



**Board of Directors Meeting Minutes  
June 3, 2022**

The Wavecrest AOA Board of Directors meeting was conducted pursuant to the provisions of the Governor and the Maui County Mayor's Executive Orders. Board Members and Staff participated in the meeting by zoom teleconference. Homeowners were provided a zoom website link as well as a phone number to participate in the meeting and provide public comment.

**1. Call to Order and Roll Call**

- a. The regular quarterly Board of Directors meeting was called to order by President Jack Thornton at 9:02 a.m. HST on June 3, 2022.
- b. The following Directors were present: President Jack Thornton (A207), Vice-President Michael Peters (C213), Treasurer Martha Strock (A101/B102), and Secretary Rod Huck (A102). A quorum was established.
- c. Homeowners in attendance included: Neil Strock (A101/B102), John Scriver (A110/A308), John Becker (A303/A313), Bev Ferguson (B101/B103), Ilene Klein (B108), Jeffrey and Kim Silvers (B209), Kimberly Dutton (B310/C110), Julie and Dallas Jacobs (C104), Daniel Reed (C105), Rockland Taylor (C106), Alan Greene (C113), Julie Funke (C216), and Margaret Carpenter (C316). Others in attendance included Property Manager, Zaida Place.
- d. Proof of Notice of Meeting was sent out on May 19, 2022.

Homeowners Amanda Ballou (A211) and Gaellen Quinn (C305) joined the meeting.

**2. Review/Approval of Minutes and Reports**

- a. The March 15, 2022, meeting minutes were presented for review. President Thornton noted that there were no additions, changes, or corrections to the March 15, 2022, meeting minutes. Secretary Huck motioned to accept the March 15, 2022, minutes as drafted, and Treasurer Strock seconded the motion. Motion carried unanimously to approve the minutes as written.
- b. President Thornton noted as newer custom we've resorted to not reading reports over as copies provided to membership. The President's report was submitted as written and was the same with a few additions to it that will be discussed during open meeting per President Thornton.
- c. The Treasurer's Report was presented as written. Treasurer Strock reported that we are still in decent financial state, our cash is down a little and reserves are up from last year. Will need to keep an eye on inflation and costs of materials and shipping. Due to Hawaiiana's error of not including the \$9.66 amount in dues, we do have 62 delinquent active owners. For those who did not make this payment, please pay it.
- d. Secretary Huck state that there was nothing new to report beyond identified agenda items.
- e. The Manager's report was presented in written format. Manager, Zaida Place stated that she and Ted were able to attend HRWA's Water Conference last month. Mentioned that there was one issue coming down the tap which is getting rid of lead and copper pipes and fittings. Wavecrest to move forward with installation of lead-free products.

**3. Discussion/Items**

- a. President Thornton requested to turn in proxies for the rescheduled annual meeting to be held in September to ensure achieving a quorum. Also requested those interested in joining the board to contact

him through the office regarding board duties and welcomes all those interested to apply for a Board seat. We currently have two open positions on the BOD.

- b. eGauge Hardwiring – Progressively scheduled to begin with units we go into the most.
- c. Wi-Fi Bandwidth – Homeowners are living within the bandwidth allowed and it has not been interfering as much as it used to. Please keep in mind that if you are streaming, etc. you should be using your own account with Spectrum.
- d. House Rules – They are being tweaked and HRS statutes are being included. In the last two stages, has been meticulous and will be discussed at the next meeting on September 30, 2022. Re-issuing and re-adopting them with more owner options for recourse if you disagree with something to make it easier. Mediation process per and in compliance to be clarified.
- e. Reserve Study – Specific reserve items are being reviewed and will be updated to reflect rise in prices and shipping and the works that's been done or needs to be done and added.
- f. Wastewater Treatment Plant – We are looking at placing an eGauge to monitor electric use and adding a water meter and water meters on all the buildings so we can potentially procure funding through a grant to repair/replace our WWTP down the road.

#### 4. Open Session

- a. Julie Jacobs (C104) – Where can we find the Board member reports? Request to send out again. Is C104 on the list for hardwiring for the electrical meters.

Per President Thornton, the units affected most will be first on the list. Every unit will be hardwired over time. Neil and Jack to be on-island in the fall doing the hardwiring.

Regarding hiring a consultant to the reserve study, are we doing it in-house?

President Thornton explained the same company was hired at the minimal level to consult with Zaida and himself and others to assess what has been done, what needs to be done and what those price increases were, and they will produce an updated reserve study using the previous reserve study for the year 2021.

The office will send out via Condo Control the Reserve Study 2021 for review, especially for all the new homeowners.

Per Neil Strock, C104 is not on the list to get hardwiring at this time.

- b. Beverly Ferguson (B101/B103) – Regarding Condo Control, would the Board be able/willing to turn on a homeowner thread chat?

President Thornton to inquire if that function is available with Condo Control and what the cost is.

Beverly Ferguson: Regarding the House Rules that are going to be sent out, what I would like to be able to respond to, I've asked for this before, I'd like to have a ranking, which house rules have been fined, how much money has been generated, what infractions/problems and if a tally can be provided for the past two years. Also, will the revision be put up for discussion and can we modify wording. Regarding sign-ins, I come everyday and need to sign in or I get fined and must pay \$100 even if I'm just picking up my mother. I'd like it to keep the HRs more gentle, non-invasive, keep aloha and it be a nice place to live. Is there a state law regarding signing in? I'd like the ability to address this.

President Thornton: The ability will be granted to everybody when we send them out. The expectation for the Fall meeting is that enough time has gone by so that we've gotten the revision out for review and address at that time.

Will it be possible to have some data on the fines to go along with that?

President Thornton stated that he will follow up with the attorney to see if we have the ability to do that.

- c. John Scriver (A110/A308) – Deputized by many homeowners after the last meeting to raise concerns, however I'm only going to raise procedural concerns vs. substantive, that tie into giving notice and notices of the meeting. The meeting notice is on Condo Control, but there is no hypertext link and would like to see this addressed as this is beyond most people's skillset. When calling into March meeting, I was knocked off. We need to ensure someone is monitoring the waiting room or be able to send a text to someone to inform them when access issues occur to facilitate their access back into the meeting.

Regarding sending notices to owners, I believe that there's a Hawaiian statute requirement that notices be sent out via USPS. Not reasonable for those in Canada or Europe, as sometimes we get it the day before or after the meetings. In addition to that, I'd like to recommend notices be sent out via email including proxies.

Upon checking website for historical data, unable to access minutes of past board meetings. Where are those archived and where can I access those? Timing and giving notices of minutes and drafts of meetings. Would like to make sure we are receiving within statutory timeline.

- d. Rockland Taylor (C106) – Would like to bring up the issue of the status of employee paychecks. Due to increasing expenses, we need to give our employees more than a living wage. Prices are skyrocketing and we need to keep our employees. We must give our people more.

Discussion held. Secretary Strock can not discuss personnel and pay issues due to employment laws.

Per Vice-President Peters, the Board has worked hard to afford our employees the greatest possibility in their compensation package as a whole. The board recognizes that inflation is not under control and will not be for the next year or so, so we will be looking at compensation this coming Fall when we look at the budget. Unfortunately, we have very tight constraints in making changes mid-year to the budget without going in and making changes in maintenance dues. The earliest we can make a change would be in the next budget cycle and the Board will take up serious discussions and factor in these issues discussed.

Rockland Taylor: I'd like to see the dues increase a couple of bucks a month to help compensate our people.

At 10:00 a.m. homeowner Mark Helm (A304) joined the meeting.

- e. John Scriver (A110/A308) – One of the issues from March is what Rockland just mentioned, there's no law that tells the board that they cannot share employee bonuses as a general pool.
- f. Amanda Ballou (A211) – I really appreciate Rocky's advocacy of this question as Martha and I discussed it last Fall. Michael Peters gave a good guideline for how we can open communication on this subject. It is appropriate for the homeowners to review the budget and question it, and I think that we should all take that upon ourselves, and we should look at the assumptions that are made on that line for wages. I think that on a quarterly basis you can look and see how we are performing to that budget because the budget is just the best plan that you go into the year with and it's intended to review it and adapt as circumstances change and certainly, we can say that circumstances changed enormously in 2022. If we're going to be good managers of this operation, we need to be flexible and adaptable. I think we need to have respectful roles towards each other and what we question. We can look at the numbers in aggregate and that is appropriate for all of us with my experience with boards. The other thing we can look at is policies and procedures. It is proper for an HOA to ask what the policies are that the Board is using. We need to be careful, in the way that we communicate the information is there. There's appropriate information for us to review and to have dialogue about. This is certainly a difficult area for every employer right now. Commendable that Wavecrest has not lost key employees. It's actually a resource allocation and they can give us insight and how we can work with the Board.

- g. Dan Reed (C105) – When the Board members come for the next meeting, you’re going to be pleasantly surprised at some of the changes that have taken place here. It’s incredible. Some of the projects completed have really been incredible giving credit to all the employees. Tackled some things that has never been tackled before. It looks beautiful and wonderful. Regarding employees, I was given wrong information, I talked to my attorney, and I was told that that simply was not true. We really need to give them a raise from management on down. The employees here do an outstanding job. You need to review what was said about sharing that information. No reason why homeowners cannot know what our employees are making and should be looked at.

At the beginning of the meeting the treasurer said gave the report and said that we bought a new pickup and other things. Can you tell me what the other things are, I would like to know where the money’s going?

President Thornton’s connection was dropped and went offline. Vice-President Peters resumed meeting.

Per Treasurer Strock, two large ticket items within the year were the carpeting in the cabana and hallways and the truck. I would like to go on record and say that I’d like to give the employees pay increases however it’s not as easy as you say. Certainly, we will, and I will be looking at it very closely. We need to live within our budget. In the past the Board has not raised prices year after year that our reserve fund dipping so low that we would have to do multiple assessments in the thousands of dollars if we had an emergency. It is a three-month process to have dues raised and passed. We need to live within our budget. Hawaiiiana makes budget proposal, I review, the board discusses scenarios, and we decide what to present to the owners. That is our duties as a board. Will be starting the process in August.

Per Vice-President Peters, it is exactly what Martha said, it’s an annual review. Martha starts the process with proposing different scenarios for board discussion and approves the budget for the following year. We set a budget in September for January 1st, but with inflation, which was a curve ball and very dangerous to speculate too far in advance. Yes, it is a challenge, but I can assure you that the input that you have given us today and we will take that as a directive to dig deeper and look at those salaries making sure that we make the appropriate adjustments and set those come September.

- h. Beverly Ferguson (B101/B103) – Weigh in on discussion with the employees and throw my support behind them, especially the lowest paid people going into the summer, it is hot out there. The people that are, the office people are amazing too, but the concern is for the very lowest paid employees, probably the yard, maintenance, and cleaning people. I know we have a tip jar that’s put out at Christmas time, I wonder if in the meantime we can have a jar where it can be shared with all of the lowest paid people to compensate them for gas. If we can have a tip jar for the lowest paid employees on a weekly basis to improve moral. I’d like to thank Martha and the Board for keeping the dues at a reasonable place, I think at this point, we need to look at cutting benefits for travel money to be put on the table for giving a bonus or mid-year bonus. I’m just talking about the lowest paid employees because it’s hot out there and we need to take a look at it.
- i. Dan Reed (C105) – Thank you Mike for explaining thoroughly. It’s a first time a board member has said that you will look at it thoroughly. Lastly, we talk about the employees here, I know it wasn’t going to be simple, I know it was going to be a process, but as far as the employees are concerned, the groundskeepers, the maintenance and of course the manager, but I don’t want to leave out Donna who contributes so much. I don’t want us to forget her.

Vice-President Michael Peters thanked Dan and stated that a lot of times Donna is our voice and the face whether its people calling about Wavecrest or units or rentals or anything like that she does represent us on a daily basis.

- j. Kimberly Dutton (B310) – I appreciate everything that the Board and employees are doing, it's all wonderful. I understand that the budget's tight, no one was expecting this kind of inflation or foresee it. I do wonder if it would be possible to let the owners know what the cost of a wasted meeting is when they don't turn their proxies in or even a general cost, so they realize the financial adverse impact on Wavecrest not voting their proxies has. That would've bought a lot of gas.

Per Treasurer Strock, it is quite expensive, we must have representatives come over, the meeting expenses, we were short three proxies in March. That is a lot of money down the drain. That is more than what the board members get in plane fare. I wouldn't be surprised if Jack contributes 40 hours per week and persons such as Rocky, Dan and Neil put in many volunteer hours. Get those proxies in so that the money spent isn't a waste.

- k. Ilene Klein (B108) – I am a relatively new owner and yes, I'd like to agree that paying a livable wage is important especially for retention, moral and all the other great reasons. Is there a breakdown of employees?

Zaida reported that currently we have a total of 8 employees, one or two are part-time, one is on leave and will return in a couple of months. Regarding security, as a manager I can be, otherwise you need to have a Hawaii state guard card and be certified with the State.

- l. Mark Helm (A304) – Last meeting we talked about the cost of the meetings and incentives for proxies for getting people to join in. Have we made any headway with that? We need to do something concrete about that, so we don't lose the money again.

Per Treasurer Strock, we were close to 50% and those proxies turned in for the March meeting are still good. We have maintained them. We needed three proxies for March. Per Zaida, we need to review due to new owner turnover. Per Vice-President Peters, we have not had an in-depth discussion to encourage attendance but its not off the table and we'll continue to look at ways to incentivize people to participate in this process.

- m. Margaret Carpenter (C316) – I'm a very new owner since February. How do we get proxies?

Per Vice-President Peters, as we get closer to the annual meeting Hawaiiiana will send out proxies to everyone again so you should automatically receive one.

- n. Rockland Taylor (C106) – Anything that I said was not given to me by any employees, there are no disgruntled employees. I've spoken to people, but please, please let's take a look at the employees' wages.

- o. John Becker (A303/A313) – Why don't we look at getting a discount for cable?

With no further homeowner comments, Vice-President Peters request to move to Executive Session and return to open session afterwards. Treasurer Strock motioned to move to Executive Session, Secretary Huck seconded. Motion carried unanimously 3-0-0. Session was ended at 10:18 a.m.

President Thornton returned to the meeting at 10:18 a.m.

## **5. Executive Session**

- a. Executive session convened at 10:19 a.m. No motions or votes.
- b. Executive session closed at 10:35 a.m. HST. Director Strock moved to close the session. Secretary Huck seconded the motion. Motion passed 4-0-0.

## **6. Reconvening Open Session and Adjournment**

Open session reconvened at 10:35 a.m. HST. The meeting adjourned with a motion from Treasurer Strock and seconded by Director Huck. Motion carried unanimously 4-0-0. The meeting adjourned at 10:35 a.m. HST.

Respectfully submitted,

Werner Rod Huck, Secretary

Attachments: Addendum #1, Addendum #2, Addendum #3, Board and Staff Reports

#### **Addendum #1 to Meeting of June 3, 2022**

**[§514B-126] Board meetings; minutes,** (a) Minutes of meetings of the board shall include the recorded vote of each board member on all motions except motions voted on in executive session.

(b) Minutes of meetings of the board shall be approved no later than the second succeeding regular meeting.

(c) Minutes of all meetings of the board shall be available within seven calendar days after approval, and unapproved final drafts of the minutes of a meeting shall be available within sixty days after the meeting; provided that the minutes of any executive session may be withheld if their publication would defeat the lawful purpose of the executive session.

#### **Addendum #2 to Meeting of June 3, 2022**

**§514B-125 Board meetings.** (a) All meetings of the board, other than executive sessions, shall be open to all members of the association, and association members who are not on the board shall be permitted to participate in any deliberation or discussion, other than executive sessions, pursuant to owner participation rules adopted by the board.

(c) The board, by majority vote, may adjourn a meeting and reconvene in executive session to discuss and vote upon matters:

(1) Concerning personnel.

(2) Concerning litigation in which the association is or may become involved.

(3) Necessary to protect the attorney-client privilege of the association; or

(4) Necessary to protect the interests of the association while negotiating contracts, leases, and other commercial transactions.

#### COMMUNICATION OUTSIDE OF BOARD MEETINGS HRS 514B – 125 (a)

1) Any discussion/deliberation is restricted to the actual Board Meeting

2) Managing Agents, Resident Managers, General Managers and Site Managers (or individuals in similar positions) must also comply with the law in the same manner as Board members.

#### **When can an HOA Board Have an Executive Session?**

*Homeowners' association board members have a lot of responsibilities on their plates. From the financial aspects of the position to handling issues within the community, HOAs are full of tasks that can confuse or even frustrate its members.*

An important part of the role, as well as something not fully understood by those involved, is the Executive Session. These sessions are meetings that are provided by statute so an HOA board can handle privileged information and deal with private matters. Let's take a closer look at what these executive sessions mean for those involved.

#### **What Are Executive Sessions?**

Not all homeowner's association members are involved in these hands-on meetings, which can frustrate some. Members who are not part of the proceedings being discussed are not allowed to attend these sessions, especially if it pertains to disciplinary action of personal matters.

The issues handled at executive sessions are usually pretty limited and specifically laid out for the board to go over. HOA members need to make sure they're following rules and regulations as well as legal statutes to make sure they don't cause any legal matters. Meetings are very specific and to the point, doing away with any ambiguity for the sake of transparency. Some of the reasons why an HOA board will put together an executive session include dealing with contracts, disciplinary actions, legal matters, personal matters, and assessments.

HOA boards have a number of ways in which they come together to discuss the issues at hand. They can be executed in person or over telephone or video conference, with partiality to the former. Having an in-person meeting shows more value as matters are handled more transparently when individuals come together.

**Addendum #3 to Meeting of June 3, 2022**

**ASSOCIATION OF APARTMENT OWNERS OF WAVECREST RESORT, INC.  
Notes to Statement of Cash Receipt and Disbursements (Continued)  
December 31, 2021**

**NOTE 6 – MAJOR REPAIR AND REPLACEMENT EXPENSES (CONTINUED)**

Truck	\$ 41,905
Chain link fence replacement	38,089
Carpet exterior walkways	33,055
Cabana carpeting	6,958
Storage container	<u>6,266</u>
	<b><u>\$ 126,273</u></b>