



**Wavecrest**  
**ASSOCIATION OF APARTMENT OWNERS**

**WAVECREST RESORT, INC.**

**Kaunakakai, Hawaii**

**Minutes of Regular Meeting**

Date: Thursday, June 20, 2013

Time: 8:03 a.m. HST

Place: Teleconference

Meeting called to order by President Richard Felkins at 8:03 a.m. Noted, that notice had been posted and emailed on June 17, 2013.

Board members present or on phone: Richard Felkins, President; Jon Givens, Vice President; Vern Albright, Treasurer; Malcolm Mackey, Secretary. This constitutes a quorum. Not present or on phone Jeff Borton and Rose Peccoraro.

Owners present or on the phone: Ken and Linda Bergstrom, C113 and C312; Ellen Reed, C105; Luanne Cefola A107; Tedd and Darlene Johns, B201; Mike Nichols, A116; Georgie Olson, A103; Donna Brown, C107; Suzanne O'Connell, C110.

Malcolm moved to waive the reading of the minutes from the March 15 and May 30 meetings and to approve them. Jon seconded. Motion passed.

Richard read the President's report (See document attached to agenda emailed June 17, 2013).

Rose Pecoraro called in as board member and asked to be able to address questions about report of heat pump to heat pool. Some discussion followed. No action taken. Rose had to sign off (See document attached to agenda).

Treasurer's report presented by Vern (See document attached to agenda).

Secretary's report presented by Malcolm (See document attached to agenda).

Manager's report presented by Brett Hoffman (See document attached to agenda).

**New Business:**

1. Heat pump to heat pool. Further discussion postponed until Rose can be available.
2. Smoking at Wavecrest. Jon explained that a law which would have allowed Wavecrest to implement further restrictions did not pass. He explained what current Hawaii and Maui County law allows as restrictions and said that we should post signs. In addition, individual owners can restrict smoking in units and on lanai.
3. Cabana Committee: included in President's report. Replacement of outside lounges was budgeted for 2013.
4. Internet issues: Internet access has become a problem. Manager Brett Hofmann explained options as he sees them at this point. Get it back up and running and keep it running as a free service – cost about \$12000 this year and \$6-8000 in following years (problem with limited service providers and staff time dealing with problems). Provide limited service in the office area and cabana and make it owner's responsibility to provide service in units (Oceanic would provide reduced rates for bulk purchases of individual service the same as

Paniolo Hale and Ke Nani Kai). Discussion followed. No action taken. Brett will continue to research and report back when information is obtained. Mike Nichols offered to help. A special meeting could be called if information is available before the scheduled September Board Meeting.

\*Note to all: Internet is functioning, but it is limited.

#### **Old Business:**

1. Rollover of operating budget: Vern explained that in October 2012 \$25000 was transferred from reserves to operation budget and needed to be transferred back. In addition, he is recommending that we keep \$30000 balance on hand to meet cash flow needs, which would allow for an additional transfer to reserves. Jon moved Malcolm seconded to transfer \$25000 from operating funds to restore reserve funds, reducing the Operating fund to \$49000 and increasing the reserve fund to 93% of the amount needed to fully fund the reserve study. Motion carried. An additional transfer will be considered at the September meeting.
2. Solar update: All work has been completed on Phase One and we are awaiting the county inspection followed by MECO installing the net meter. Next is Phase Two which will include additional panels and electric heat pumps for water heating. Bid packages will be prepared and reviewed, MECO will be asked to approve and permitting process will begin. There is no definite timeline at this point. We are currently producing about 30% of our use.
3. Energy consultant: The idea was originally discussed to help the board understand heat pumps for hot water vs. propane. The help is no longer needed.
4. Energy reduction: There has been a decrease in energy costs, but the full impact won't be known until we are hooked up to net metering and paying Neighborhood Power Company for the solar energy produced. The board has asked the manager to continue investigating ways to reduce energy consumption.
5. Sub metering: Tabled for a later meeting. Four bids have been received and are being reviewed.

**Owner input:** several owners had questions. No action taken

Meeting adjourned for Executive Session. Motion by Jon, second by Vern. Motion carried. 10:32.

11:41 Meeting resumed. President reported that action taken was to have Malcolm Mackey continue as Secretary until the March regular meeting.

11:42 Vern moved to adjourn. Jon seconded. Motion carried.

Respectfully submitted June 25, 2013,

Malcolm Mackey

## PRESIDENTS REPORT

June 20, 2013

### WAVECREST MANAGER

We have hired a new manager. He comes highly recommended and is well qualified to performing the duties of Manager at Wavecrest.

Bret came on board at a very inopportune time. He is doing a great job and we are glad to have him on board here at Wavecrest. We need to all give him a warm welcome. Bret has a wonderful wife and two lovely children and lives offsite on the East end.

He is readily available for Wavecrest emergencies if necessary.

Malcolm volunteered to become our new Secretary until end of the June 20, 2013 meeting. He is also to be commended for the extra work he has put in acting as Bret's contact person and helping him and Connie transition into their positions.

I would also like to commend Connie for volunteering to temporary fill Zaida's position and help out here at Wavecrest. Connie has just recently returned to the mainland. We need to all give her a hand for the great help she has been.

We have a new temporary administrative assistant. Say hi to Kalei and welcome her to Wavecrest. I hear she is a fast learner and doing a great job.

I would like to thank all the employees for helping Bret transition into his new position. Our employees many who have been here a number of years are a great asset to keeping Wavecrest the wonderful condominium resort that it is. We thank you.

### WAVECREST CREDIT CARD

We are working on re-establishing credit card use for Wavecrest. This has turned into a month long venture but is now coming together.

### WAVECREST RENTALS

We have a new on island representative for our rentals (Friendly Isle Realty). There are currently 3 units rented and 3 unrented. B-210 after extensive cleanup and repair is being advertised for rent with a maximum of 4 persons.

### SOLAR SYSTEM

We are currently in operation at about 30% of our total use. This should drop our electrical costs about 15% for the year when we are operating in full compliance. These are estimated figures. Bret is working on getting the final inspection. We then hope to begin the implementation of Phase 2.

## PHONE AND INTERNET UPDATE (WiFi)

Bret is working on trying to solve our problems with Wi-Fi system. To be discussed today at meeting.

New cell phones ordered. Current cell phones are either inoperable or outdated.

## SUB-METERING

We have bids from 4 companies but are currently on hold pending more review. We will continue to follow up on possibility of sub-metering.

## WASHER AND DRYERS

Returning to original pay system for washers and dryers which I believe was (50 cents for 15 minutes), (1.50 for wash about 30 min.)

## STREAM CLEANOUT UPDATE

We are awaiting state approval for stream cleanout.

## NEW ROOF

Our new roof costs for A-B-C buildings are escalating and we need to begin to think about where the replacement money is to come from. Our current operating expense will not cover this expense without a raise in monthly dues. Verne will be able to explain this more fully.

## INFORMATION

All homeowners need to be aware of the water leakage problems here at Wavecrest and make sure someone is available on island to respond in emergency situations. All appliance installations need to meet code requirements.

## CABANA COMMITTEE

Recommend that interior be cleaned and painted. Replace 12 lounges in lawn area (lounges are scheduled for replacement in budget).

Wavecrest AOA  
Treasurer's Report  
Board Of Director's Meeting June 20, 2013

	Financial Statement April 30, 2013			Annual Budget
	Budget	Actual	Difference	
Revenue	\$ 287,528	\$ 298,544	\$ 11,016	\$ 862,600
Operating Expenses	313,222	282,787	(30,435)	849,410
<b>Total</b>	<b>\$ (25,694)</b>	<b>\$ 15,757</b>	<b>\$ 41,451</b>	<b>\$ 13,190</b>
Capital Expenses		5,355		13,190
Net Change		\$ 10,402		\$ -

**Revenue**

Advance payments of HOA fees by a few homeowners have given us a temporary surplus in revenue of \$11,000. This will be offset by loss of revenue from these units in future months receipts. I am expecting payments from two delinquent units that will help us meet our revenue goals for the year.

Three of the five association owned apartments are vacant, including the unit previously occupied by the resident manager. As we normally incur turnover in renters and lost revenue during the vacancy periods, the rental budget was set at the equivalency of 3 units being rented full time. We have established more restrictive tenant requirements that may take longer to fill the vacancies. With the additional manager's unit in the mix, we should meet our target.

**Operating Expenses**

The April Financial Report indicates a savings of over \$30,000. Half of this is created by the difference of when an item is expected to be paid and when it is. When these items are paid the savings will disappear. The remaining savings are from areas such as WWTP operations, building maintenance and legal expenses where expenses vary throughout the year and cannot be scheduled accurately by month. One area where I expect a deficit is the Flood Insurance budget. We need to allow for an additional \$5,000 over the current allotment as this expense typically increases 8 to 10% a year and our allotment is the same as last years expense. This policy is paid in October.

Electrical expenses. Anticipating a savings from the solar panels, the budget for this item was established at 20% below expenses for FY 2012. At the moment we are right on target with that assumption. We may realize more than 20% when the installation deficiencies are corrected and the system is approved by the county. At such time MECO will install new meters which will credit us for energy generated that is now being sent to the grid. But with county approval we will have to start paying the system owners for the electricity they generate. There should still be additional savings.

**Overall**

It is too early to project year-end results, but there are no major deficits that I can foresee.

Cash Balances	Total	Operating Funds	Reserve Funds
Beginning of Year	\$ 409,990	\$ 74,184	\$ 335,806

Change	10,402	5,784	4,618
Current Balance	\$ 420,392	\$ 79,968	\$ 340,424

## WAVECREST AOA SECRETARY'S REPORT

### JUNE 20, 2013

1. A special meeting of the board of directors was held on May 30, 2013. There were three action items.
  - a. Approve the hiring of Brett Hoffman as manager.
  - b. Approve Malcolm Mackey as board secretary until the meeting of June 20, 2013
  - c. Pass a resolution allowing the AOA to obtain a credit card from Central Pacific Bank.
2. No correspondence has been received from owners.
3. Notice for the meeting was posted on Monday June 17, 2013.

# Managers Report

June 20, 2013

Completed Projects:

## Buildings:

Phase 1 of solar project completed by contract, awaiting final inspection by county electrical inspector.

Repairs to C building outside lights and stairs lighting. Traced wiring, determine faulty connection and replaced photovoltaic sensors.

Repaired A101 patio concrete, demo with new rebar & cement poured.

Repairs to A311.

Plumbing clearing in main waste line for building units A105, A205, A305

Repairs B210 unit turn & make rent ready.

Minor repairs to office and mail room.

## Grounds:

Purchased a commercial grade pole hedger.

Removal of invasive weeds growing through hedges, as well as around satellite dish.

Replaced a sprinkler valves along the side of B building.

Repair to broken irrigation line.

## Wastewater treatment plant: \_\_\_\_\_

Worked with Shane to prepare for State of Hawaii WWTP annual inspection. Repairs and replacement of batteries, plus various improvements.

Project for both grounds and WWTP to have dedicated holding area /stall area for base course gravel and cinders.

## Swimming Pool and Cabana:

Repaired pool pump with new gasket valve kit.

Addressed safety issue with planter curb at entry and placement of planters.

Security to be on site during Holidays, when office is closed

## Scheduled Maintenance:

Tree trimming work, pruning of coconuts.

Cabana committee plans for the repairs / upgrading the cabana, with new paint, new lights, etc.