Improvements".

Wavecrest 2020 Level 1 Full Reserve Study

Level 1 is the most comprehensive Reserve Study.

It includes On-site visual observation, obtaining or verifying measurements and counts of common area components. This also includes an evaluation of condition and generally a photo inventory of most components. This data is compiled into the reserve study report.

The most recent Wavecrest board has been working on preparation of a new Reserve Study. Data has been collected for the last 2-3 years by me, your current AOA president, Jack Thornton. It is being organized by Treasurer, Martha Strock and Property Manager, Zaida Place.

It is not the actual plan. It is a theoretical template for developing a way forward, provided due diligence is followed, during the useful life of the study.

The 2020 reserve study will require ongoing due diligence so the preventable miss-steps of 2003 and 2009 do not lead us into peril again.

Best regards,

Jack Thornton

Wavecrest Board of Directions