

MINUTES OF JANUARY 1999 MEETING
BOARD OF DIRECTORS - H.O.V.E. ROAD MAINTENANCE CORP.

The meeting was called to order by President Steve McKinney at 4 P.M. Present were Frank Harper, Treas., Rex Brumley, Sec., Board members, George Wallace, Ken Arbo, Don Gilles, Joe Jensen and Tito Haggard. Absent were Bob Self, and Don Swangel.

Steve announced that the OVCDC would be given office space at no cost, but would result in an "in kind" donation to the newly formed non-profit corporation.

Henry Otani, road consultant, presented his inspection report with issues and recommendations for corrective action. The Board had several question for Henry and the report was made available to the Board members for their review.

The minutes of the December 1998 meeting were approved as sent to the members. Frank Harper gave his treasurer's report which included a brief synopsis of the year's expenses and income. The trust fund investments for the 1998 year appreciated 29%.

Tito Haggard reported on the proposed 199 acre subdivision that is being talked about at the top of H.O.V.E. and he provided a copy of documents from the County of Hawaii regarding the process and progress of the subdivision for Board members to look at. He also spoke about grants that could be available to the Road Maintenance Corporation through a rural road project.

App Standard Item
Frank Harper presented the Budget & Finance Committee's recommended Assessment and Credit Amount for 1999. (Copy in minutes book) Frank moved that the recommendations in paragraph 3, sections A (transfer \$100,000 to Operating Fund), B (Transfer \$215,000 to Capital Reserve Replacement Fund) & C (If assessments paid in full by March 31, 9999, a \$12.00 credit will be allowed for each unincorporated lot) be approved. Rex seconded. Tito moved to amend the motion asking that section C read \$15 credit. Don Gilles seconded the amendment. A vote on the amended motion to increase the credit resulted in Don Gilles and Tito in favor of the increase with everyone else opposed to the increase. The question on the original motion was George Wallace opposed, Don Gilles abstaining with all others in favor.

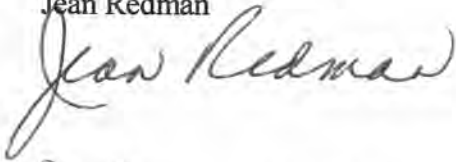
The matter of the purchase of a loader/backhoe was discussed. We have gotten bids on both new and used equipment. Frank moved to purchase a new Caterpillar 446B loader/backhoe and George 2nd the motion. Rex wanted the motion tabled until we could look into availability comparable equipment from other sources. Ken Arbo amended the motion to read that we purchase a new loader/backhoe comparable to the one we have the bid on, not to exceed \$137,500, delivered. Tito seconded the amendment. In favor of the amendment were Frank, Ken and Joe. Against were George, Rex and Don. Tito abstained. Steve McKinney, Pres., cast the tie breaking vote ~~against~~ against the amendment. Rex moved to table the original motion for 30 days with Tito seconding the motion. For the motion to table were Frank, Rex and Tito. Against were Joe and George. Ken abstained.

The construction of a mezzanine area and work bench at the base yard building was discussed. Ken had made a proposal that included a basic plan for the area and price list for anticipated material with the crew providing some of the labor. Rex moved that we accept the proposal as stated by Ken and George seconded. All were in favor.

A discussion took place regarding the realignment of Aloha Boulevard at the highway entrance. Further action was tabled until the February meeting.

The meeting adjourned at 6:10 P.M.

Respectfully submitted,
Jean Redman

 President

MINUTES FEBRUARY 2, 1999
H.O.V.E. ROAD MAINTENANCE CORP. BOARD OF DIRECTORS

The meeting was called to order at 4 p.m. by President Steve McKinney. Board members present were Treas. Frank Harper, Sec. Rex Brumley, board members George Wallace, Ken Arbo, and Joe Jensen. Absent were Bob Self (excused), Don Swangel, Tito Haggardt (excused) and Don Gilles.

Steve McKinney read a letter of resignation from Bob Self, V.P., because of a conflict with a new job Bob has accepted. Ken Arbo moved to accept Bob's resignation, Frank seconded. All were in favor. Frank Harper moved to nominate Joe Jensen as V.P. Steve McKinney announced that George Wallace would be taking over as Planning Committee chairman. Also, Steve purchased two walkie-talkie units for the crew to have on hand when they are doing traffic control.

The minutes of the January meeting were approved with the following corrections:
Add approval in advance for standard items as per Article VIII, Section 8.3
Steve McKinney cast the tie breaking vote for the amendment
If assessments are paid in full by March 31, 1999 (Not 9999)

The Treasurer's report was approved as presented. Frank Harper also gave the Foreman's report and indicated that we are about 2 weeks behind schedule because of some major problems with the hammer, roller and loader. The first of the year is the normal time for the crew to do extensive overhauling of equipment.

Ken Arbo advised that the material for the loft area at the base yard is here and he will begin working on the project soon. He also commented on the fact that some roads should be seal coated or fog sealed for protection.

Rex Brumley reported on the availability of a used Case loader with a 2500 lb. hammer at a cost of \$59,000 and that is about 1/3 the cost of a new piece of equipment. Jeff Anderson will go in to assess the loader. Frank moved that we go with Rex's recommendation to look at the \$59,000 machine thoroughly, and this should include the hammer with the quick pin coupler, shipping and not to exceed +/- 10% of the quoted price of \$59,000. If not satisfied with the machine, that we authorize the purchase of the new Cat loader from Pacific Machinery at a cost of \$137,501. George Wallace seconded. All were in favor.

Ken Arbo reported on the re-alignment/existing Aloha Boulevard entrance at Hwy. 11. This does pose a potential safety problem, but will table discussion until the March meeting. Henry Otani, our consultant, has talked with the State of Hawaii regarding the end of Aloha and the water ponding and embankment problem. Ken suggested that a letter be written to Ray Heimburger, owner of the property that is adjacent to the existing alignment of Aloha Blvd. and see if he may be interested in donating a segment of that lot to the Road Corp. in order that we may re-align the dangerous curve.

The legal committee will look into the the various solutions to the pending problem that may arise with the proposed subdivision of 199 acres at the top of H.O.V.E. Some suggestions were that we require future owners of the lots to belong to the Corporation, or perhaps they should be charged a user fee. Joe Jensen, legal committee chairman, will get some legal advice regarding the situation.

The recommendations contained in the presentation of Henry Otani were discussed. Ken Arbo volunteered to work with the crew regarding scheduling. Steve will go over the Inspection and Recommendation report and re-write some sections and then move forward.

Steve indicated that he would like to discuss the hiring of an Operations Manager. This will be brought up at the March meeting.

George Wallace discussed a group he is involved with called MIRA that may have grant money available to the community and wanted a letter of support from the Corporation in the hopes of achieving a more community wide partnership.

The meeting was adjourned at 5:55 p.m.

Jean Redman

John S. McKinney President

H.O.V.E. ROAD MAINTENANCE CORP.
MINUTES - BOARD OF DIRECTORS - MARCH 2, 1999

The monthly Board of Directors meeting was convened at 4:00 P.M. by President, Steve McKinney. Members present were V.P., Joe Jensen, Treas., Frank Harper, Sec., Rex Brumley, George Wallace and Ken Arbo. Absent were Don Swangel, Tito Haggardt and Don Gilles.

Steve reported on the status of the MIRA questionnaire that will be going out. Also, Steve received an update regarding the law suit. The minutes of the February meeting were approved as sent to the Board members. Frank Harper gave the Treasurer's report. Ken Arbo gave the Foreman's report on behalf of Mac Kaupu and explained the several of the lower streets have been fog sealed to protect the pavement and suggested that the next batch of fog seal emulsion should arrive here undiluted so that patching may be done first, then the emulsion will be diluted 50% to fog seal. Ken said that when he returns from his mainland trip, he will work with the crew to set up a work list.

Committee reports were given. Frank Harper will present the next draft of the 2000 budget at the next meeting. The letter from the attorney regarding the proposed sub-division at the top of HOVE was read and the legal committee has further questions for Mr. Gianotti.

The motion from the previous meeting to authorize the purchase of a new backhoe/loader was withdrawn, moved by Frank, seconded by Rex, and a new motion to purchase a used Case backhoe/loader was made by Ken, seconded by Frank, for \$78,124.50. All in favor.

The status of the Aloha Blvd. re-alignment was discussed and a letter was received from Ray Heimburger outlining what he would want in exchange for a small piece of his property on Aloha Blvd. that would be affected by the proposed change. This will be looked into further when Henry Otani is able to do more with the State of Hawaii.

The possibility of hiring an operations manager was discussed and tabled until the April meeting.

Ken Arbo proposed the purchase of a utility truck that would be used for repairing pot holes, putting STOP signs up and other chores that involve a multi-task vehicle. Frank Harper moved and George Wallace seconded Ken's written proposal of \$43,577 which would include the purchase of a 1999 450 Ford truck, compressor, oil pressure tank with heater, custom built bed with hoist (installed) and various wands, hoses and piping. All were in favor.

Under new business was the discussion of selling aggregate to the Volunteer Fire Department for the new station located on Orchid Circle that is nearing completion. Frank Harper moved, Rex Brumley seconded that the road maintenance corporation sell at

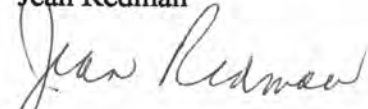
cost the amount of aggregate needed, keeping track of man hours needed for loading and unloading, along with the tonnage used, which will be billed to the Fire Department for payment to the Corporation. All in favor.

The attendance at Board meetings by Board members was discussed and it was decided that a letter would be sent to all members requiring notification to the office 24 hours in advance of a meeting if that member is unable to attend, as a courtesy to the others. The matter of missed meetings will be brought up again at the April meeting.

The meeting adjourned at 5:55 P.M.

Respectfully submitted.

Jean Redman

 President

Correct minutes for March 2, 1999 meeting as follows:

Paragraph 3 (committee reports) Revise first and second line - - Frank Harper submitted draft of budget proposal for 2000 and requested review and return of proposal at April meeting if any changes are recommended.

**H.O.V.E. ROAD MAINTENANCE CORP.
BOARD OF DIRECTORS MINUTES APRIL 6, 1999**

The meeting was called to order at 4 P.M. by President Steve McKinney. Present were V.P. Joe Jensen, Sec. Rex Brumley, Treas. Frank Harper, board members George Wallace, Don Swangel, Tito Haggardt. Ken Arbo was excused and Don Gilles was absent. Mac Kaupu, Foreman, and Jean Redman, Office Manager, were also present.

Announcements: We purchased the used Case Backhoe and it has been well utilized in the present re-shaping and re-building of Leilani Parkway from the highway to Aloha Blvd. Frank Harper gave a "well done" to the crew for the fog sealing and striping that was recently done. A reminder of the Town Meeting was given.

Minutes: The minutes of the March meeting were accepted with the correction to Paragraph 3 (committee reports). Revise first and second line...Frank Harper submitted draft of budget proposal for 2000 and requested review and return of proposal at April meeting if any changes recommended.

Treasurer's Report: Frank Harper indicated that collections for assessments reached approx. \$662,000 which represents about 65% of amount billed out on January 21, 1999.

Foreman's Report: Mac Kaupu gave a rundown of what was being done by the crew on Leilani Parkway and King Kamehameha Blvd. He was asked what equipment he thought needed to be upgraded or added. We may need to purchase a smaller roller that could do shoulder work without damaging the existing road surface. It was also suggested that either beepers or cell phones be purchased for some of the crew so that we have better contact with them.

Committee Reports: George Wallace indicated that he is working on the 5 year plan and will work with Frank's budget once it is finalized.

Unfinished Business: The proposed sub-division above H.O.V.E. was discussed and various scenarios were brought forth on how to handle the road maintenance. Some included incorporating this area into our system, thus charging the same road maintenance fees as our lot owners, having lien & foreclosure powers for non-payment of fees, asking the lot owners of the proposed sub-division to "buy into" our existing trust fund based on fees that all other lot owners have paid over the past years. The discussion was tabled, but Joe Jensen will contact our attorney for further advisement. Frank Harper was asked to gather some figures regarding fees charged to lot owners since 1991.

The need for an Operation's Manager was discussed. Ken Arbo had introduced Mr. Cecil Hiett to Frank Harper and Steve McKinney. Mr. Hiett is a land owner in Ocean View, but is currently employed as a heavy duty mechanic with Trinity County D.O.T. in Weaverville, CA. He is interested in a part time position that would include scheduling, managing the crew and giving guidance in his particular field of expertise. After some

discussion, Rex Brumley moved, Frank Harper seconded, that we hire Cecil Hiatt on probation for an unspecified time, for 1/2 time employment of 20 hours per week at \$1,500 per month salary plus health benefits for he and his wife, with 1/2 normal holidays. Tito amended the motion to include that we continue to look for a full time person. The position would be called Director of Operations. For the amended motion were Tito and George Wallace. Against were Joe Jensen, Frank Harper, Rex Brumley and Don Swangel. The amended motion was defeated. The original motion was then voted on. For hiring Mr. Hiatt under the terms described in the original motion were George Wallace, Frank Harper, Don Swangel, Rex Brumley and Joe Jensen. Against was Tito Haggardt. Steve McKinney will write a letter to Mr. Hiatt and advise him of the Board's decision.

The end of Aloha Boulevard was discussed again, with a reply from Mr. Heimburger regarding his affected property. It was decided to wait for the information that Henry Otani is able to get from the State of Hawaii regarding the extent, if any, of the State's involvement with the problem at the highway. There is also the ongoing problem of the utility companies placing poles in an irregular fashion throughout the sub-division. Perhaps Henry Otani can help with this problem.

New Business: Frank talked about the problem in contacting the crew when they were out in the field. With 156 miles of roads, it is sometimes difficult to locate them in case of emergency. He asked that beepers be purchased for the crew. After much discussion, Jean Redman is to look into the cost of the service and alternative devices.

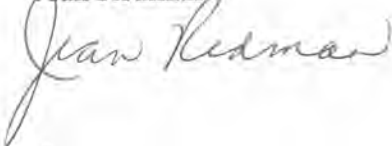
The Board members were asked to notify the office at least by Monday prior to a Tuesday board meeting if they are unable to make the meeting out of courtesy to the other members.

An executive session was held after the regular meeting for the purpose of hiring an attorney. No action was taken.

The meeting adjourned at 6:38 P.M.

Respectfully submitted,

Jean Redman

 President

BOARD OF DIRECTOR'S MEETING

May 4, 1999

President Steve McKinney called the meeting to order at 4 P.M. Present were V.P. Joe Jensen, Treas. Frank Harper, board members Tito Haggardt and George Wallace. Excused were Rex Brumley and Ken Arbo. Absent were Don Swangel and Don Gilles.

The minutes of the April meeting were approved as sent to the board members. the treasurer's report was given by Frank Harper.

Frank Harper, budget committee chairman, moved to approve the proposed budget for the year 2000. George Wallace seconded. Tito Haggardt moved to amend the motion to add a line item in the budget not to exceed \$350,000 for the capital improvement and operating fund. There was no second so the amendment died. For the original motion were Joe Jensen, Frank Harper and George Wallace. Against was Tito Haggardt.

George Wallace, planning committee chairman, reported that the report was in the works.

Henry Otani, Consultant, discussed the proposed project at the end of Aloha Blvd. and that we are awaiting a reply from the State Dept. of Highways. He also discussed the fog sealing process and indicated that we would have good standard roads when this was done.

The sub-division at the top of H.O.V.E was discussed again with 2 possible solutions. One is that the lot owners "buy in" to the corporation, and the other is that they don't join the corporation and pay an annual toll fee. Frank Harper gave a run down of the assessments billed to H.O.V.E. lot owners since 1989 as a base line for a portion of the "buy in". This will be discussed further in the future.

The need for better communication between the office and crew was discussed. Frank had asked that Jean Redman get prices on cell phones. The cost of one phone is \$109, plus monthly fees of \$21.95 or \$26.95 depending on the service plan chosen. Frank Harper moved that we purchase 2 phones. George Wallace seconded. Tito Haggardt, George Wallace and Frank Harper. Joe Jensen was against the motion.

Tito Haggardt wanted to discuss the Capital Reserve/Replacement fund, but it was tabled until the June meeting.

Under new business, the possibility of purchasing traffic counters was discussed. This would give us an idea of what roads were more heavily traveled than others. Upon learning that prices varied from \$900 to over \$2,000 for a counter, the idea was scrapped.

The board discussed the attendance of board members at regularly scheduled meetings. Don Gilles has missed more than 3 consecutive meetings this year and according to the

by-laws, may be removed. Tito Haggardt moved and George Wallace seconded that a letter be written by President Steve McKinney and sent to Don advising him that he was being removed. In favor of the motion were Tito Haggardt, George Wallace and Frank Harper. Abstaining was Joe Jensen.

The meeting adjourned at 5:50 P.M.

Respectfully submitted,


Jean Redman

 President

BOARD OF DIRECTORS MEETING
JUNE 1, 1999

Present for the regularly scheduled meeting were Pres. Steve McKinney, V.P. Joe Jensen, Treasurer Frank Harper and Secretary Rex Brumley. Excused were Ken Arbo and Tito Haggardt. Absent were Don Swangel and George Wallace.

Also present were Cecil Hiatt, Director of Operations, Henry Otani, Consultant, and Jean Redman, Office Manager.

There was not a quorum, therefore no business was conducted. The meeting was informational only.

Steve McKinney introduced Mr. Hiatt, newly hired Director of Operations. Mr. Hiatt will be employed on a half-time basis.

Mr. Otani was present to give his report and status of the recommended corrective action at the intersection of Aloha Boulevard and Highway 11.

All agenda items for June 1999 will be held over until the July 1999 meeting.



 President

H.O.V.E. ROAD MAINTENANCE CORP.
BOARD OF DIRECTORS MEETING
JULY 6, 1999

The regular monthly board meeting was called to order at 4:00 P.M. by President Steve McKinney. Members present were V.P. Joe Jensen, Sec. Rex Brumley, Treas. Frank Harper, Don Swangel, George Wallace, and Ken Arbo. Excused was Tito Haggardt. Also present were Cecil Hiett, Director of Operations, Henry Otani, Consultant and Jean Redman, Office Manager.

Steve McKinney announced that the annual newsletter needs to be finalized so that it can go out to the membership in September. The year 2000 budget as presented by Frank Harper will stand, and Ken Arbo will work on the year 2000 road plan to go into the newsletter.

The minutes were approved as submitted, but later realized that Joe Jensen's name had been included in the June 1999 minutes as "present", but that was in error. He had been excused.

The treasurer's report was given and approved. Some discussion regarding the tire line item and it was decided that more money should be placed in the budget in the future.

Cecil Hiett gave the Director of Operations report, stating the status of the equipment and the status of our scheduled work for 1999. Cecil had been asked to come up with a list of equipment that should be replaced, upgraded or added. The priority item at this point is the need for a service truck. The current one is in serious need of replacement. He has been asked to look into prices.

Henry Otani, Consultant, reported on his inspection of various areas, citing several specific blocks, indicating recommendations and compliments on work done. He also presented a draft job description for the leadman and Director of Operations for discussion. The proposed project at the end of Aloha Blvd. and Highway 11 was updated. Henry Otani has spoken with Stanley Kimura from the State Highways Dept. and Mr. Kimura indicated this project was up for review and may be included in the 1999-2000 fiscal year. Ray Heimbarger, the owner of the property at the end of Aloha that is included in this project, has agreed to give a portion of his property to the corporation in exchange for some land clearing and fill work. This will be put out for a bid when the time comes. Frank Harper moved and Rex Brumley seconded, that the corporation go with the Heimbarger/State Highways proposal as Aloha Blvd. enters Highway 11 and not re-align to the new location. All were in favor. We will be coordinating with the State when construction is set to begin.

Under unfinished business was the subdivision above HOVE and what was being done from our standpoint regarding including the new owners into our road maintenance corporation. No new information was forthcoming from our present legal council, so the

board decided to solicit ideas from attorneys specializing in real estate. Joe Jensen, legal committee chairman, will send out letters to 4 or 5 attorneys asking if they would be interested in handling this situation.


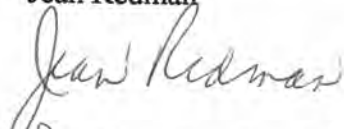
Frank Harper, Budget and Finance Committee chair, presented a review and recommendations for the Capital Reserve Replacement Fund (CRRF). This included items that were approved in the past but not been completed to date (copy of report included in minutes book). One of those items was the relocation of the present office to the base yard location on Lehua listed as 2a on the recommendation list. Frank Harper moved to delete item 2a, seconded by Joe Jensen. Much discussion, pro and con, ensued. A vote was then taken with Frank, Don Swangel and Joe Jensen in favor, against were Rex Brumley and George Wallace. Ken Arbo abstained. The office will remain where it is. New Capital Improvements were submitted to the Board (copy included in minutes book) with the addition of a \$15,000 line item for tire replacement and stock tires. Frank Harper moved that items 3a - 3h in the Capital Improvement fund be funded by the CRRF. George Wallace seconded, all in favor. There was much discussion regarding putting a cap on the CRRF and Capital Improvement Fund. The by-laws indicate that a carry over from one year to the next is acceptable for operating. Frank Harper moved that a general cap on the funds should be \$350,000, with \$100,000 for operating and \$250,000 for the CRRF. Joe Jensen seconded. Joe was in favor of the proposed cap, while Frank Harper, Don Swangel, George Wallace, Rex Brumley and Ken Arbo were against. The motion was defeated.

The purchase of a heavy duty paint shaker was brought up under new business. The 5 gallon buckets of paint used in striping have to be shaken well before using. Ken Arbo ordered one through his supplier at a good price. Frank Harper moved, Don Swangel seconded the purchase of the shaker. Frank, Don, George Wallace, Rex Brumley were in favor, Joe Jensen opposed, Ken Arbo abstained.

Rex Brumley brought up the increase in the amount and size of junk piles around the subdivision. He made several suggestions for combating this on-going problem. 1: Have our crew pick up the trash, 2: offer a reward for catching those dumping trash, and 3: get community support through trash drives, trash day, bring trash to the base yard. Rex moved we have our crew pick up trash in the rights of way as necessary and as designated by the Director of Operations. George Wallace seconded. In favor of the motion were Frank Harper, George Wallace, Ken Arbo and Rex Brumley. Against was Joe Jensen. In conjunction with this, Joe Jensen, legal committee chair, was asked to contact our attorney regarding what recourse the corporation has to the trashers and dumpers. Rex was also asked to include an article in the newsletter about the continuing problem. The abandoned vehicle problem was brought up again and will be discussed later.

The meeting was adjourned at 6:20 P.M.

Respectfully submitted,
Jean Redman

 President

BOARD OF DIRECTORS

AUGUST 1999

The meeting was called to order at 4:00 P.M. by President Steve McKinney. Members present were Joe Jensen, V.P., Frank Harper, Treas., Rex Brumley, Sec., Don Swangel, Tito Haggardt, and Ken Arbo. Absent was George Wallace. Also present were Cecil Hiatt, Director of Operations and Consultant Henry Otani.

The matter of using water in the construction of Lehua Lane was discussed and the extra time it would take to make a better job. Cecil Hiatt was directed to do a 2 block test section with water to determine if it makes a better road. The purchase of an equipment trailer was discussed. Cecil was asked to look at some of South Point Steel's equipment for sale. The discussion of shoulder chip seal will be put on the agenda for next month.

The minutes were approved as submitted.

Frank Harper gave the treasurer's report and discussed the over-budget amount on tires, but the budget is looking good so far.

Cecil Hiatt, Director of Operations, reported Lehua update, Orchid Circle widening, the loader is down for repairs. The loader has a small amount of water in the oil. Estimated down time is 2 weeks. Price on a new pick-up (service truck) is \$26,203 plus tax & license + \$2200 for diesel one ton 2 wheel drive. The price of a used roller with 620 hours is \$19,500. Pavement cutter is \$1250 FOB plus tax. The hoist shipped here for the service truck should arrive on the 28th.

Henry Otani reported on Lehua work, Kona Dr. widening, and discussed guard rails, etc. for areas where there are holes near the roadways. Tito will check if there are grants available. Henry checked material piles and noticed a wide variation in size and quality (still acceptable). Henry submitted changes in job descriptions and OSHA & DOSH requirements, etc. He also gave an update on the Aloha Blvd./Hwy. 11 project.

Under New Business the subject of junk in the sub-division came up. Joe Jensen, Chairman of the Legal Committee presented options to handling the problem. He said he would work with Jean Redman and send out letters to all concerned agencies inviting them to a Board meeting to determine the best way to proceed. A "Junk Committee" was formed consisting of Joe Jensen, (chairman), Frank Harper, Tito Haggardt and Ken Arbo.

Joe Jensen brought up the attorney selection to address the new sub-division above H.O.V.E. Letters were sent to 5 lawyers with no response after 3 weeks. Steve will call Piikoi Kawanakoa, the developer of the proposed sub-division, and try to get their input while we wait on attorney's reply.

There was a discussion on new board members. Ken Arbo had a potential candidate. And the year 2000 budget will be put in the newsletter.

The regular meeting adjourned and the executive session convened. There was a motion to separate the union and management pay scale, and to delete the foreman's title and replace with the title leadman. Both motions passed.

The executive session adjourned at 6:20 P.M.

Respectfully submitted,

Rex Brumley, Secretary

John S. McKinney President

Board of Directors
Minutes - September 1999

The meeting was called to order at 4:05 P.M. by President Steve McKinney. Present were V.P. Joe Jensen, Sec. Rex Brumley, Treas. Frank Harper, Tito Haggardt, George Wallace and Don Swangel. Ken Arbo was excused. Also present were Jean Redman, Cecil Hiett and Henry Otani.

Steve McKinney reminded the Board that the annual general membership meeting will be held on Saturday, October 9, 1999 at 10 A.M. at the Community Center. Immediately following that meeting will be the regular October Board meeting. At that time, the elections of officers will take place. Steve asked if there was anyone interested in positions. Steve said that he is willing to remain as President, Joe Jensen is willing to have a second term as V.P. and Frank Harper said he would stay on as Treasurer if no one else was interested. No one was interested in the Secretary's position.

The minutes of the August meeting were approved as sent to the board members. Frank Harper gave the Treasurer's report. Cecil Hiett, Director of Operations, reported that the small backhoe was broken down but that parts were ordered. Lehua up to SeaBreeze has been re-paved and the crew will be on Orchid Circle soon. The test strip using water to compact the base has yet to be done. There was a concern by some lot owners regarding the increased truck traffic in the subdivision and the possibility of a tarriff be levied. This has been discussed in the past and it does not seem appropriate at this time. Jean Redman was asked to contact the major water haulers and Kona Cinder & Soil and ask that they curtail their hours of coming into the subdivision to not earlier than 7 A.M.

In Ken Arbo's absence, Rex brought up a couple of issues. One was the abandoned vehicle situation again. The other was regarding the new service truck, which we have been informed was ready to be delivered by Calika's Welding after being fabricated with the dump bed.

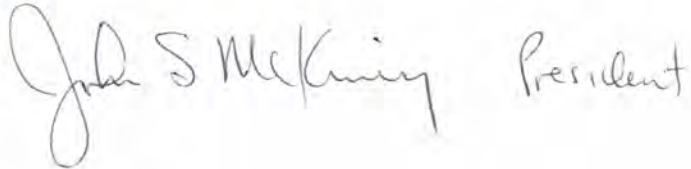
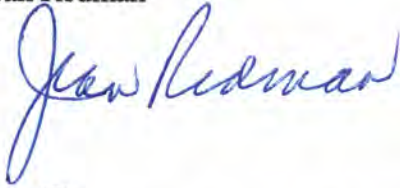
Consultant Henry Otani discussed what was happening with the State about the Aloha Blvd./Hwy. 11 intersection. The State is still thinking about the problem. Until they come up with a plan, the Corporation will hold off doing anything with land clearing. Henry was pleased with the work that the crew is doing at the embankment at Aloha and Lehua for line of sight improvement. The bank at the intersection of Orchid & Keaka needs widening. Henry presented a draft job description for Executive Director. This will be discussed at the next Board meeting after the members have had a chance to look it over. Tito asked about the feasibility of finding out if grant monies are available for items such as guard rails or a helipad.

Joe Jensen, Committiee Chair for Junk, reported that he has contacted some of the agencies at the County level and has invited representatives to the next Town Meeting.

The meeting adjourned at 5:45 P.M.

Respectfully Submitted,

Jean Redman



GENERAL MEMBERSHIP MEETING

Saturday, October 9, 1999

The General Membership meeting was called to order at 10:00 A.M. at the Ocean View Community Center by President Steve McKinney. Present were V.P. Joe Jensen, Treas. Frank Harper, Sec. Rex Brumley, board members Tito Haggardt and George Wallace. Absent was Don Swangel and excused was Ken Arbo. Also present were Jean Redman, Office Manager and Cecil Hiatt, Director of Operations. There were 9 property owners in attendance as well.

The results of the ballot were announced. The only item on the ballot was the budget and paving plan for the year 2000. There were 1236 in favor of the budget and paving plan, 141 against, 8 void ballots and 20 non-votes. These votes were tabulated by the League of Women Voters in Kona.

There was some general discussion from the lot owners regarding the good quality of work that is being done now.

There will be a regular Board of Directors meeting immediately following this meeting.

The meeting adjourned at 10:25 A.M.

Jean Redman

John S. McKinney President

Board of Directors Meeting
October 1999

The normal October meeting was called to order at 10:26 A.M. immediately following the general membership meeting. Present were Pres. Steve McKinney, V.P. Joe Jensen, Treas. Frank Harper, Sec. Rex Brumley, board members Tito Haggardt and George Wallace. Absent was Don Swangel and excused was Ken Arbo. Also present were Jean Redman, Office Manager and Cecil Hiatt, Director of Operations. 7 property owners stayed for the meeting.

The first order of business was the election of officers for the upcoming year. Nominated and seconded were Steve McKinney for President, Joe Jensen for Vice President, Frank Harper for Treasurer and Rex Brumley for Secretary. This is the same slate as the prior year. The officer's terms will take effect immediately. The committee assignments will also remain the same. Budget and Finance - Frank Harper; Planning - George Wallace; Road Work and Safety - Ken Arbo; Legal - Joe Jensen; By-laws - Rex Brumley; Government Liason - Tito Haggardt; Newsletter - Jean Redman.

The minutes of the September meeting were approved as sent to the Board members.

Frank Harper gave an in-depth review of the financial statement and indicated that about 75% of the budget for 1999 has been collected to date which is about average for this time of year with 3 months remaining. This figure is made up of all outstanding amounts, not just the 1999 assessments. He figures the year 2000 assessment will be in the \$90-\$95 range, but that a credit will not be calculated until the January meeting. We will have to see what surplus over budget we have, if any, and that will dictate the credit amount (again, if any).

Cecil Hiatt reported on the status of equipment and the widening of Lehua Lane and the cutting back of line of sight problems at various intersections.

Joe Jensen, Chairman of the Legal Committee reported that the Town Meeting would be held at the Community Center at 3 P.M. on November 7, 1999. Hopefully there will be some representation from the County agencies to discuss sub-standard housing and junk yards in the area.

There has been nothing new on the proposed sub-division above H.O.V.E. We are still awaiting word from the State of Hawaii-Highways Division regarding the work at the end of Aloha Blvd. and Highway 11.

George Wallace presented the long range plan (5 year plan) that will include an increase in fog sealing and widening of shoulders. This will begin in the year 2001. Frank Harper moved, seconded by Joe Jensen that the plan be accepted. It was unanimously approved.

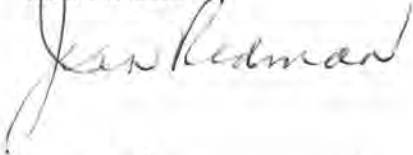
George Wallace presented a thumbnail review of the response to the questionnaire that was sent out to all property owners in the Ocean View area by MIRA (Managing Information in Rural America). From this information, the team is able to identify areas of needs and wishes for "96737".

The subject of the need for an "Executive Director" for the corporation was discussed at length. It had been suggested that with a business of this size and the often changing Board of Directors, that the continuity of the Road Maintenance Corporation has been through the office. Henry Otani, Consultant, had come up with a draft job description for the position of "Executive Director". After reviewing the draft, it was decided that this is basically the job description that Office Manager, Jean Redman, falls into. Rex Brumley moved, George Wallace seconded that Jean Redman's designation be changed to "Executive Director" with the job description to be used as a guideline. It was unanimously agreed to. The job description will be re-typed.

The board meeting adjourned at noon.

Respectfully submitted.

Jean Redman



John S. McKinney President

NOVEMBER BOARD OF DIRECTOR'S MEETING

The November meeting was called to order on November 2, 1999 at 4:00 P.M. Board of Directors present were Steve McKinney (Pres.), Joe Jensen (V.P.), Rex Brumley (Sec.), Ken Arbo. Excused was Frank Harper (Treas.) AWOL were Tito Haggardt and George Wallace. Others in attendance were Jean Redman (Exec. Dir.), Cecil Hiatt (Dir. of Operations), Henry Otani (Consultant), Mike Morrow and Ralph Reed, property owners.

Steve reminded those present of the upcoming Town Meeting scheduled for Sunday, 11/7/99 at 3 P.M.

Mike Morrow, resident of upper Trade Wind Blvd., asked the Board to consider leaving the roads narrow and to just smooth them. Ken Arbo spoke about the Corporation's responsibility to the lot owners for safety and the need for upgrading the existing roads. Mike Morrow suggested that a ballot item be included in the next newsletter asking for a vote. Mike will get something to us for inclusion in the newsletter speaking against widening.

The October minutes were accepted as sent to the Board.

The treasurer's report was accepted.

Cecil Hiatt, Director of Operations, reported on the progress of chipsealing on Lehua Blvd. The patch truck is also up and running. Water for compaction was discussed again and we have 2 tanks in the base yard that would be suitable for hauling water. One needs lots of patching. While it is raining, we have free water, but that hasn't been happening enough. Ken will look into tapping into a brackish well in Ranchos. Cecil will formulate the Y2K plan for the January meeting.

Prior to giving his report, Henry Otani spoke about the request Mike Morrow had regarding not widening Trade Wind. He said we have the responsibility to maintain the roads in good condition, including the liability issue and non-discriminatory policy. Henry indicated that he had a meeting with the State Highways Division next week regarding the Highway 11/Aloha Boulevard intersection. Rural Development Grants-Block Grants were also discussed. It was suggested that he may get together with the Ocean View Community Development Association because they are also looking into obtaining grants. Henry also suggested that we purchase delineators for the sides of the road on Lehua between Kona & Sea Breeze.

Discussion under unfinished business centered around the proposed sub-division above H.O.V.E. Our attorney, Matt Jewell, is looking into ways of bringing them in under our control as far as road maintenance is concerned and making up wording that could be included in their CCR's.

Water usage was again brought up and Wally Andrade from Waiohinu was to be contacted for hauling water to a designated area on Lehua for a test.

A discussion occurred regarding the survey at the Aloha Blvd./Hula Lane junction. Rex Brumley moved that Ken Arbo get together with surveyor Tom Lapera and get a price on surveying the site in question and the price is not to exceed \$1,500 without Board approval. Frank Harper seconded. In favor were Rex Brumley, Joe Jensen, Don Swangel, Frank Harper and George Wallace. Tito Haggardt opposed.

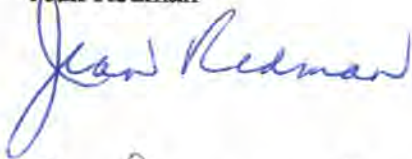
There have been no new developments on the proposed subdivision above H.O.V.E. None of the 5 lawyers that we contacted have responded to our request to see if they would be interested in representing us in this matter. Rex is going to contact Mr. Jewell, one of the attorneys we contacted.

Use of water on the base course was discussed again and a test will be run soon.

Ken Arbo had wanted to discuss chip sealing the shoulders but was not at the meeting so it was left until a later date. The long range plan will be discussed at the next meeting. George Wallace would like the team report from MIRA discussed at the next meeting.

The meeting was adjourned at 6:00 P.M.

Respectfully submitted,
Jean Redman

 President

BOARD OF DIRECTORS MEETING
DECEMBER 7, 1999

The meeting was called to order at 4:00 P.M. with Board members in attendance: Steve McKinney, President; Joe Jensen, Vice President; Frank Harper, Treasurer; Tito Haggardt, Ken Arbo, and George Wallace. Excused was Rex Brumley. Others in attendance were Jean Redman, Exec. Director; Cecil Hiatt, Director of Operations; Henry Otani, Consultant.

George Wallace gave a synopsis of the comments that came in with the October ballots. There were 203 comments out of 7200 ballots sent out. Thank you George for taking time to go through this.

The minutes of the November meeting were approved as sent to the Board.

The treasurer's report was given by Frank Harper and was approved.

Cecil Hiatt Director of Operations, indicated the progress made on the roads for the past month. Water was used on a test strip of Lehua with good results. Lehua from Palm to the end has been rebuilt. The pie cutter is here but hasn't been used yet. The loader is down because we are rebuilding the bucket.

Henry Otani, Consultant, spoke on the progress with the State with regards to the intersection of Aloha Blvd. and Highway 11. He figures that work will begin around mid-January. He talked about the test strip using water on Lehua between Palm and Kailua and thought the ratio of water to base course could use some fine tuning and has spoken with Cecil about this so that next time adjustments can be made. Henry also suggested that the Corporation purchase a 4 foot "Smart Level" that will help the crew determine the proper degree of crowning on the roads.

Joe Jensen, chairman of the "Junk Committee", reported on the status of the project. It should either be retired or carried on. The Road Corp, can help but can't be the agency to undertake the project. The other problem is the unpermitted structures. Ken Arbo indicated that we should table this for further discussion. Joe also mentioned that December 14 was the deadline for Community wide grant requests.

Unfinished Business:

Attorney Matt Jewell is still working on the sub-division above HOVE's inclusion in the road maintenance. Ken Arbo moved to contact Matt and ask him to develop a document between HOVERMC and Piikoi Kawananaoia, developer, that would bring the new sub-division under the umbrella of the road corp. for assessments and liens. George Wallace seconded. After several amendments and withdrawals, Joe Jensen moved that Matt Jewell be asked to draw up CCR's for the sub-division and changes to our By-laws that would include the new sub-division. Unanimously approved. This initial process will be a "quick fix" to the situation at hand, that being the marketing of 20 acre parcels

already. Charles Hosley, Realtor for the project, has agreed to the need for the CCR's. Tito Haggardt moved to look into changing the Articles of Incorporation and By-Laws with Matt Jewell and get an estimate of cost. Frank Harper seconded. All in favor.

Water on base course was discussed. We got water from Wally Andrade (3 loads) last time. We can do it ourselves with some modification of a 3200 gallon tank already in our possession. This would cost about \$3,000 for the fabrication. Ken Arbo moved that we allocate \$3,500 on water tank and equipment. George Wallace seconded. All approved.

Work at the end of Aloha was discussed. Tom Lapera, surveyor, has been contacted again to see what progress he has made in mapping the site.

A simple transit will be ordered from Hubb Hawaii at the cost of \$560 for the transit with stand.

Chip sealing of shoulders was discussed at length. If we chip seal the shoulders, it will increase the cost by 30-40% for chip sealing. Tito suggested that only the boulevards be widened. Frank Harper moved to chip seal the shoulders. George Wallace seconded. An amendment was made by Tito that chip sealed shoulders should only be done on the boulevards. Ken Arbo seconded. Frank made an amendment to the amendment that we chip seal boulevard shoulders only at this time. The amendment to the amendment was approved unanimously as was the amendment. There was a motion to table the amendment until next meeting. There was no second. George Wallace, Ken Arbo and Frank Harper approved the original motion. Opposed was Tito Haggardt with Joe Jensen abstaining.

The renewal of the consultant's contract was brought up under new business. George Wallace moved to renew Henry Otani's contract. Ken Arbo seconded. Unanimously approved.

Frank Harper went over the CIP budget.

Tools & Equipment - \$9K

Signs - \$30K

Paint Shaker - \$5K

Small Roller - \$30K

Repair/Replace Bucket - \$15K

Replace Pick Up - \$25K

New Chip Spreader - \$50K

Repair plate and Structural Steel stock - \$5K

Pavement Cutter - \$2.5K

Tires (stock) - \$20 K

Water Unit - \$3.5K

Tilt Bed Trailer - \$25K

Ken Arbo moved that the CIP budget be accepted. George Wallace seconded. Unanimously approved.

Part of the Road Plan presented by Ken Arbo listed roads in order of rebuilding or resurfacing. Cecil Hiatt was directed to seal coat the roads on the basis of age of road at his discretion.

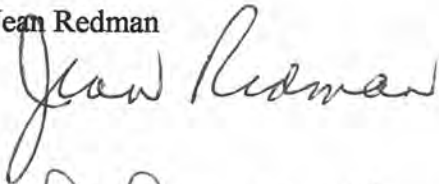
Ken Arbo suggested as an additional member to the Board of Directors, that Jack Bagley be considered. Jack will attend the next board meeting.

In the Executive Session, Steve McKinney advised the Board that the Union Contract had been ratified and will be for a 3 year term. It was agreed that the clothing allowance would be done away with but the crew, Cecil Hiatt and Jean Redman would receive a Christmas bonus in the amount of \$500.

The meeting adjourned at 7 P.M.

Respectfully submitted,

Jean Redman

 President