



**Board of Directors Meeting Minutes
September 30, 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 September 30, 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: Bob McCann (C103), Bobbie Paris (A207-208), Cari Wilson (C307), Rockland Taylor (C106), Neil Strock (A101/B102), Alan Greene (C-113), Barbara Goldberg (C208), Ella Canencia (C112), John Becker (A303/A313), Rhonda Snow (B301), Bev Ferguson (B101), Amanda Ballou (A211), Jerry & Meredith Johnson (A206), Anne Flipp (C203), Cari Wilson (C307), Don Schneider/Catherine Messina (A-311), Kimberly Dutton (B310 & C-110), Amanda Ballou (A211), Hiro Shiozawa (A305), Others included Property Manager, Zaida Place.
- d. Proof of Notice of Meeting was sent out on September 15, 2022.

2. Review/Approval of Minutes and Reports

- a. The June 3rd, 2022 meeting minutes were presented for review. President Thornton noted that there were no additions, changes, or corrections to the June 3rd, 2022 meeting minutes. Treasurer Strock motioned to accept the June 3rd, 2022 minutes as drafted, and Secretary Huck seconded the motion. Motion carried unanimously to approve the minutes as written.
- b. President Thornton reiterated 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. He noted there are almost 30 new owners since 2021 & welcomed the new owners. He further emphasized for owners to use Condo Control.
- c. The Treasurer's Report was presented. Treasurer Strock reported that we are in relatively good shape financially. As of August, our Year to Date (YTD) income is down a little from our projected \$704,000 to an actual of \$687,000. . Our expenses are a bit lower than projected. August projected was \$86,000 and it was actually \$65,000. Zaida Place is doing an excellent job in controlling expenses in an inflationary time. We still have four months to year end, noting materials & shipping costs are considerably higher than last year. We're cautiously optimistic that we'll finish the year to keep or increase the Reserve fund ratio at 50% (mandated by the State) or higher. We have significant expenses coming up: driveways, roof paint, building, This year we have bought a truck, re-carpeted and much more. Delinquencies are minimal.
- d. Secretary Huck state that there was nothing new to report beyond identified agenda items.
- e. The Manager's report stands as written per Manager, Zaida Place. President Thornton conveyed that Zaida and the Team have admirably and in cost efficient ways dealt with addressing a variety of repair issues while excelling in their ongoing maintenance work to the benefit of the ownership.

3. Discussion/Items

- a. Metering of Utilities—514B-42—President Thornton addressed the BOD's authority to meter utilities & to terminate common utilities & services of delinquent owners. When sub-meters were installed, dues were reduced. Most valuable to ownership is the BOD's ability to pursue collection of such funds when banks have

- repossessed units. Access to the owner may be denied in extreme cases. This has been rare however was enforced when egregious amounts were owed and thus allowed us to collect past dues.
- b. SOH Real Estate Commission—Horizontal Property Regimes & Easement of Beach Access Across Wavecrest Property. Easements of 6 ft accessibility to the public but not for vehicular use. We've requested legal input to clarify parameters of use. Vice-President Peters added that we are pursuing clarification since State law defines limited public right of access & we intend to ensure there is no negative impact to owners and Wavecrest Resort common property.
 - c. Fiber Cable Update/eGauge Hardwiring – Jack Thornton & Neil Strock are linking buildings A, B and C with one-another, the office, cabana, WWTP & washer/dryers. Doing so will create consistent high quality service. Currently beta testing. We've had 3 months of no interference with Ikehu Electric billing. Many thanks to Neil's donation to WC of his time and expertise.
 - d. Wi-Fi Bandwidth – Future potential for all WC owners to purchase service directly from Hawaiian Telecom through access to installed fiber cable is being explored. Currently, 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.
 - e. House Rules – There were no objections conveyed by owners to the most recent iteration of the House Rules. We have a few minor modifications to the House Rules which our attorney, John Morris, is reviewing. We have adopted the Hawaii Revised Statute (HRS) for mediation. Last meeting John Morris educated attendees about purpose and authority of the BOD to assess and address high risk components within units for the benefit of the homeowners. Wavecrest has necessary equipment to detect leaks and the ability to make repairs as needed. Vice President Peters reiterated that owners be mindful of potential water issues from toilet valves, ice makers, etc. Addressing these things in the House Rules, clarifies and memorializes processes going forward. Ice maker supply lines must be steel or copper. No plastic as noted by President Thornton. New owners should familiarize themselves with supportive related services available through Wavecrest. The BOD has the right to prohibit owner use of common areas in the event of non-payment of dues.
 - f. Owner agent responsibilities. Owners and their agents are responsible for their guests & vendors working on their behalf. Mindful disposition of waste products was reiterated by Pres Thornton. As an example, cleaning of paint brushes and alternative methods that are not harmful to the Waste Water Treatment Plant or the environment.
 - g. Reserve Study – Wavecrest BOD has contracted a Reserve Study specialists, "Reserve Associates" to provide guidance. Such studies are optimally conducted annually and are intended to serve as a guide to drive direction for capital items. We have done many repairs in house, thus saving owners added expenses. Water heaters installed in each building are examples of work done in house to save money. Treasurer Strock reiterated, 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. Zaida's wise management of in house resources has made it possible to infuse operating funds into the Reserve fund.
 - h. Parliamentarian---Rachel Glandstein provided an overview of her role to insure our meetings/process are conducted within the State mandated Roberts Rules of Order.
 - i. Addendum to Treasurer's Report as conveyed by President Thornton. Hawaiiiana Management underbilled owners over 2 months by \$9.60/unit. Owners are requested to contact Hawaiiiana to pay this specific amount to have it taken off of their balance owed.

4. Open Session

- a. Ella Canencia (C112)—asked if the multiple community plumbing repairs of recent were the norm. Zaida Place conveyed this is not the norm. There have been some scheduled shut offs of plumbing to test the system & assure all is running properly. Martha Strock conveyed that Wavecrest was built in 1974. Distribution systems must be maintained & repaired as needed. Jack Thornton conveyed that Rocky Taylor has updated schematics as needed to benefit for future repairs. Rocky has also spearheaded replacement of kitchen valves in approximately 15 units thus far. Weekly checks of the attics have been conducted to detect leaks before they cause major damage. VP Peters conveyed that Wavecrest makes repairs at no charge if they are in the walls.

Jack Thornton stated that he increased his personal deductible insurance to cover what Wavecrest's insurance won't cover.

- b. Amanda Ballou (A211)---Questions about Financial reports as provided by the Treasurer:
 - *Report shows YTD revenue of \$687,000
 - Expenses \$716,000. We're showing an operating surplus that is actually an operating loss of \$29,000 YTD.
 - *Last column is labelled 2021 budget showing \$705,000. Actual YTD 22' is \$863,000. Martha conveyed our insurance rose significantly accounting for the largest single reason for YTD actual expenses for 22'. Question arose why our insurance rose so high. Martha stated we had to change insurance carriers. Why did we need to change carriers. Jack responded we were cancelled, presumably due to # of claims made; ie. leak issues. Jack added that one of the best things we've done to address this has been to be proactive to do preventative checks to reduce leak issues (within the walls as clarified by VP Peters.) Jack further added that we're keeping the insurance company apprised of our pro-active measures to reduce prospective leakage issues.
 - Amanda asked if we have obtained multiple insurance quotes. Jack responded that Sue Savio, our agent is highly experienced and always seeks multiple quotes prior to renewals.
- c. Ella Canencia (C112)—Hypothetical question regarding use of tennis courts by owners during times when their units are occupied by guests, assuming that the courts are available. Jack Thornton & Michael Peters conveyed we will look into this and provide clarification on owner use question. Bev Ferguson added that if there is an actual rule addressing this, we should look at it to evaluate changing it. Jack reiterated that we will look into this. Use of the property and its amenities is for the enjoyment of the owners and their guests.
- d. Barbara Goldberg (C208)---asked why we have a revolving door of employees. Zaida responded that some hires have not worked out due to lack of being motivated to work. This is a national trend we're seeing during COVID times. Challenging on island to find people willing to work.
- e. Jerry Johnson has questions about age of plumbing lines; black wastewater lines and copper lines. BOD doesn't have water issues in budget allocation for updating pipes. Martha conveys deteriorating pipes are categorized as maintenance and not reserve fund. Jack added that Zaida has implemented an aggressive plan to address the plumbing issues. Reserve Associates states that pipe repairs cannot be put into Reserves.
- f. Hawaiiana bookkeeping issues. If homeowners have bookkeeping issues with Hawaiiana, they should let the BOD know confidentially. Michael Peters reiterated BOD to be notified by homeowners of any related issues.

With no further homeowner comments, Pres Thornton requested 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 4-0-0. President Thornton adjourned the meeting at 10:15 a.m.

5. Executive Session

- a. Executive session convened at 10:20 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 10:45 a.m. HST. The meeting adjourned with a motion from Treasurer Strock and seconded by Secretary 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, 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 homeowners 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.