

HAWAIIAN SHORES COMMUNITY ASSOCIATION

DRAFT MINUTES OF THE BOARD OF DIRECTORS MEETING

OCTOBER 21, 2020

The regular meeting of the Board of Directors of Hawaiian Shores Community Association (HSCA) was held at the HSCA Community Center. A quorum was established. Eileen O’Hara, President presided. The meeting was called to order at 6:00 pm.

Directors present: Eileen O’Hara, President, Rex Riley, Vice-President; Jeffrey Kraybill, Treasurer; Suzan Thompson Forrest, Secretary; Tom Cumming, Steve Bailey, Maile Agena, and Craig Hart. Directors absent: Caroline Weber Also, in attendance: Kendra Tidwell, General Manager; Barbara Barr, Accounting Associate. Members present: Nikki Weingartner and Candace Martin.

ANNOUNCEMENTS

None

COMMENTS ON AGENDA BY HSCA MEMBERS

None. Attending members were interested to know what is happening and curious about the budget.

MINUTES

September 16, 2020 Meeting of the Board of Directors – *Steve Bailey moved to accept the September 16, 2020 minutes, Rex Riley seconded.* The motion passed with seven votes and Suzan Thompson Forrest recusing herself.

COMMUNICATIONS

Thomas Evans - communication re: speeding and traffic on Coastal Puna Parkway – Mr. Evans is concerned about drug trafficking at Honolulu Landing and the frequent passage of cars that tend to run the stop signs and speed on Coastal Puna Parkway. Eileen O’Hara offered to contact our Councilmember to arrange a meeting regarding codifying the stop signs so they’re enforceable by HPD. Steve Bailey will communicate concerns to our Community Policing Officer (CPO) Eddie Cardines to see if they can help curb activity.

REPORTS

General Manager Report – Kendra Tidwell reported that HSCA received a small COVID Grant through the HolomuaHawaii site. She is organizing a study group composed of herself, S’mone, Georgie, and the two park attendants to take the online Pool Operator Certification course. They will meet on Mondays when the facilities are closed. The statistics on CC&Rs violations have not changed in total, although the violation

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categories are different. While the facilities have been closed for COVID, the park attendants have been digitizing and archiving document in the office.

Maintenance Foreman Report – Kendra Tidwell gave the report on behalf of Tim Manning, Maintenance Foreman. Water samples were taken and preparations made to start using the new water reservoir tank. The handheld reading meter for our water system has arrived and the crew is busy catching up on installation and repairs of member meters. Grasshopper still in the shop, although should be ready Friday and the belt has arrived for our other mowing tractor so grass cutting can resume. During the COVID shutdown, crew focused on playground equipment maintenance and other periodic maintenance at Honu Park and facilities.

Accounting Associate Report – Barbara Barr provided an update on the HSCA accounts. The water and assessment receipts for the month are on track. No guest fees were collected as facilities were closed due to COVID. The Profit & Loss comparison statement shows the organization is on track as budgeted. The President asked if the board would approve moving the item regarding the meeting with HSCA's financial advisor from the Executive Session agenda to the Regular Meeting agenda and there were no objections from the Directors.

Project Manager Report – delivered by Steve Bailey

USDA Loan for Repaving Project: The USDA road paving project is almost done with only a couple streets still needing shoulder dressing and should wrap up within a week.

Water System Improvements: We had a 10"-12" water line break the previous Friday just above Ina Street PVR which occurred at 3:00 AM and crew used spare parts from the water yard to fix by late afternoon. A scheduled water disruption to put in a new PVR valve occurred today and members were provided written notices but some members fail to check for the notices which resulted in many phone calls. The new reservoir tank is 75% full and remaining work on the project is at the water yard involving replacement of booster pumps, electrical work, and replacement of the hydropneumatic tank. Completion of this water improvement project is expected between Thanksgiving and Christmas which will bring to an end this USDA project that commenced in 2014. The thing that caused the greatest delay in completing the project was waiting 1.5 years to get the County permits.

Traffic Study Follow-up: Twenty-one ballots were sent out to members with properties on Coastal Puna Parkway to assess interest in participating in traffic calming efforts. Only six have been returned but responses aren't due until the end of the month. Response will help decide if enough funds can be raised for the project.

Water Yard Generator: Awaiting a permit from the County and then T&T Electric will proceed to install.

State DOH Revolving Loan Application: DOH Safe Water Drinking Branch is expected to send proposed grant agreements to HSCA in November which will inform as to how much of the loans applied for will be granted as "forgivable loans". Of the three projects proposed, the most important is replacing the radio transmitters on the individual homeowner meters which have reached the end of their useful life after nearly 10 years and are beginning to fail. That is estimated to cost \$60K. Second is the need to replace our fire hydrants and HSCA proposed replacing 8 hydrants over five years. The last proposed project is to increase water line capacity

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between Ina and Maikoiko Streets. Depending on response from DOH, the board will need to make decisions about which projects can be pursued.

Financial Report – The Treasurer reported that there is \$387,246 cash on hand and \$899,855 in investment reserve funds. Long term liabilities are at \$2.74M for USDA funded projects and we're now into the grant portion of the USDA loan/grant funding for the water improvements. Year to date assessment and water receipts are up 6.5% and 7.2% respectively and up 11% and 3% from 2019. This is due to receiving past due amounts, foreclosures, property sales, and an insurance settlement. Year to date income is up 15.5% and up 16% relative to 2019. Payroll expense is down 2% over budget projections and 7% compared to 2019. Credit card expenses are up due to COVID while most other expenses are down. Debt service of \$22k for the water project won't be realized until 2021, so isn't reflected in the 2020 accounting.

Meeting with Ameriprise Financial Advisor: Barbara Barr and Eileen O'Hara had a teleconference with our current financial advisor in early October. He cautioned that HSCA needs to be more aggressive in investments, comparing HSCA to corporate businesses. We've explained that HSCA needs to focus on capital preservation and cannot make high risk investments. Barbara Barr vetted his recommendations with our new advisor at Edward Jones as we will be transferring our investment funds in the new fiscal year (November) as previously decided by the board. Accounts at Edward Jones have been activated to receive funds.

DRC Report – Tom Cumming reported that one set of Stage 1 plans for lot #753 was approved without conditions at their last meeting. The President asked the DRC chair to please provide the street address in the reports.

ERC Report – Steve Bailey presented the ERC report. The violation notices continue to produce results with tree removal projects being observed in the subdivision. We await a response from our legal counsel on whether the County will take action on its dangerous tree ordinance. We received a check for \$5,000 from one Japanese owner which is the maximum our policy allows us to fine. Kendra reported that the office just received a \$500 payment from another Japanese owner who received his first fine notice. Unfortunately, neither owner has addressed the problem and the dangerous trees remain a hazard. Steve Bailey explained that the \$5,000 limit was set so we could proceed to small claims court. The ERC will have to make a recommendation on how to apply the fines received and will seek legal counsel on whether the individual member assessment process in our bylaws may be used to acquire the full amount needed to do the tree removals which will likely exceed \$5,000.

OLD BUSINESS

Member Survey – The board opted to defer the discussion on this item and was informed by Kendra Tidwell that the sale price on playground equipment replacement would expire the end of the calendar year. The board will discuss at its November meeting.

Volunteer Policy Insurance: Kendra Tidwell presented an unofficial quote of \$240 annually to cover up to 20 volunteers under an accidental medical policy for up to \$50,000 per individual. Steve Bailey suggested we

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purchase the insurance and buy T-shirts for volunteers. Suzan asked as to the cost of increasing the coverage per incident to be greater than \$50,000. The decision on this item was deferred until November awaiting more information.

Stable Termite Quotes: *Rex Riley moved to accept the Veterans Termite & Pest Control not to exceed \$6,000. Steve Bailey seconded.* The motion passed unanimously.

Yoga & Exercise Classes: The President presented that the Yoga classes have resumed as of Oct. 20th after holding a meeting with Yoga instructors regarding COVID compliance requirements and capping classes at 10 students. The Yoga instructor requested a change in the fee schedule adopted by the board in July and instead charge \$5 per classes of 1-6 students and \$10 per class for 7-10 students.

Rex Riley moved to charge \$5 for classes of 1-6 students and \$10 for classes of 7-10 students and Jeffrey Kraybill seconded. Upon discussion, it was decided to defer the decision on this motion until a new Community Events & Activities Committee (CEAC) is established and can consider payment schemes.

Suzan Thompson Forrest has restarted the pool aerobics and ground exercise classes. Both classes proceeded without incident and were filled to the COVID regulated maximum capacity of 10 members.

NEW BUSINESS

Affirming Membership on Committees:

Design Review Committee (DRC) – *Steve Bailey moved to affirm the appointment of Tom Cumming, Rex Riley, and Craig Hart as members of the DRC and Jeffrey Kraybill seconded.* The motion passed unanimously. The chair, Tom Cumming will follow up with Dennis Wood and Gordon Smith, members who expressed interest in being on the DRC

Enforcement Review Committee (ERC) – *Rex Riley moved to affirm the continued appointment of Eileen O’Hara, Tom Cumming, Steve Bailey, and Caroline Weber as members of the DRC and Jeffrey Kraybill seconded.* The motion passed unanimously.

Community Event & Activities Committee (CEAC) – *Steve Bailey moved to reestablish the CEAC and initially appoint Suzan Thompson Forrest and Maile Agena as members and that they report back when other members are identified. Suzan Thompson Forrest seconded.* Motion passed unanimously.

Confirmation of Motions Approved via Email.

Water Yard Generator - *Steve Bailey moved to confirm authorization by the President to approve the bid from T&T Electric, not to exceed \$35k, for installation of a generator at the HSCA water yard. Rex Riley seconded.* Motion passed unanimously.

Reopen Facilities on Oct 13th – *Steve Bailey moved we confirm the motion to reopen the HSCA facilities on Oct 13th consistent with CDC guidelines, internal guidelines regarding reopening of the pool with established pool lanes, and allowing members to reserve times for its use. Rex Riley seconded.* Motion passed unanimously.

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Food Distribution from Stables – *Steve Bailey moved to confirm the motion to allow the food truck to distribute free meals covered by COVID funds from the parking lot of the Stables on Friday afternoons through Dec. 20th with the exception of the Friday after Thanksgiving. Tom Cumming seconded. Motion passed unanimously.*

FY2020-21 Insurance Quote – The insurance premiums will increase by approximately \$2,000 from last year for the same policies with increase due to construction costs. Insurance agent recommended adding an Ordinance and Law Coverage Insurance for \$392/year to cover changes in County code if we have to rebuild and a Cyber Liability policy \$1,356/year but no details were provided for the later.

Steve Bailey moved to approve the renewal of current policies not to exceed \$37,000 and consider more detailed information on the two additional recommended policies at next month's meeting. Rex Riley seconded. Motion passed unanimously.

FY 2020-21 Audit Quote – Received two quotes and almost a \$10,000 difference between quotes.

Steve Bailey moved to accept the CLA quote not to exceed \$13,000 and request that CLA complete the audit by a specific date. Jeffrey Kraybill seconded. The motion passed unanimously. The board understands that the President can sign the Engagement Letter asap to help speed up the process.

FY 2020-21 Assessment and Budget – Due to increases in debt service anticipated in the 5-year budget projections, we will not be able to pay the debt service by 2023 without increased revenue. Instead of waiting until 2023 to close that gap would mean increasing the 2023 annual assessment by \$40 or more, the board could consider marginal increases per annum to ensure we cover the association's debt. Our expenses are already very streamlined and we will likely not be able to reduce staffing as our community is growing rapidly. *Rex Riley moved to increase the 2021 assessment by \$10 from \$385 to \$395, and Steve Bailey seconded. The motion passed unanimously.*

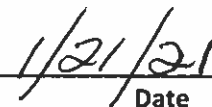
Steve Bailey explained some of the details of the proposed FY 2020-21 operational budget which was presented to the board the previous month.

Steve Bailey moved to accept the FY 2020-21 operational budget as presented to the board. Suzan Thompson Forrest seconded. The motion passed unanimously.

Steve Bailey moved to approve the FY 2020-21 reserve funds budget. Jeffrey Kraybill seconded. Motion passed unanimously.

ADJOURNMENT – 7:50 p.m.


Suzan Thompson Forrest, Secretary


Date

