

January 2, 2001
Board of Directors Meeting

The meeting was called to order at 4:00 P.M.

In attendance were Pres. Steve McKinney, V.P. Joe Jensen, Sec. George Wallace, Treas. Frank Harper and board members John Villevik, "Tito" Haggardt and Jerri Knoblich. Also present were Jean Redman, Exec. Dir., and Mac Kaupu, Foreman.

Steve indicated that work at the end of Aloha Blvd. was finally scheduled to begin on January 5 with Charlie Young doing the bulldozing.

The minutes were approved as read.

Frank Harper gave the status of the trust fund as it would affect the rebates for the year 2001 assessments. Further discussion would take place later in the meeting.

Mac Kaupu reported that all the equipment is O.K. John Villevik and Mac will get together in the near future to come up with the road plan. King Kamehameha above Kailua Blvd. needs rebuilding.

The need for an Operations Manager was discussed. It was suggested that ads be placed in newspapers in Hilo, Kona and Honolulu. Frank Harper told the Board that we should wait 3 months and give Mac Kaupu a chance to prove himself.

Under new business was the yearly approval of expenditures under Article VIII, Section 8.3 of the Articles of Incorporation.

Jean Redman brought up the possibility of the Corporation having a corporate credit card. Jean and Jeff Anderson often purchase items for the company with their own funds and get reimbursed. This is usually because it is from some company where we have no account. Frank Harper moved that a corporate credit card be obtained for Jean and Jeff. George Wallace seconded. All approved.

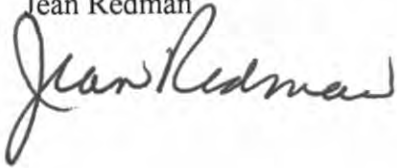
The consultant agreement between the road corporation and Henry Otani was discussed. George Wallace moved, Frank Harper seconded renewing the contract for one more year. All were in favor.

Frank gave his report on the Capital Improvement Fund of \$195,000. This includes \$135,000 for a new loader, \$50,000 for a chip spreader, \$1,500 for a new computer, \$4,000 for a welder and \$5,000 for an oil tank. Tito disagreed with these expenditures. With all the available figures, Frank Harper moved a rebate of \$5 per lot for the year 2001 be given to those lot owners whose assessments, past and present, are paid in full by March 31. John Villevik seconded. Tito amended the motion to be a \$20 per lot rebate. There was no second, so the amendment died. Jerri Knoblich moved that a \$9 rebate be given, Frank Harper seconded the amendment. Tito moved to amend the amendment to

be \$15 per lot. Again, there was no second. The motion by Jerri Knoblich to offer a \$9 rebate to each customer who pays by 3/31/01 in full (both past & present) was voted on. In favor were Jerri, John, Frank and Joe. Opposed was George. Tito abstained.

The meeting adjourned at 6:00 P.M.

Respectfully submitted,
Jean Redman

Handwritten signature of Jean Redman in cursive script.Handwritten signature of John S. McKinig, President, in cursive script.

Board of Directors Meeting
February 6, 2001

The meeting was called to order at 4:00 P.M. by President Steve McKinney. Board members present were V.P. Joe Jensen, Treas. Frank Harper, John Villevik, Jerri Knoblich, Tito Haggardt. AWOL was George Wallace, Sec. Mac Kaupu, Foreman, and Jean Redman, Executive Director. Lot owners Bob Armstrong and Merle Martin sat in on the meeting.

The minutes were approved. Frank Harper gave the financial status. Jean Redman indicated that the billing for 2001 had been sent out within the past week and collections should begin soon.

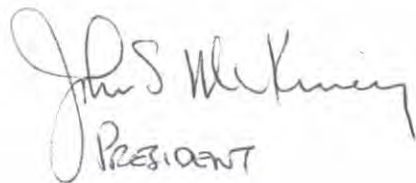
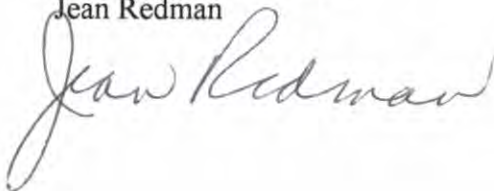
John Villevik, road committee chairman, handed out a report that showed which roads were in need of repair or fog sealing. He and Mac Kaupu had surveyed the road system to arrive at this. Tito Haggardt moved to stop widening the roadways until we get an ambulance for the fire station. There was no second. The motion died. Merle Martin was asked if he would like to be on the budget committee.

Unfinished business brought up the work at the end of Aloha. Charlie Young has not finished in the time stated, but the board agreed to give him a little extra time and to determine if the "ruff grade" of Heimbürger's lot was acceptable. The amount of liability insurance carried by the Corporation was tabled until next meeting when George Wallace is in attendance.

Steve McKinney handed out a revised Standard Operating Procedure that had a deletion of St. Judes as a meeting place and Outside Road work was deleted. Added was a formula for arriving at a rebate for road assessments. Joe Jensen moved to adopt the SOP with the addition of the rebate formula (item 11 of the SOP), Frank Harper seconded. Tito amended the motion to accept the formula but review our current (2001) rebate of \$9 per lot.. The amendment had no second. The original motion passed 4 in favor but with Tito abstaining.

An executive session was held and adjourned at 6:15 P.M.

Respectfully submitted,
Jean Redman



BOARD OF DIRECTORS MEETING
MARCH 6, 2001

The meeting was called to order at 4:00 P.M. by President Steve McKinney. Members present were V.P. Joe Jensen, Treasurer Frank Harper, and John Villevik. Absent were Tito Haggardt, Jeri Knoblich and George Wallace. Also present were Executive Director Jean Redman, Leadman Mac Kaupu, Merle Martin, Tom Perna and Vernon Dicke.

Merle Martin indicated that on March 22, 2001 Councilwoman Julie Jacobsen and Tom Brown from the Hele On bus would be coming to Ocean View to discuss the possibility of a daily route between Ocean View and Kona.

The minutes were approved as sent out to the board with the addition of the adjournment time of 6:15 P.M.

Frank Harper gave the Treasurer's report and thought it would be wise to keep an eye on our Smith Barney account.

The collections for the year 2001 are coming in at a good pace and about \$320,000 has been brought in so far. Mac Kaupu reported on the status of the equipment and everything is up and running. Aloha Blvd. at the highway will be striped next week. Frank Harper asked about the road plan and what was being done to keep up with it. Frank will make up a form for Mac to complete on a monthly basis.

Liability insurance was discussed under unfinished business and it was decided that we have sufficient coverage at this time.

Random drug testing was discussed because our employees hold CDL licenses. We will look into this further.

Frank Harper presented the proposed budget for the year 2002 and asked that the board look at it for approval at the April meeting.

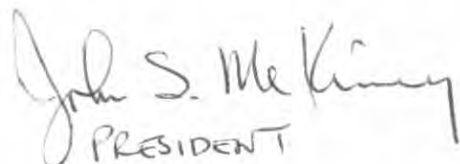
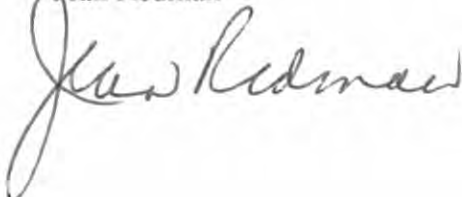
Merle Martin and Joe Jensen were concerned about the heavy truck traffic.

Vernon Dicke was appointed to the Board of Directors and will have his name placed on the ballot for the October elections.

The board went into Executive session and adjourned at 6:10 P.M.

Respectfully submitted,

Jean Redman



PRESIDENT

Board of Directors Meeting
April 3, 2001

The meeting was called to order at 4 P.M. by President Steve McKinney. Board members present were V.P. Joe Jensen, Sec. George Wallace, Treas. Frank Harper, John Villevik, Jeri Knoblich, Tito Haggardt and Vernon Dicke. Also present were Jean Redman, Exec. Director and Mac Kaupu, Leadman. There were 4 lot owners and 1 member of community also in attendance - Jake Hesterlv, Merle Martin, Tom Perna and Ernie Williamson (lot owners) and the 1 member whose name was not recorded.

The minutes of the March meeting were approved as sent out to the board members. Frank Harper gave the Treasurer's report and it was approved as read. The Executive Director gave her report stating that the collections were coming in at a steady rate. Mac Kaupu, presented his report on progress of the 2001 schedule. He also reported that all equipment was up and running.

Frank Harper presented Revision 5 of the proposed 2002 budget for approval. Frank moved to accept the budget revision 5 as submitted to be used to determine the assessment for 2002 at \$101 per lot. George Wallace seconded the motion. Tito asked that it be tabled until the next meeting. Jeri Knoblich seconded the motion. Tito and Jeri voted to table the budget, 4 opposed it. The original motion for the proposed budget was voted on with 6 in favor, Tito opposed.

The Capital Reserve Replacement Fund was brought up by Frank Harper. He indicated that the following items are on the list for.

A welder for \$4,000

Water tanker \$5,000

Chip Spreader \$50,000

New small pickup, Ford, 2 wheel drive \$16,000-\$18,000

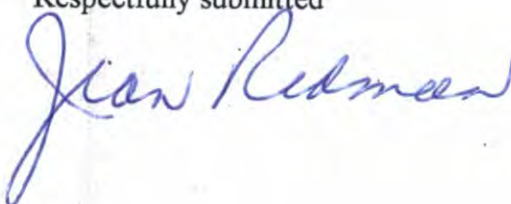
Digital camera for photographing accidents and equipment \$600-\$700

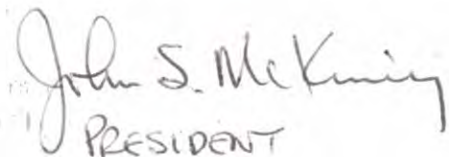
Frank Harper moved, George Wallace 2nd that prices be obtained for the purchase of the new pick up. All in favor except Tito who abstained. Frank Harper moved, George Wallace 2nd that a digital camera be purchases for use by HOVERMC. 6 in favor, Tito opposed.

The Executive Session was held following the regular meeting with the following results. The position of Executive Director will be expanded to cover other duties.

The meeting adjourned at 6:15 p.m.

Respectfully submitted




PRESIDENT

H.O.V.E. ROAD MAINTENANCE CORP.
BOARD OF DIRECTORS MEETING - MAY 1, 2001

The meeting was called to order at 4:00 P.M.

Members present were Pres. Steve McKinney, V.P. Joe Jensen, Sec. George Wallace, Treas. Frank Harper and members Tito Haggardt, Vernon Dicke and John Villevik. Jeri Knoblich asked to be excused from the next 3 meetings because of her husband's recent accident. Also present were Tom Perna, Merle Martin and Executive Director, Jean Redman.

The minutes of the April meeting were approved as sent to the Board members, with the following correction: In the last paragraph, Tito Haggardt abstained from the vote.

Frank Harper gave the treasurer's report. The alternate budgets for the coming year will be discussed at the next meeting.

Jean Redman reviewed progress on the roads for the month of April and the status of the equipment. The John Deere sweeper is in need of attention and will be taken to Hilo if Jeff Anderson cannot repair the problem.

The legal committee chair, Joe Jensen, reported that he had been given the name of an attorney by Bob Barry who may be interested in handling the situation of possibly combining the surrounding sub-divisions into the Ocean View Road Maintenance Corporation.

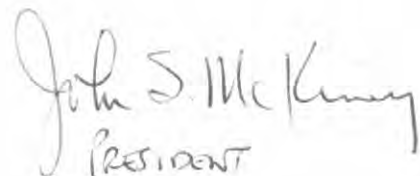
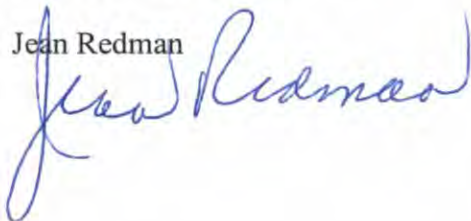
Encroachments into the road rights of way was discussed and will be brought up again at the next meeting.

Under unfinished business, the board discussed prices on the new pick up truck. George Wallace moved, Frank Harper seconded that we accept the bid from Orchid Isle Ford for a 2001 Ranger at \$14,380. Frank amended the motion to add an additional \$650 (approximately) for air conditioning. Vernon Dicke seconded the amended motion. The vote for the amended motion was 5 in favor with Tito abstaining. The new price for the Ford Ranger would be \$15,010 with A/C. 5 in favor, with Tito abstaining.

The meeting adjourned at 5:45 P.M.

Respectfully submitted,

Jean Redman



BOARD OF DIRECTORS MEETING
JUNE 5, 2001

The monthly board meeting was called to order at 4:00 p.m. by President Steve McKinney. Members present were V.P. Joe Jensen, Sec. George Wallace, Treas. Frank Harper, Tito Haggardt and John Villevik. Excused was Vernon Dicke. Also present were Exec. Director Jean Redman and lot owners Tom Perna and Merle Martin.

Steve McKinney announced that board member Jeri Knoblich resigned because of her husband's illness. Tom Perna is the Investment Committee chair and will work under the direction of treasurer Frank Harper. Steve also announced the schedule for submitting articles for the upcoming newsletter.

The minutes were approved with an addition: George Wallace presented a summary of the last ballots and it was reviewed by the board.

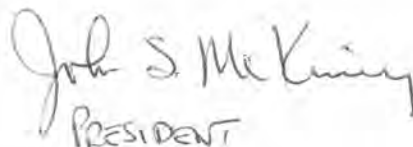
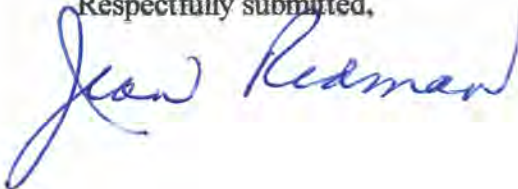
Frank Harper gave a brief treasurer's report. Jean Redman gave a rundown of the work progress for the month of May with anticipated work scheduled for the next month. The problem of encroachments was brought up again. We have been addressing them on a case by case basis at this point. There is a problem that has occurred at the intersection of Palm Parkway and Orchid where the owner has built a wall and has planted trees in the road right of way. The existing condition has been there for over 15 years. The property is now being sold. Frank Harper moved that the Corporation leave the situation as is because it has been there for a long period of time. No one seconded the motion. The motion died. Tito Haggardt suggested that we write a letter to the Real Estate Agent notifying her of the encroachment.

Further to the investigation into the expansion of the Road Maintenance Corporation, Tito moved to investigate the possibility of road maintenance expansion through a qualified legal source, Michael Matsukawa, if it is not going to cost too much. Joe Jensen seconded. For the motion were Tito Haggardt, Joe Jensen and John Villevik. Against was George Wallace. Joe Jensen will try to make contact with the attorney.

Joe Jensen, representative for the Ocean View Community Development Corporation, reported that 4 of its members resigned. Tom Perna suggested that our Corporation remove its representative from the OV CDC, and that we include a disclaimer in the next newsletter indicating that we are neither for or against the water issue. Tito Haggardt moved that any mailout included in our mailings should be first approved by the whole board. George Wallace 2nd. John Villevik abstained, Tito, Joe and Steve in favor. Tom Perna's request that we withdraw our representative from the OV CDC was denied, as it is a community service.

The meeting adjourned at 6P.M.

Respectfully submitted,



PRESIDENT

GENERAL MEMBERSHIP MEETING
H.O.V.E. ROAD MAINTENANCE CORP.
SATURDAY OCTOBER 13, 2001

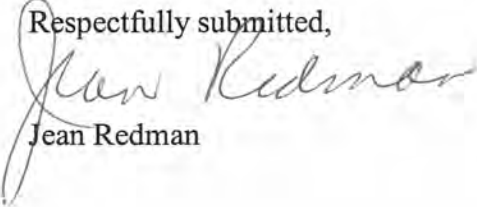
The annual membership meeting was held at the Community Center and called to order at 10:00 A.M. by President Steve McKinney. Board members present were Joe Jensen, V.P.; Frank Harper, Treas.; George Wallace, Sec.; Merle Martin, John Villevik and Vernon Dicke. Also present were Executive Director Jean Redman, Tom Perna, Bob Armstrong, Bob and Aiko Pennington, Gloria Jensen, Bob Riechel, Charlotte Riggs and guest.

Steve announced the results of the ballots that were counted by the League of Women Voters. The total number of lots voting was 1005. For the budget for 2002 were 738 YES votes, 256 NO votes, 9 NON-VOTES and 2 VOID votes. For the election of board members the vote was 755 for VERNON DICKE, 936 for MERLE MARTIN, 117 NON-VOTES and 2 VOID votes.

The floor was opened for general discussion. There was much interest in the "road widening" the crew has been doing and much concern over the easements into the rights of way by lot owners.

The meeting adjourned at 10:50 A.M.

Respectfully submitted,


Jean Redman


PRESIDENT

BOARD OF DIRECTORS MEETING
JULY 3, 2001

The meeting was called to order at 4:00 P.M. by President Steve McKinney. Present were V.P. Joe Jensen, Treasurer Frank Harper, Secretary George Wallace and members John Villevik, Vernon Dicke and Tito Haggardt. Also present was Jean Redman, Executive Director.

Steve announced that all submissions to the upcoming newsletter should be in by July 16th so that approval can be given at the August 7th board meeting.

The minutes of the June 2001 meeting were approved as was the financial report given by Frank Harper. There were no committee reports.

Jean Redman gave the status of the equipment and work to date. Kailua Blvd. is ready for completion of shoulder work and will be oiled and chipped next week. Princess Kaiulani at Lehua has been opened up for improved line of sight.


The future budget levels were discussed. Frank Harper moved to change the proposed \$101 level to \$95 and later withdrew his motion. Frank moved and Joe Jensen seconded not to include the description of the 3 budget levels along with the impacts in the newsletter, but rather include an article stating that 3 budget levels have been examined closely. All in favor.

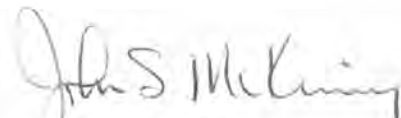
Encroachments were discussed again and it was decided that a letter would be written to one of the local realtors who has a house listed with an existing encroachment.

The matter of future expansion of the road maintenance corporation was brought up. Frank Harper moved, Joe Jensen seconded to table the action until another time. Tito amended the motion to put off only until the August 7th meeting. Vernon Dicke seconded. For the amendment to the motion were John Villevik, Tito Haggardt and Vernon Dicke. Against were Frank Harper, George Wallace and Joe Jensen. President Steve McKinney voted to table until the next meeting. For the amended motion were Tito Haggardt, George Wallace, Vernon Dicke and John Villsevik. Against were Frank Harper and Joe Jensen.

The meeting adjourned at 5:00 P.M.

Respectfully submitted,


Jean Redman


PRESIDENT

BOARD OF DIRECTORS MEETING
AUGUST 7, 2001

The meeting was called to order at 4:00 P.M. by President Steve McKinney. Present were Frank Harper- Treas., George Wallace-Sec., Tito Haggardt, John Villevik, Vernon Dicke. Also present were Jean Wilkison, Merle Martin, Tom Perna and Danny Freeman.

Danny Freeman approached the Board explaining his building use proposal for a Koa Gallery. He explained the nature of the business and wanted to comply with anything needed from the Road Maintenance Corp. He was concerned about the proposed driveway off of Tiki. The Board could see no problems and suggested that Danny talk to Mac. Danny also said he would like a letter of approval from the Board.

Steve said there would be a meeting about union negotiations August 30th at 1:30. Frank said he could attend and Vernon also said he could.

The minutes of the July 3rd meeting were approved as distributed.

The treasurers report was given by Frank Harper. He said \$751,634 has been collected to date, which is 81%. We are under budget and no major expenditures are coming up.

There was no Executive Director's report as Jean Redman is on vacation.

Frank read the foremans report and mentioned the robbery of 3 weedaters valued at approximately \$800. It was discussed that we talk to HELCO to see about getting a security light.

Under committee reports - 2002 Budget - Frank said he feels he has made a mistake in calculating the 2002 budget. Lengthy discussion followed and Frank recommended that based on the review and discussion that the 2002 assessment be changed to \$95.00.

MOTION: By Frank Harper, To change the 2002 assessment to \$95.00.

2nd by Tito Haggardt, Tito then stated he would like to amend the assessment amount to \$90.00, there was no 2nd. The vote was taken, 4 for and 1 against. The 2002 assessment will be \$95.00.

Steve said we will need someone to change any articles in the Newsletter pertaining to this change. There were no volunteers.

Unfinished Business:

Encroachments on Road Rights of Way: Jean was to write this so it tabled until she can report to the Board.

Investigation into RMC Expansion: It was discussed that getting a lawyer to investigate the subject would be a start. No one know of any at this time.

Steve said that Bob Barry had talked to him about having an article from OVCDL put into our Newsletter. Steve told him it was past the deadline for submission of articles, but would ask the Board. It was discussed and noted that with Franks additional article of the Status of Capital Reserve Replacement Fund and Jeans Road Plan, there wouldn't be any room without an additional page which would probably increase the postage.

Before adjournment, John Villevik said he wasn't comfortable with the motion concerning the assessment change. This was further discussed and the following motion was made.

MOTION: By John Villevik, To resend the previous motion and vote and keep the assessment at \$101.00.

2nd by George Wallace, 3 for, 2 opposed: Tito Haggardt & Frank Harper

Meeting was adjourned at 5:45 P.M.

John S. McKinney
PRESIDENT

BOARD OF DIRECTORS MEETING
SEPTEMBER 4, 2001

The meeting was called to order at 3:30 p.m. by President Steve McKinney. Board members present were Secretary George Wallace, Treasurer Frank Harper, Tito Haggardt, John Villesvik and Vernon Dicke. Excused was Joe Jensen, V.P. Also present were Tom Perna, Merle Martin, Executive Director Jean Redman, Rick Merschdorf of Merrill Lynch (formerly of Smith Barney), and lot owners Chris Trueman and Jim Rodrigues.

A presentation on our trust fund and what Merrill Lynch can do for us was given by Rick Merschdorf.

Steve McKinney asked if there was any objection to the October meeting being held after the general membership of October 13, 2001. Steve also asked if there were any board members interested in filling officers vacancies for the upcoming year. Steve would run again for President and Frank Harper said he would do another year as Treasurer. There were no immediate takers for Secretary or Vice President.

The minutes of the previous meeting were approved as sent to the board members. Frank Harper gave his treasurer's report and indicated that we were still operating well within the budget for 2001. Jean Redman reported on the progress to date and some discussion followed regarding the fact that we appeared to be ahead of schedule in some areas but lagging in others.

Registered letters regarding road encroachments were sent to George Lorant and the Kona Board of Realtors.

There were no committee reports. Future expansion of the Road Maintenance Corporation was tabled until the next meeting.

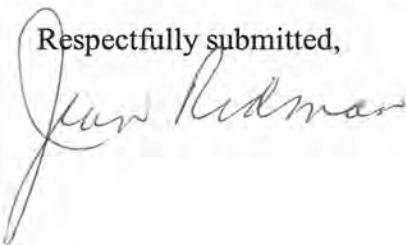
George Wallace presented the long range plan for the next 5 years. This will be discussed at the next meeting, giving board members ample time to go over the plan.

Our representation on the Ocean View Community Development Corporation was discussed. Joe Jensen had been our rep but is leaving our board in October. There were no volunteers and it will be discussed again at the October meeting.

In the Executive session it was decided that the probation period of 6 months is up for the position of Executive Director held by Jean Redman and that it would become a permanent position. Also, the 1 year union contract with a 2% pay increase for the road crew was approved.

The meeting adjourned at 6:30 P.M.

Respectfully submitted,



PRESIDENT

GENERAL MEMBERSHIP MEETING
H.O.V.E. ROAD MAINTENANCE CORP.
SATURDAY OCTOBER 13, 2001

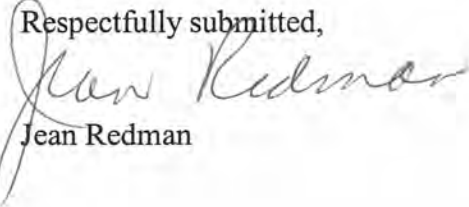
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Steve announced the results of the ballots that were counted by the League of Women Voters. The total number of lots voting was 1005. For the budget for 2002 were 738 YES votes, 256 NO votes, 9 NON-VOTES and 2 VOID votes. For the election of board members the vote was 755 for VERNON DICKE, 936 for MERLE MARTIN, 117 NON-VOTES and 2 VOID votes.

The floor was opened for general discussion. There was much interest in the "road widening" the crew has been doing and much concern over the easements into the rights of way by lot owners.

The meeting adjourned at 10:50 A.M.

Respectfully submitted,


Jean Redman


PRESIDENT

Board of Directors Meeting
Saturday, October 13, 2001

The meeting was called to order by President Steve McKinney at 10:50 A.M. Present were Frank Harper, John Villevik, Merle Martin and Vernon Dicke. Also present were Jean Redman, Executive Director and Tom Perna. The first order of business was election of officers for the upcoming year. Those elected were Steve McKinney, President; Vernon Dicke, Vice President; Frank Harper, Treasurer; John Villevik, Secretary.

The minutes of the last meeting were not read but will be mailed out again with corrections.

Jean Redman gave a report on the road progress to date and the status of equipment. Also brought up was the meeting between Jean and Trisha Clark, grant writer. Ms. Clark will look into the possibility of obtaining a grant for guard rails.

With the small board now, the quorum of 50% will be 3 members. Board members were asked to come up with a list of information they would like to see in the accounting printout.

Membership Committee - Merle Martin brought up having a committee to increase membership. Steve agreed to this need. Merle will put together a proposal.

Steve announced his committees and chairpersons for the upcoming year. They are:

Budget - Frank Harper

Planning - Vernon Dicke

Roads - John Villevik

Legal - Merle Martin

Government Liaison - Merle appointed

A discussion as it relates to government liaison duties

County acceptance of responsibility for Ocean View roads

Setting a county standard to Rural Roads

Investment Funds - discussion of Smith Barney and John l'Orange - no contact from John l'Orange, appointments not kept. Make one more attempt. John Villevik will contact Morgan Stanley.

Budget - Frank reported on the projected surplus in road oil and chip at the end of the year. Possible rebate of \$20. Surpluses look like overestimating the budget.

Encroachments - George Lorant property discussion. Problem is to establish a policy instead of case by case. We have several right-of-way encroachments. Merle moved that the policy should be to protect the road right of way. Settle at next meeting what action to be taken.

A motion to table the Road Maintenance Corp. long range plan was made by Vernon Dicke. Seconded by Frank Harper. Will bring up at the November meeting.

The representative for the Ocean View Community Development Corporation was tabled indefinitely.

Logo- Accepted the design by Tom Perna in red. Moved by Frank to accept. Seconded by Vernon.

New Business -

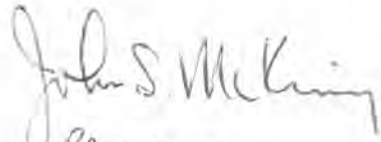
The possible reduction of entrances to the subdivision. Discuss pros and cons. Put on next meeting's agenda.

Guard rails - Board will begin investigation of needs for guardrails.

Meeting adjourned 12:56 P.M.

Respectfully submitted,

John Villevik, Secretary


PRESIDENT

BOARD OF DIRECTORS MEETING

November 6, 2001

The meeting was called to order at 3:30 P.M. by President Steve McKinney. Present were V.P. Vernon Dicke, Sec. John Villevik, Treasurer Frank Harper and Merle Martin. Also present was Exec. Director Jean Redman and Investment Committee Chairman Tom Perna.

A presentation was made by John L'Orange of Solomen Smith Barney regarding our present trust fund portfolio and the reasons why we should stay with our current investment broker. The Board will talk about its goals and objectives.

Jean Redman gave her report on the progress to date of road repairs. Merle Martin suggested ways to increase community involvement with the road corporation. He suggested a "town meeting" style forum where lot owners could voice their opinions and concerns. Merle will look into dates for the meeting. Merle also brought up the concern for guard rails and the possibility of asking the County's involvement.

Unfinished business brought up the encroachment issue again. Tom Lopera, surveyor, was contacted and indicated it would cost approximately \$80,000 to mark all the centers of the intersections as well as some center line road markings. It was moved by Frank Harper to allot \$50,000 for 2002 in the Capital Reserve Replacement Fund for beginning the road surveying project. Merle Martin seconded. All in favor. Frank moved to proceed with the project. John Villevik seconded. Tom Lopera will be asked to present, in writing, his formal proposal that will include time and costs.

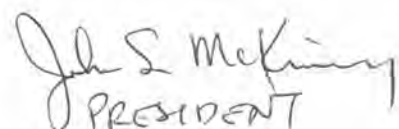
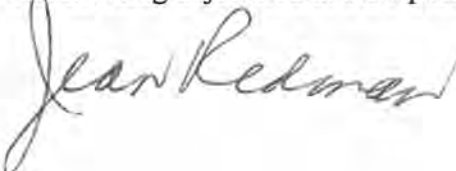
Vernon Dicke discussed the long range plan and will discuss this again at the next meeting. The question of widening the intersections at highway 11 and King Kamehameha and Hawaii Blvd. was discussed.

Reducing the entrances to the Hawaiian Ocean View Estates subdivision was discussed. The Police department, State highways department and fire departments will be contacted to discuss impacts of this proposed move.

Trisha Clark, grant writer, investigated getting a grant for guardrails for the subdivision but found out that our 501c4 corporation is not eligible.

New business brought up the Standing Operating Procedure #11. Frank Harper moved to change the present 40% of the profit to "up to 40%" of the profit to be withdrawn from the fund each year in item B. Merle 2nd the motion. All in favor. Item D, Frank moved to change that section by deleting the phrase "currently about 6,400 lot owners. Vernon Dicke 2nd. Vernon amended the motion to read "currently paid up lot owners". The amended motion was voted in favor unanimously and the original motion was also voted for unanimously.

The meeting adjourned at 5:30 p.m.



H.O.V.E. ROAD MAINTENANCE CORPORATION
BOARD OF DIRECTORS MEETING
TUESDAY, DECEMBER 4, 2001

The meeting was called to order at 3:30 P.M. by President Steve McKinney. Present were V.P. Vernon Dicke, Sec. John Villevik, Treas. Frank Harper, Merle Martin, Exec. Director Jean Redman and Investment Committee Chairperson Tom Perna.

A special presentation was made by Steve Bobko-Hillenaar of Morgan Stanley. He questioned what the goals and objectives of the Corporation are as related to the investment portfolio. He was given time to give the Board a little insight into what his company could do for the Corporation.

Steve McKinney indicated that the next board meeting would be held on Tuesday, January 8, 2002.

The minutes of the last board meeting were approved with the addition of "Board of Directors" to the title.

Frank Harper gave the financial report and briefly discussed the CRRF of \$110K for 2002 as well as the carryover of \$100K for the beginning of 2002 as usual. Rebates for the year 2002 will be discussed at the January meeting.

Jean Redman gave the Executive Director's report and gave an update on the progress to date as well as the status of the equipment. There is a new machine out that would do both the mixing of chip and asphalt emulsion as well as laying it down. More information will be obtained.

Under unfinished business - Encroachments were again brought up. Tom Lapera, surveyor, had given us a proposal for line of sight and center line surveys for the roadways in H.O.V.E. It was moved by Frank Harper and seconded by Vernon Dicke to accept the bid of \$80,000 to be spent on surveying the roadways, with the job to be completed within 2 years and to give Tom Lapera the initial \$28,000 at the time of signing the contract so that he may proceed with the project. All in favor.

The long range plan will be tabled for 2 months. Jean Redman spoke with the Police department and also the fire department regarding the possibility of reducing the number of entrances into H.O.V.E. It was the general consensus that this would be detrimental to safety. The Board agreed to dismiss the idea.

Merle Martin will continue to investigate the guardrail situation.

New business brought the discussion of what the goals and objectives of the corporation are with the investment portfolio. After allowing Jon L'Orange of Smith Barney, Rick Merschorf of Merrill Lynch and Steve Bobko-Hillenaar of Morgan Stanley to give brief

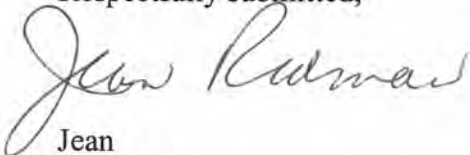
presentations to gain our business, it was moved by Vernon Dicke and seconded by Merle Martin to stay with Rick Merschorf of Merrill Lynch. In favor were Merle Martin and Vernon Dicke. Against were John Villevik and Frank Harper. Steve McKinney cast the deciding vote for Rick Merschorf adding that Rick would be given 6 months to prove himself and the matter would be brought up again.

The meeting of January 8 will be preceded by an investment committee meeting at 2:00 P.M. with the regular meeting to begin at 4:00 P.M.

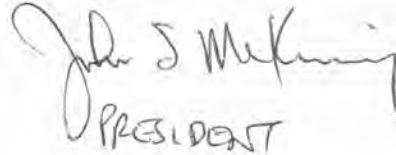
Executive session discussed the annual bonuses for the crew. It was decided that all 5 crew members and Jean Redman would receive \$500 each and Jean Wilkison would receive \$200.

The meeting adjourned at 5:45 P.M.

Respectfully submitted,



Jean
Redman



PRESIDENT