

HOVE ROAD MAINTENANCE CORPORATION

JANUARY BOARD MEETING MINUTES

Wednesday, January 7th at 4:00 pm at the HOVERMC Office

I. QUORUM – yes

II. CALL MEETING TO ORDER – the meeting was called to order at 4:09pm

III. ADOPTION OF AGENDA – President Loren Heck proposed the addition of an Executive Session to discuss personnel matters, to precede Adjournment. He also proposed a motion to remove the Open Forum at the end of the agenda, as there is always time for member input at the beginning of the meeting.

Motion: Randy Van Leeuwen moved that an Executive session be added to the agenda, and the Open Forum item removed. Seconded by Ken Wicks.

Unanimous

IV. ROLL CALL

✓ Loren Heck, President	✓ Mary Kastle, Secretary
✓ Ken Wicks, 1 st VP	✓ Rell Woodward, Treasurer
✓ Randy VanLeeuwen, 2 nd VP	✓ Bill Vinson, Director
✓ Valerie Tudor, Director (<i>phone</i>)	✗ Jack Garner, Director
✓ Stephen Sampson, Director	

Meleana Smith, A & O Director, Teddi Stransky, Recording Technician

V. OPENING –

The President reminded members attending that there will be a membership meeting from 6 to 8 pm on January 14th, which will provide ample opportunity for member input. A signup sheet had been passed, and those who had signed up to speak at this meeting were given time to do so.

Jacqueline Felton read a prepared statement, and agreed to provide a copy to be attached to the minutes.

Eleanor Shannon then spoke on the subject of research she had done, and provided fact sheets for the committees to use in solving problems.

Mike Million provided a supplement to Eleanor's fact sheets, to be given to committee members. He also complained that the membership list he had been given was inaccurate; Mele examined the printout and discovered that the city/state column had been scrambled in sorting. She apologized and promised to provide a corrected printout by the following day.

Kim Million expressed her concern about the removal of the 'Open Forum' from the agenda, and the that Legal Committee meeting has been postponed. She wished to put her objection on the record.

Rell encouraged members to sign up for committees.

VI. APPROVAL OF PRIOR MINUTES

- A. December 2008 Minutes to be approved
Motion: Randy Van Leeuwen moved that the December minutes be approved as presented. Seconded by Bill Vinson.
Unanimous

VII. OFFICER'S REPORTS

- A. President – There will be a meeting for interested members on January 14th, for the purpose of signing up to be on Board Committees.

The President then asked for a motion to suspend the rules of the agenda to allow him to make a motion out of order.

Motion: Ken Wicks moved that the rules of agenda be suspended to allow the President to make a motion. Seconded by Bill Vinson.

Unanimous

Motion: The President moved to request a special meeting designated by the Board of Directors, filed in writing with the Secretary and signed by the President, for the purpose of voting on all issues on the agenda. Ballots will be issued as per Article 2, Membership: 2.7, 2.10, 2.11 and a Special Membership Meeting will be held on Saturday, April 4, 2009, 10:00 am at the Community Center. Seconded by Steven Sampson.

He explained that this meeting will address all issues which arise between now and then, and will be mailed out to the membership so that they know what the issues are. This would allow members to present their issues for a vote in April, rather than waiting until October.

Five in favor, one opposed, one abstention; passed.

- B. 1st Vice President – no report
C. 2nd Vice President – no report
D. Treasurer
1. Financial Report – information in Board packet; attached to minutes.
E. Secretary – no report
F. Administration & Operations Director
1. Administration
a. Office Report – information in Board packet; attached to minutes.
2. Operations
a. Foreman's Report – information in Board packet; attached to minutes.

VIII. COMMITTEE REPORTS

- A. *Administrative*
1. Bylaws – no report
2. Budget & Finance – no report
3. Legal

The committee will address statute 414D and whether state statutes take precedence over our bylaws.

The legality and effectiveness of speed humps will be discussed; this is an ongoing question and there are likely to be changes in policy.

Our lawyer advised that the vote on consolidated lots at the 2008 Annual Meeting was legal, however the Bylaws have not yet been changed.

Driveways and outside road work – to put this into effect we will have to change our “Purpose” in the Articles of Incorporation. Until that change is voted on we can do planning, but not put this into effect.

4. Personnel – no report

B. Operations

1. Building & Equipment – no report
2. Road Maintenance – no report
3. Membership –
Stephen Sampson gave the Board a printout of the results of the last membership committee meeting.

Motion: Stephen Sampson moved for a change to the bylaws, to be placed on the next ballot, altering the current section 2.9 to read:

“There shall be quarterly membership meetings to be held on the first Saturday and each third, sixth, ninth and twelfth month. These dates and times are subject to change by the Board in the event of a natural disaster.

“In addition, the HOVE Road Maintenance Corporation Newsletter will go out to the membership biannually. When appropriate, ballots will be a separate entity attached to the front of the newsletter. Along with the name and address of the recipient the newsletter will be stamped with the words ‘BALLOT INCLUDED.’” Seconded by Bill Vinson.

The President offered an amendment to the motion, to replace the words “membership meetings” with “public forums,” which would not require spending \$6,000 on postage four times a year. The amendment was accepted by the author of the motion.

Four in favor, three opposed; approved with amendment to wording.

4. Safety

The committee will address statute 414D and whether state decisions take precedence over our bylaws. The legality and effectiveness of speed humps will be discussed; this is an ongoing question and there are likely to be changes in policy.

5. Annual Report

Mele introduced herself and gave a brief overview of what has changed since the current office staff took over in 2003. She then explained the Road Plan and what was on the schedule for 2009; and how materials and equipment use were allocated. The price for asphalt emulsion has more than doubled since 2004; in the latter half of 2006 and the first half of 2007 we were unable to get oil at all, because Tesoro and Chevron both shut down their processing plants in Honolulu.

Mele provided a copy of the 2009 Road Plan, along with costing sheets showing the costs per block for the different tasks needing to be done, and gave an explanation of the different processes involved. The Road Plan and Budget are approved by the board before being presented to the membership for a vote.

Last fall our insurance brokers were instructed to go over our entire insurance package and see where we could save; they came up with complete coverage matching our existing package for \$23,000.00 less. Bus stop shelters would have to be added to our liability package; the bus stops themselves are covered by the bus company's insurance. It was noted that local kids have been picked up at stops in the subdivision for more than 25 years.

Mele read a statement from the independent auditing firm in Honolulu, which is currently auditing the books from 2003. Statement attached to minutes.

- IX. SPECIAL ORDERS**
 - A. UNFINISHED BUSINESS** – none
 - B. GENERAL ORDERS** – none

X. NEW BUSINESS – none

XI. ANNOUNCEMENTS – none

XIII. ADJOURNMENT

Motion: Stephen Sampson moved that the meeting be adjourned. Seconded by Ken Wicks.

Unanimous

The January meeting was adjourned at 5:58pm.

Motion: Stephen Sampson moved that the Board go to Executive Session to discuss personnel. Seconded by Ken Wicks.

Unanimous

XII. EXECUTIVE SESSION

The Executive session was adjourned at 6:21pm.

Minutes prepared by Teddi Stransky, Recording Technician.

Approved by the Board of Directors without corrections on _____ Date

OR

Approved by the Board of Directors with corrections on _____ Date

Signed: _____, Secretary

Date: _____

=====

Executive Session Results:

The Board met with a prospective new hire; no decision was made.

MINUTES OF THE FEBRUARY 2009 BOARD MEETING

Held Wednesday, February 4th at 4:00 pm at the HOVERMC Office

- I. QUORUM yes
- II. CALL MEETING TO ORDER 4:10 pm
- III. ADOPTION OF AGENDA adopted
- IV. ROLL CALL

Loren Heck, President
Randy Van Leeuwen, 2nd Vice President
Rell Woodward, Treasurer
Mary Kastle, Secretary
Bill Vinson
Valerie Tudor (attended by phone)
Steve Sampson

*Ken Wicks was not feeling well and was unable to attend.
Jack Garner has resigned due to his continued illness.*

Meleana Smith, Administrative and Operations Director;
Teddi Stransky, Recording Secretary

- V. OPENING – Loren asked if there were any changes in our agenda.

Motion: Randy Van Leeuwen moved the Board go into executive session in one hour (at 5:10pm). Seconded by Stephen Sampson.

No objections.

Loren reminded the speakers that they had three minutes for commentary, and that this was not a time for discussion. If there are items which need to be resolved it can be done in writing after the fact.

A. Michael Million said that Hawaii Revised Statute 148 states that committee members must be approved by the Board. He feels it was erroneous for Mr. Sampson to state that we could not have the committees. He also pointed out that, while 148 states that the committee is subordinate to the Board and does not have the authority to remove a Board member, it does not say that a committee member may not sign a petition to remove a Board member. Mr. Million claimed that the Special Meeting being called on April 4th is a waste of time as his committees have not yet met. While stressing repeatedly that he was not admitting that there were petitions in existence, Mr. Million then handed around pre-written resignation letters to Loren Heck, Randy Van Leeuwen, Mary Kastle and Rell Woodward, for them to sign. They were not signed. Mr. Million left.

B. Oscar Harnik asked for clarification on specific points. Last month he felt the Board took action on a provision regarding changing the word 'lot' to 'acre'

in Article 1.3. He wanted to know what committee gave the Board input before that action was taken. Loren reiterated that this was not a time for discussion, but if Mr. Harnik had his questions in writing, Loren would respond to all of them in writing. Mr. Harnik thanked the Board for its time and walked out.

VI. APPROVAL OF PRIOR MINUTES

A. January 2009 Minutes to be approved

Motion: Steve Sampson moved that the January minutes be approved as written. Seconded by Mary Kastle.

Unanimous.

VII. OFFICER'S REPORTS

A. President – no report

B. 1st Vice President - absent

C. 2nd Vice President – no report

D. Treasurer

1. Financial Report – no questions

E. Secretary – no report

F. Administration & Operations Director

Loren took a moment to introduce Mr. James Sogi, our attorney, who has been very helpful in advising the Board on legal matters.

1. Administration

a. Office Report – in the last two weeks we have processed and sent out over 7,000 billing statements. Payments are starting to come in and the office staff has been very busy.

We will be finishing up the rebuild on Leilani this week and moving up to sections I and H, widening the roads and patching. A letter will be going out to all the people in the areas we will be working on, advising them to remove any encroachments on the roadway, and to call the office if they had any questions or concerns about the upcoming work.

2. Operations

a. Foreman's Report – a copy of the report is in the Board Packet. Mele said we had been doing more mowing than usual due to the rains. We are moving ahead with the Road Plan as approved by the membership.

VIII. COMMITTEE REPORTS

A. Administrative

1. Bylaws – no report

2. Budget & Finance – no report

3. Legal

a. Consolidated Lots – No changes to assessments would be retroactive; changes to the bylaws are 'from this day forward'. Loren asked Mr. Sogi where we would need to change the Bylaws in order to enact a 'grandfather clause' affecting lots which were consolidated

before October 11, 2008. Mr. Sogi agreed that consolidated lots would not be back billed according to the change made Oct. 11. He said that from that date forward, all properties would be billed per lot [as defined by the original subdivision plat maps].

Rell said that the Board will decide, based on legal advice, how to bill in the future. A grandfather clause is being considered but will require an amendment to the bylaws which must be voted on by the membership. This is the purpose of the April 4th meeting. He said from the standpoint of fairness, it makes sense that the people who have already consolidated their lots should pay in the same way as they paid in the past. Mary added that if a consolidated lot is sold, it would then fall under the new ruling.

Loren then suggested a motion, to be put on the ballot for a membership vote to be reported April 4th: “to restore, in section 1.3 of the Bylaws, following ‘476,’ *“except that contiguous lots that have been consolidated as one tax map key number prior to October 11, 2008, be considered one lot until such time as that property is sold, and thenceforward the property would be billed per lot as shown on the original plat maps.”*“

Motion: Rell Woodward so moved; seconded by Stephen Sampson.
Five in favor, one opposed.

b. Driveways & Outside Work – Mr. Sogi has drafted an amendment to the Articles of Incorporation that would give the Corporation the power to do road maintenance outside the subdivision; it is included in the Board Packet. Enactment will require a vote of the membership.

Randy recommended that a very detailed, professional business plan be developed and presented to the members at the time of the vote to enact the amendment.

Motion: Rell Woodward moved that the amendment to the Articles recommended by Mr. Sogi be approved. Seconded by Randy Van Leeuwen.

Discussion: Mr. Sogi agreed that the members were entitled to all the details before being asked to vote, and that it should include such items as all the costs, who would be the contractor, how many people would be hired, wages, insurance, what equipment would be used, what area we will be working in, and so on. He stressed that this was a huge step and would be very complex. There are many questions to be answered and additional headaches that will arise out of this; being part of a

volunteer board of a non-profit corporation is very different from what the Board is proposing. There will be reams of additional paperwork, tax work and so on ... can all this be justified for 15%? These are questions that need to be answered before it is sent to the membership for a vote; the membership is entitled to all this information before being asked to approve or disapprove it.

Four in favor, two opposed.

c. Signatures on Ballots – Mr. Sogi stated that signatures are not required on our ballots. Loren added that the Hawaii Revised Statutes give authority on this issue to the corporate entity.

4. Personnel – move to Executive Session

B. Operations

1. Building & Equipment – no report

2. Road Maintenance; Speed Limits; Stop signs

a. Aloha & King Kamehameha Boulevard

1. Speed Humps – Steve Sampson suggested that we remove the humps from Aloha and King Kamehameha Blvds up to Trade Wind Blvd, and make them true boulevards by increasing the speed limit on those two up to 35mph.

After discussion, Loren summed up the proposed motion: Remove the speed humps on Aloha Blvd. at both King Kamehameha and Hawaii Blvds.

Randy Van Leeuwen suggested that the motion should be tabled until the Board has had time to research it and consider the options. Since the motion had not yet been made, there was no need to table it. Steve moved that the Board follow through on this issue; there was no second. Loren suggested that it be brought up again in the future.

3. Membership

a. Set up committee meeting regarding Special Meeting on April 4th

The committee needs to meet to determine the agenda for the Special Meeting, and the topics to be voted on. Loren suggested that, since we don't have an ad hoc committee yet, that we discuss Item C first. No objections.

b. Notice & Mailing for Special Meeting on April 4th

c. Results of Jan. 14th Membership Committee Sign-up

Steve agreed with Mr. Million that it was a very poor meeting and not very productive. A few people did sign up for the committees; Steve moved that the Board ratify the people who did sign up, and go from there.

Loren requested clarification of what the Committees are, what their powers are, and what they should be called. If the committees are to

be ratified, we need to have agreement on what they are signing up for.

Steve stated that the committee members will not be members of the Board, they are supposed to make recommendations and advise the Board. Loren clarified that as a committee they have no power to change anything or make decisions. Steve suggested that, since there were a lot of duplicate signups, it might be a good idea to merge some of the committees together. Loren asked Mr. Sogi if we had to have separate ad hoc committee meetings and Board committee meetings; Mr. Sogi said in terms of communication the committee members should come up with recommendations, which would then be reported to the Board by the committee head, who is a Board member. Board members who wish to attend the ad hoc committee meetings would be able to do so, since they are also members.

Motion: Steve moved that the committees, and the members who signed up to be on them, be ratified and accepted by the Board. Seconded by Rell Woodward.

5 in favor, 1 opposed

An agenda for the April 4th meeting needs to be determined. Steve will meet with his committee to work on this.

Rell noted that people can vote at the meeting, but any ballot questions have to be sent out so that they will be in the hands of the voters no less than 30 days before the meeting. We're coming up against that deadline pretty quickly. Steve said he would get on the phone and set up a committee meeting and get the suggestions of the committee back to the Board ASAP.

Loren suggested that he hold a Legal Committee meeting directly following Steve's meeting. Steve will notify him as soon as it is set up.

4. Safety

a. Bus Stops

1. DoE Letter – Mele received a letter of support from the Department of Education, indicating that they are in agreement with the bus stops that have been set up. Akita Bus Company insures the kids. Rell got an e-mail from Representative Bob Herkes indicating that someone had e-mailed him complaining about there being school bus stops in Ocean View. He's also received letters from the State and County DoEs, asking if the people who were protesting the bus stops were crazy. No-one would want their school children dodging traffic on Mamalahoa Highway.

IX. SPECIAL ORDERS

A. UNFINISHED BUSINESS

B. GENERAL ORDERS

1. Acceptance of Bid for Survey on Leilani – Mele got quotes from M&E Engineering, Wes Thomas Associates and Manulele Services. M&E is the highest, Manulele the lowest; she recommends accepting the bid from Wes Thomas, based on past experience.

Motion: Rell Woodward moved that we accept the bid from Wes Thomas & Associates. Seconded by Mary Kastle.

Unanimous.

2. Huiana Internship Program (high school students) – Mele was contacted by Ka’u High School about the program, which places HS students into office jobs to give them some experience in the workplace. She asked that the Board allow her to bring two of these students in; they could do simple tasks like filing. This would be only in the office; the baseyard would be too dangerous.

Motion: Steve Sampson moved that the intern students be accepted; seconded by Rell Woodward.

Unanimous.

3. Joe Chamberlain regarding Mahimahi & Liliana – moved to executive session.

Motion: Rell Woodward moved that the regular meeting be adjourned and the Board move into Executive Session to discuss Personnel items. Seconded by Steve Sampson.

Unanimous

The regular meeting of the HOVE Board of Directors was adjourned at 5:10pm on Wednesday, February 4th, 2009.

Minutes prepared by Teddi Stransky, Recording Technician.

Approved by the Board of Directors without corrections on _____ Date

OR

Approved by the Board of Directors with corrections on _____ Date

Signed: _____, Secretary

Date: _____

Results of Executive Session: Personnel issues were discussed at length but due to information not yet received are not resolved. Tabled for further discussion. Mr. Chamberlain was unable to attend.

commented on the grievousness of the loss of two level-headed and very valuable board members.

B. 1st Vice President – Ken Wicks made a statement regarding Steve Sampson and his value to the board and to the community.

C. 2nd Vice President – absent

D. Treasurer

1. Financial Report – in the Board Packet - no questions

E. Secretary – no report

F. Administration & Operations Director

Administrative Report:

1. Ka'u Federal Credit Union will be cutting back its office hours in Ocean View, opening only on Friday and Saturday. This will require us to change our procedure but should not be a major problem.
2. The Kyocera printer/copier needs a dedicated circuit; it is not getting sufficient power on the ancient and overloaded circuits in the office. The Kyocera maintenance person warned us it could damage the machine. The owner of the building will allow us to make the addition but will not pay for any part of it. We have sent out requests for bids but at this time have had only one response. Bill said he knew an electrician and would contact him to submit a second bid.
3. The League of Women Voters has written to us with an overview of their current procedures and practices. They are raising their fees for what they currently do. Any additional procedures such as checking off names, roll calls or secret ballots would add significantly to the time they spend, and the cost would go up accordingly. They cannot give us a bid for services until they know what we need.
4. Mele was contacted by Mr. O'Hara, who has a problem with illegal dumping on Hukilau deadend. This area has been a dumping problem for decades; there are no houses and it's easy to access. Mr. O'Hara has contacted two of the adjacent property owners and they are in agreement. They request that the deadend be barricaded off until someone is ready to build there. There is no legitimate reason for anyone to be in the area at this time.

Motion: Rell Woodward moved that Hukilau deadend (at Tree Fern) be barricaded off with large boulders painted white, red triangles and No Dumping signs, to prevent further dumping. Seconded by Ken Wicks.

Unanimous

5. Statements have been sent out; the statements for consolidated lots are still on hold and the office needs to know how to proceed with billing. Rell stated that we have an opinion from our attorney that the vote at the annual meeting was legal, and what we did was appropriate. Loren said that when you ask a question of an

attorney, you get an answer to that question; but you have to ask the right question to get the right answer. The opinion that it was legal was based on the question asked. If there is a new question, it needs to be asked as well.

Mary said as far as the consolidation issue, the membership voted, and the Board is obligated to comply with the membership vote. 82% of the members who voted did vote in favor of the change. Loren said this is going to be addressed at the upcoming Legal Committee meeting. The letter written by Bruce Coates has some very salient points which need to be considered. He proposed that how we bill consolidated lots should be decided after we get input from the Legal Committee.

6. Foreclosures are being processed but because of the downturn in the market this is a very poor time to hold an auction. Mr. Sogi recommended that we put the properties on the market through a realtor. We have one property at that stage now. Mele said the property should be appraised before we put it on the market; the realtor can handle that. Mele said she would also like to list these properties online with some reputable site; Loren said we could also put them up on our own website.

Jeff Darrow of Planning has informed us that we need to get a Special Permit to bring down the roads in the cinder mining area, which would have to include every property that would be affected by the work, regardless of ownership. The community is doing a CDP (Community Development Plan) and Darrow has recommended that we get together with the whole community and come up with specific issues and solutions for those three blocks. He recommended that we establish, through the CDP, that only those three blocks can be mined. Mele said the difficult part would be getting consensus from all the involved lot owners. There is no question that the road has to come down, and Menasha will be involved in enforcing safe mining practices. Loren opined that the RMC may have more power than we realize when it comes to dealing with the roads; he wants to work with the County but is concerned that if we bend to the County too much, we will wind up spending a lot of time and money we don't need to spend. Mary asked who has jurisdiction over the mining operations; Mele responded that even the County doesn't know; they were asking her who had jurisdiction. The real authority seems to be MineSHA, and the Planning Department's decisions on what they require. Loren said that there was going to be much more to be discussed and we could not reach a conclusion at this time; he would like to move on. The Board agreed. Mele asked if she should address this with the lawyer. Loren said yes, we need to define what rights and authority we have in dealing with the roads; but again, we need to be sure we are asking the right questions. He would like to address this with the Legal Committee at the upcoming meeting.

Foreman's Report:

1. Leilani has been completed; Iwalani has been patched and widened, we will be doing the fog sealing next week and then painting the lines and place signage. Then we will be on to Pineapple, widening it up to the circle; cinder loading is

going at the moment so the widening will start the week of the 16th. We will be patching and addressing line-of-sight and encroachment issues in Sector H, on parts of Lei, Outrigger, Mahi Mahi, Kailua, Tradewind and Marlin. Letters informing owners along those roads of the upcoming work were sent out in January, asking that any encroachments be removed.

VIII. COMMITTEE REPORTS

A. Administrative

1. Bylaws – Committee Meeting Results moved to Legal.
2. Budget & Finance – no report
3. Legal

a. Legal Committee Meeting Results (2/28/09) in Board Packet.

Loren read the highlights of the report. The first discussion was on the sale of cinder. The corporation is not 'selling' cinder to anyone; we are charging a loading fee, which covers the costs of bringing the cinder down the mountain to a place where people can pick it up safely.

The question has come up: "what about providing cinder to residents and businesses outside of the subdivision?" If we are charging non-residents for cinder, that could be outside the scope of a 501(c)4. The recommendation of the Legal Committee: "As a non-profit 501(c)4 corporation, we recommend that the corporation ask a legal opinion regarding that specific question (are we charging for the cinder or for the distribution if it, as pertains to non-members)." To Loren's knowledge, this precise question has never been asked, and it should be a simple one that can be answered quickly.

Motion: Ask our attorney if the current distribution of cinder to people who do not live in Hawaiian Ocean View Estates is actually 'selling'; if it affects our 501(c)4 status; and how the articles apply to this situation.
Seconded by Bill Vinson.

One in favor, three opposed

Cost and Liability of providing cinder to members (cost of labor, wear and tear on equipment, total number of labor hours, cost of liability): All of these questions will be addressed by the Legal Committee meeting on the 14th.

Letter from Bruce and Lisa Coates: The Coates' addressed some issues about inconsistencies in the ballot process described in the bylaws, and inconsistencies between the bylaws and the current voting process. These items need to be addressed before we proceed with the billing of consolidated lots. The information in our newsletter does not agree with articles 2.6, 2.7 and 4.1 of the bylaws. The question to be addressed is whether these discrepancies could cause the 2008-9 ballot to come under question by the court. The Coates' want to know if the Board has addressed this question or if it has been referred to the lawyer. We need to have our lawyer address this.

The Board also has the power to invalidate the election and ballots, if there is a consensus that the vote was improper or illegal. We would then address the same issues at the next Annual meeting, with the proper voting procedures in place.

Loren then asked for a motion to invalidate the election and ballots for 2008. No motion was made.

The lawyer has already given us an opinion that the vote was legal; Rell suggested that we send the Coates' letter to Mr. Sogi and ask him if the information given would change his opinion.

Motion: Rell moved that we send the Coates' letter and a copy of our newsletter to Mr. Sogi, and ask for his opinion, taking the new information into consideration. Seconded by Ken Wicks.

Unanimous

- b. The Legal Committee recommends getting the ballots out in time to give the voters 70 days instead of 30. Mele said 60 days is our normal schedule; we send the newsletters out August 1st. Last year we were late because our printer became ill and was hospitalized. The Bylaws state 30 days, so the newsletter did go out 'in time,' but we normally allow 60; longer if you include the first two weeks of October.
She asked that all board members have their contributions for the newsletter in by July 1st.
- c. The Legal Committee recommends that the office purchase a lock box for members to place their ballots in, to be delivered to the League of Women Voters. As it is now ballots come to the office and are placed in an envelope to be delivered to the LWV; the Legal Committee wants higher security. Ballots mailed to the office should be put into the lock box; the LWV should have the only key.
- d. Speed Humps – there was a question raised about additional liability. The office have verified that our insurer is well aware of the speed humps and is not charging us anything additional. As with any other liability on the road, it's a case-by-case situation, where the entity at fault must be determined. The speed humps are not an additional liability, according to our insurer.
- e. The Legal Committee recommends finishing the analysis of the speed humps. The corporation should complete the count of the vehicles that stop at intersections after going over the hump compared to 'no hump.' In addition, the electronic traffic counter should be used to determine how the speed humps affect speed. Mele affirmed that the speed humps were set up by County standards per the Civil Engineers.

3. Membership

- a. The Membership Committee is opposed to having the April 4th 2009 meeting and thinks that it is not in the best interests of the community. The recommendation is to cancel the April 4th Open Forum Membership Meeting.

Motion: Rell Woodward moved that the Board accept the recommendation of the Membership Committee to cancel the meeting. Seconded by Ken Wicks.

Unanimous

- b. The Membership Committee believes that the Board-sanctioned committees should meet to resolve issues before holding the Open Forum meeting in October. The Membership Committee wants to ensure that committee meetings will be held so that members of those committees can be part of the resolution of the ballot questions, the agenda, and other things that come up.
- c. The Membership Committee would like to seek a second legal opinion on the validity of the October vote. We are in the process of seeking resolution of Bruce Coates' concerns, which address that issue. The committee was not clear as to what lawyer should be consulted or what questions should be asked.
- d. The Membership Committee stated that the Board works in secrecy, cutting side deals with people in the community such as Bob Taylor and Pi'ikoi Kawanakoa. Since all dealing with both parties have been recorded in the minutes of past meetings, it is not known what 'secret deals' are being referred to.
- e. The Membership Committee is concerned about the verbal and physical actions of one of the Board members aimed at the constituency and a HOVERMC employee.
- f. The Membership Committee is concerned about the message being sent to the community when HOVERMC employees are observed working on secondary issues instead of maintaining the roads; such as work on Leilani when the upper roads need work. Those upper roads are the next item on our schedule.
- g. The Membership Committee believes that the standing Board pushes its own personal agenda.

B. Operations

1. Building & Equipment – no report
2. Road Maintenance

For both Aloha Blvd. and King Kamehameha Blvd, it has been suggested that we remove the speed humps; that we remove stop signs from Aloha at Hawaii and

from King Kam at Princess Kaiulani; and that we raise the speed limits on both Aloha and King Kam to 35 mph. The engineers at M&E Pacific say that our roads will not be damaged by speeds up to 35mph, but there are other regulations and laws we will have to research, as we are not sure whether it is legal for us to raise the speed limit. Further information needs to be gathered.

The police like the speed humps and think they are effective. The emergency services drivers (fire, ambulance) don't like them. The office has a list of persons who have asked for speed humps to be placed on their streets.

We will be deploying traffic counters which will give us data on traffic flow, numbers and speeds to enable us to make informed decisions. This information needs to be gathered before July, to be presented in the newsletter so that members can vote on important issues.

Motion: Place the issue of removing the speed humps and making Aloha and King Kamehameha Blvd 35mph on the ballot for the October Membership meeting.

No second – tabled for further information.

3. Membership – already discussed

4. Safety – no report

IX. SPECIAL ORDERS

A. UNFINISHED BUSINESS - none

B. GENERAL ORDERS – Mary said that since everyone is complaining about not being informed of board meetings, she would like to suggest that a small sign holder be placed on each of the large signs where our roads meet the highway so the office can post notice of board meetings. Mele suggested permanent signs for the board meetings; we could then post additional information if needed.

Motion: That sign holders be added to the signs where our roads meet the highways for the posting of meeting notices.

No second.

Ken suggested that we ask the restaurant across the street to post notice of our meetings. Loren liked the idea of permanent signs, and recommended sign holders that a sheet could be slipped into, to protect the signs from the weather. He said other civic groups in the subdivision might also use them to post meeting notices; he and Mary will contact Mele with further suggestions.

The regular meeting of the HOVE Board of Directors was adjourned at 6:48 pm on Wednesday, March 4th, 2009.

Approved by the Board of Directors without corrections on _____.
Date

OR

Approved by the Board of Directors with corrections on _____.
Date

Signed: _____, Secretary

Date: _____

Results of Executive Session:

A potential board appointee was interviewed.

Sherry Moffett was appointed to the board to fill Jack Garner's vacant position, and will be added to the ballot for the vote at the next General Meeting.

A crew member who was under disciplinary action will be retained on probation.

MINUTES OF THE APRIL 2009 BOARD MEETING

Held Wednesday, April 1st at 4:00 pm at the HOVERMC Office

- I. QUORUM yes
- II. CALL MEETING TO ORDER 4:04 pm
- III. ROLL CALL

Loren Heck, President
Ken Wicks, 1st Vice President
Sherry Moffett
Bill Vinson

Absent: Randy Van Leeuwen, Valerie Tudor, Mary Kastle

Meleana Smith, Administrative and Operations Director;
Teddi Stransky, Recording Secretary

Valerie Tudor attempted to attend the meeting by phone, but the telephone was not working. Mary Kastle had to return to the mainland for a family emergency. The four attending members do constitute a quorum. Loren noted that Rell Woodward has submitted a letter of resignation from the Board. He has also been told that Randy Van Leeuwen will be resigning, although no letter has yet been received.

- IV. OPENING – none
- V. ADOPTION OF AGENDA - adopted as written.

The President stated that, with the resignations of Rell Woodward and Randy Van Leeuwen, there are two open seats on the Board; Steve Sampson's and Rell's. Randy's cannot be filled until his letter of resignation has been received. He requested that Wally McKinney come to the table. He introduced Mr. McKinney and went over his qualifications: Mr. McKinney has been present at committee meetings and has acted as an intermediary; his business knowledge, level-headedness and communication abilities are impressive. He has been living in Hawaii part time since 1994 and full time in Ocean View for the last 4 years. Loren recommended that he be approved to fill the first of the open positions.

Motion: that Wally McKinney be appointed to the Board of Directors to fill Steve Sampson's position.

Unanimous

The President then asked Laura Foster to come to the table. Despite the fact that she has been one of our more passionate detractors, over the last few months Loren has worked with her on the Legal Committee and has found her to be intelligent, a diligent researcher, and a very valuable committee member. Her contributions have been appropriate and to the point. The Legal Committee has provided considerable useful information and observations to the Board in the last few months and has proved to be

a definite asset. Wally McKinney stated that he had worked with Laura on the Legal Committee, and found her to be very logical and straightforward with a good mind for detail. Loren requested that Laura Foster be appointed to the Board to fill Rell Woodward's position.

Motion: that Laura Foster be appointed to the Board of Directors to fill Rell Woodward's position.

Four in favor, one opposed.

The President assured the three new Board Members (Sherry, Wally and Laura) that he would, as soon as possible, give them a tour of our facilities and provide an orientation session to get them up to speed.

VI. APPROVAL OF PRIOR MINUTES

A. March 2009 Minutes to be approved

Motion: Ken Wicks moved that the March minutes be approved as written. Seconded by Sherry Moffett.

Four in Favor, two abstaining (new members have not had time to read the minutes)

VII. OFFICER'S REPORTS

A. President – no report

B. 1st Vice President – Ken stated that he felt the board was being railroaded into accepting new members, and that the President's nominations should have been discussed in private with all board members before the meeting. There was no opportunity for discussion or input from rest of the board, and he felt pressured to make a decision based on the opinion of one board member.

C. 2nd Vice President – absent

D. Treasurer – no Treasurer

1. Financial Report – in the Board Packet – no questions

E. Secretary – absent

F. Administration & Operations Director

Administrative Report: no report

Foreman's Report: Loren explained the purpose of the Foreman's Report for the benefit of the new board members, and asked if there were any questions. There were none.

VIII. COMMITTEE REPORTS

A. Administrative

1. Bylaws – Committee Meeting Results moved to Legal.
2. Budget & Finance –The Budget and Finance Committee needs to meet to discuss questions which have arisen. Since Rell resigned, Loren is stepping in to chair the Budget and Finance Committee. It was decided that the committee would meet on Saturday the 11th at 2:00pm at the RMC office (following the Legal Committee meeting at 1:00).
3. Legal – Legal Committee meetings were held on March 14th and March 28th. At this time the President asked Mr. Million if he would like to approach the Board to appeal for consideration to be on the Board. Anyone who has filled out the application paperwork may appeal to the Board for consideration. Mr. Million declined.

Recommendation by the Legal Committee: “Because of the extreme challenges and limited records of the past and the fact that the Corporation has no acting Treasurer ... the Legal Committee concludes that proper checks and balances are not in place. Therefore we feel it would be helpful at this time to recommend that an independent accountant be used to perform spot audits of specific time frames at a frequency and dates determined by the Budget and Finance Committee.”

Mele reminded the Board that we already have an independent auditor, Carr-Gouveia in Honolulu, which handles the regular audits each year. She explained the history of the current office and procedures, beginning just before new staff was hired to restructure the office. Because of poor accounting practices by the prior staff, who did not understand the accounting software, the books for 2002 and 2003 had to be rebuilt from paper records, and Carr-Gouveia has been working on the auditing of these re-created records for the last three years; the audit for 2003 should be completed in less than a week. A CPA in Waimea, Mr. Ramos, handles the month-to-month books; an insurance auditor audits our payroll, and a union auditor handles the benefits paid to the crew; the independent auditor handles our overall books.

Mele commented that we had a very difficult time finding the auditors and CPA we currently use, and hoped that the costs of spot audits would not be prohibitive. Loren suggested that we look for an auditor and get an idea of the costs before moving to follow the committee’s recommendation; Mele suggested that the committee interview prospective auditors and report back to the Board; she has a packet of résumés they can review. She estimates we can expect to pay a minimum of \$175 to \$300 an hour. Mele suggested that the new board members be brought up to speed on office procedures and practices before changes are made. Wally recommended that the information be revisited in greater detail at the committee meeting on the 11th.

Loren asked if it was agreeable to the Board to follow Mr. McKinney's suggestion and address this at the committee meeting on the 11th; the Board agreed.

"The Legal Committee appreciates the efforts of the A&O Director (Meleana Smith) in her efforts toward a proper Corporate Management Information System. The committee recommends that the Board approve additional training in the field of Management Information Systems, either at the university in Hilo or the extension in Kona or other professional source. The Board needs to approve the expenditure of funds needed to pay for classes designed to help Ms. Smith perform the critical responsibilities she has been asked to take on for the Corporation."

Loren commented that Ms. Smith took on this responsibility and designed the MIS that we have, and the Corporation would like to fund the continuance of her education.

Motion: Loren Heck moved that Meleana Smith be given the funds she needs to pay for classes designed to help her perform her critical responsibilities, either at UH Hilo, Kona, or independent classes. Seconded by Ken Wicks.

No vote

In response to a question from the membership as to whether she wanted to continue her education, Mele explained that she had originally applied for a job here as a part-time bookkeeper because she was still going to school, but had been given a full-time job as Office Manager and had been unable to continue her classes. She is one semester away from her Bachelor's, and would love to finish her degree. When asked how she would do so, she said she could take online courses through Hawaii Community College, as she is already registered there, and had been planning to complete her Master's in Business.

A member asked how many credits she needed, and how much it would cost; Mele said she would have to find out, as she has been away from school for several years. The member suggested that we need to find out the cost before making a decision; and determine how much responsibility the Board would take on in paying for her education, stating that Mele did not need a Master's to run the HOVE Road Maintenance Corporation. Wally mentioned that we also could not assume the continuation of the association; that is, we would need to have some kind of agreement that Mele would not leave for another job as soon as she finished her Bachelor's. Mele agreed that should be a part of the agreement, and she would like clarification on what classes the committee would allow her to take.

Loren suggested the Personnel Committee should address this, and there is an item later in the agenda concerning scheduling of a Personnel Committee meeting. Mele said the Board should have some input into this, and if necessary do another desk audit to determine what training she should have.

Distributing cinder to non-members: As a result of the board motion at the meeting held March 4th, Mr. Sogi was asked for his opinion. He responded by saying the purpose of the Corporation is road maintenance within the subdivision. He advised against distributing cinder to non members for use outside the subdivision. The Legal Committee recommends that the Board restrict the distribution of cinder to members only.

Motion: Sherry Moffett moved that we forbid distribution of cinder to non-members. Seconded by Ken Wicks.

Unanimous

Mele stated that there are some non-members who have open invoices at this time; they were not able to pick up all the cinder they had paid for, the last time the loading area was open. She requested that we allow these non-members to complete their pickup of cinder they had paid for, and advise them they could no longer purchase it. Loren suggested that the rule is 'from this day forward;' Wally pointed out that the situation would resolve itself the next time we were open to load, and would cease to exist. A member asked about our agreement with Bob Taylor, who does not own property in HOVE; Loren said he would not be getting any more cinder from us.

Distributing cinder to members: Article 11 states: "The Corporation is not organized for profit, it will not issue any stock, and no part of its assets, income, or earnings shall be distributed to its members, directors, or officers, except for services actually rendered to the Corporation and except upon liquidation of its property in case of corporate dissolution." Article 3 states that cinder is to be used "for road purposes."

Is the distribution of cinder legal under Articles 3 & 11? The Legal Committee finds that there is a reasonable concern regarding selling or distributing cinder even to members, and recommends getting a legal interpretation of Articles 3 and 11 in relation to our existing cinder distribution program.

Motion: Loren Heck moved that Mr. Sogi be asked, based on Articles 3 & 11, whether we should be distributing cinder to members. Seconded by Ken Wicks.

Amended, see below

Mele pointed out that Article 7, paragraph 3 states "To take title to Lots 3 and 4, Block 279 of the subdivision (the cinder cone lots) and to hold, manage and use the cinders thereon or income therefrom for the purposes for which the Corporation is organized."

Laura stated that distributing cinder puts us in direct competition with the people who are selling it; Loren explained that we have already looked into that and

according to Mr. Sogi we do not have an advantage since, if you separate the cost of delivery (which we do not do) our price is about the same. Wally posed the question: do we want a simple Yes or No? If we want to provide this service to our members, perhaps we should look into it further on our own before we address the question to our lawyer. Perhaps we should be asking "Given what we have in our Bylaws, how could we arrange things so that it would be proper." Clearly we can have income; we just can't have profit.

Mele mentioned that 9.8 of the Bylaws states: "The provisions of these Bylaws shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provision." All of these paragraphs may be taken either together or separately based on the viewpoint of the examiner.

One member noted that distribution of cinder definitely was a safety measure, as people used to go load their own cinder, but the area is now too dangerous.

Wally said asking "is it legal" is too narrow. There is an apparent contradiction; this may simply be a problem of semantics, rather than of legality. He suggested that we discuss this with our attorney, rather than asking for a written opinion; allow him to read the paragraphs which seem to be a problem, and ask him to help us find a solution that will let us proceed.

Loren suggested the motion be amended to:

Motion: Loren Heck moved that Mr. Sogi be asked how we can arrange, legally, to continue with the sale of cinder to members of Hawaiian Ocean View Estates; and if we need to change the Bylaws, how should we do it, noting the Bylaws we think are relevant and possibly in contradiction. Seconded by Ken Wicks.

Six in favor, one opposed

Ken Wicks asked what we should do if we found someone was buying cinder from us and reselling it? Loren responded that every member is entitled to 20 yards per month, per lot, for seven dollars a yard. Once that cinder leaves the baseyard it is not in our control, nor do we have control over what people do with it.

Agreement with Pi'ikoi Kawanakoa: This agreement was determined to not be in the best interests of the corporation, in that it only allows for two of Mr. Kawanakoa's lots to be assessed. In 2007 he verbally agreed to be assessed for nine additional lots and sign a new agreement, but stated that he wanted his lawyer to review the agreement. We have not had any response for two years. Since that time he has used his own equipment to extend our roads into his private 200 acres of property without our permission; this has caused road damage and potential liability. The recommendation of the Legal Committee is that we send a registered letter to Mr. Kawanakoa stating that because he is only paying a

road assessment of two lots, we intend to block off all roads leading to his private property, which have been open for at least two years. He will also be charged a special assessment for any damage to HOVE roadways which occurred as a result of traffic to and from his property. We hope to be able to come to an equitable agreement regarding a fair number of assessments, and a new contract, as per our discussions and verbal agreements two years ago. Any new contract should be reviewed by the Legal Committee before any future negotiations with Mr. Kawananaoia.

Motion: Loren Heck moved that, after getting an opinion on the existing contract from an attorney, a registered letter be sent to Mr. Kawananaoia stating our intent to close any roads leading to his private property which were opened without our permission, and that he will be charged a special assessment for any damage done to our roads. Seconded by Ken Wicks.

Unanimous

Loren asked Mele if there was any written agreement from the meeting with Mr. Kawananaoia two years ago. She said she would check, but she could create a more pertinent one based on the agreement which was signed by the National Park, allowing them access to the park via our roads. She asked that the Legal Committee come up with specifics they want to see in the agreement; when it is finalized it can be sent to Mr. Kawananaoia with the letter. Laura Foster stated that she lived in that area, and he is using three of our roads almost daily, and has done considerable damage to five of the six roads that have been connected to his property: Koa, Reef, Poinciana, Anuenue and Welakahao. The road he uses the most is Koa, which was in good shape two years ago; he is running tracked machinery on it; there is no road surface left. The original agreement was that he would use the two HOVE properties he had purchased to create an access to his property. He has not done so. It would be wise to examine the original (2001) agreement, which was filed with the Bureau of Conveyances, for legal issues before we jump into making threats.

Mele will provide the current Board Members with copies of the 2001 agreement with Mr. Kawananaoia. Loren suggested that we have Mr. Sogi review the agreement to be sure we have the right to block off the roads in question.

Improper Voting Practices (Bruce Coates' letter) Mr. Sogi stated that our bylaws do allow for voting in person at the Annual Meeting. If the number of votes that were denied would change the outcome, the validity of the vote would be in question. If the vote was close, the cure would be to ratify the vote at the next meeting. The vote was 83% in favor, 17% against; it is unlikely that enough votes were denied to make a difference.

It's clear that Mr. Coates is correct; the Bylaws do allow voting at the meeting, and the voting process described in the newsletter was not exactly what is defined in the Bylaws. In addition, the information in the newsletter referred to

a “per acre” assessment, whereas the Bylaws refers to “contiguous lots” being considered one lot.

It was also asked whether the pros and cons in the newsletter were balanced and fair. The President, who wrote an article for the newsletter giving information on the ballot question, said that although he was personally opposed to the change to consolidate lot billing, he felt he did not express his point of view strongly enough.

The Legal Committee recommends that, because of these three issues affecting the validity of the 2008 ballot, the issue be re-addressed by ballot vote in 2009. Information should be clarified in the newsletter so that the actual issue is unquestionable. The wording should be approved by a lawyer.

The consolidated lots have not yet been billed, as there is no consensus of how to bill them.

Motion: Loren Heck moved to ratify the consolidation ballot with the next newsletter and vote. For this year, consolidated lots will be assessed as in 2008. Seconded by Laura Foster.

Unanimous

Outside Roadwork: It has been determined that outside roadwork is in conflict with our Article and Bylaws, and impractical for the Corporation.

Motion: Ken Wicks moved to rescind the February 4th motion to amend the Articles of Incorporation by changing *Article III: Purpose of Corporation* to allow the Corporation to do driveways and outside road work. Seconded by Bill Vinson.

Unanimous

Motion: Ken Wicks moved to rescind the approved ballot for a Bylaws change to allow driveways and outside road work, because of its impracticability and conflict with the Articles. Seconded by Wally McKinney.

Unanimous

Motion: Ken Wicks moved to rescind the 12/3/08 motion which implies allowing an additional expenditure of up to \$50,000 on the office building, by stating that an additional expenditure of *over* \$50,000 must be approved by the membership. In addition, to consult our attorney on the proper way to amend the Bylaws to allow us to construct an office building. Seconded by Ken Wicks.

Unanimous

The Legal Committee recommends that the Building and Equipment Committee meet to discuss the office building before the next Board meeting. As the board member who was chairman of that committee has resigned, Loren will

stand in as chairman. He would like to include a meeting of the Building and Equipment Committee on April 11th, following the Legal Committee meeting.

A Personnel Committee meeting needs to be held. Mary Kastle is chairman but is on the mainland; when she returns a meeting will be called to establish a job description for the Road Manager. Mary will contact the committee members. Loren suggested that he, Mac and Mele should attend the meeting.

King Kamehameha Blvd: Speed humps, stop signs and speed limits need to be addressed. Loren suggested that the Road Maintenance and Safety Committees combine to discuss these issues. Ken Wicks is chair of the Safety Committee; he said he would check his calendar and come up with an appropriate date as he had a number of doctor's appointments.

4. Membership – A committee meeting should be held to discuss the upcoming newsletter. The office must have all input before July 1st. A meeting was scheduled for Thursday, April 9th at 9:00 am. Mele will e-mail a list of topics.
5. Safety – Mark Jernigan owns a cinder lot next to ours, and is asking for access through our property to get at his property. He does not yet have his Special Permit. Mele suggested we table this until we have the community meeting next month involving the Planning Department and cinder lot owners. The Legal and Road Maintenance Committees will need to be involved with the Planning Department and the Board of Directors to determine how to go about lowering Mahi Mahi to make the area safe; we need to get cooperation from adjacent cinder lot owners. The County is offering to cooperate with the RMC in determining how to make the area safe.

IX. SPECIAL ORDERS

- A. UNFINISHED BUSINESS – There are questions from the Building and Equipment Committee regarding the contract with Bob Taylor. They would like to review the contract, the cost, and how much he has already received in cinder. Article 8.1 needs to be reviewed to determine if the contract was correctly done. Mele said we received four sealed bids and the Board accepted Mr. Taylor's bid. She has all the bids on file and will provide copies for the committee. This can be discussed at the already-scheduled B&E meeting.

Mele informed the Board the Mr. Harnik has dropped his suit after receiving communication from our lawyer, but has now started a new suit in the name of his wife, who is the actual property owner. Mr. Sogi has sent another letter demanding dismissal.

She also noted that packets and information given to the Board of Directors are Corporation property and are confidential to the Corporation. Board packets and information will be placed in the members' boxes before the meeting; new directors are encouraged to come spend a day at the office and learn our

practices and procedures; an orientation trip will be scheduled to show new directors around the shop and cinder pit areas and acquaint them with the functions we perform.

B. GENERAL ORDERS – none

Motion: Ken Wicks moved that the April meeting be adjourned. Seconded by Wally McKinney.
Unanimous.

The April 1st Board Meeting was adjourned at 7:03pm.

Minutes prepared by Teddi Stransky, Recording Technician.

Approved by the Board of Directors without corrections on _____.
Date

OR

Approved by the Board of Directors with corrections on _____.
Date

Signed: _____, Secretary

Date: _____

Results of Executive Session:

No Executive Session was held.

MINUTES OF THE MAY 6, 2009 BOARD MEETING

Held Wednesday, May 6 at 4:00 pm at the HOVERMC Office

- I. QUORUM yes
- II. CALL MEETING TO ORDER 4:07 pm
- III. ROLL CALL

Loren Heck, President
Wally McKinney, 1st Vice President-elect
Laura Foster, 2nd Vice President-elect
Bob Armstrong, Treasurer-elect
Mary Kastle, Secretary
Bill Vinson
Mike Million

Absent: Sherry Moffett, Valerie Tudor

Teddi Stransky, Recording Secretary

Sherry Moffett, Director, and Meleana Smith, Admin & Operations Director, were unable to attend due to illness. Valerie is still on the mainland.

- IV. OPENING – none
- V. ADOPTION OF AGENDA – Loren requested that VII:B:2 Road Maintenance be moved to the top of the agenda to accommodate Kyle Pua, who was here to present a proposal for Road Oil purchase to the Board. No objections.
- VI. APPROVAL OF PRIOR MINUTES
 - A. April 2009 Minutes to be approved

Motion: Wally McKinney moved that the April minutes be approved as written. Seconded by Bill Vinson.

Three in Favor, three abstaining (Laura Foster, Mary Kastle, Mike Million)

Valerie Tudor's seat on the Board was brought up for discussion. She is still in California; she was unable to attend the last meeting by phone because of defective equipment on our end. Although she has provided valuable input by phone, she has not been able to be present in person at a meeting in quite some time. Loren has been trying to contact her without success; her answering machine is full; it is thought that her daughter is ill.

It was suggested by Laura Foster that the Board send Valerie a letter requesting her resignation, so that a member who lived here could be appointed. Loren Heck offered to write the letter.

Motion: Laura Foster moved that a letter be sent to Valerie requesting her resignation in writing. Seconded by Mike Million.

Unanimous

Mr. Million asked if Teddi could record the names during a vote, to have a record of who voted in favor or against a motion. Teddi said she had previously been told not to because of something in Roberts Rules, but would do so if the Board desired. Loren asked that someone check Roberts Rules and report back to the Board; there are situations when the votes must be recorded but generally it is not required. He requested that we continue as usual.

Loren introduced Tracy Groeneweg as a potential new Board Member, and recommended that she be appointed to the Board when we have received Valerie's resignation.

VII. OFFICER'S REPORTS

A. President – Ratification of Board and Officer appointments

Several motions were made and passed at the April 16th Committee meeting which affected the structure of the Board. These need to be ratified by the entire Board and placed on record in the minutes.

1. Motion by Sherry Moffett to remove Randy Van Leeuwen as a board member. Seconded by Bill Vinson. Mary suggested that it would be more appropriate to accept Randy's verbal resignation. The amendment was accepted and unanimously approved.
2. Loren Heck moved to seat Bob Armstrong as a board member, seconded by Bill Vinson. Unanimously approved.
3. The Chairman moved to accept Bob Armstrong as Treasurer. Seconded by Bill Vinson. Unanimous.
4. The Chairman moved to appoint Wally McKinney as First Vice President; seconded by Bill Vinson. Unanimous.
5. The Chairman moved to appoint Laura Foster as Second Vice President; seconded by Bill Vinson. Unanimous.
6. Laura Foster moved to seat Michael Million on the Board, seconded by Bob Armstrong. Six in favor, one opposed.

B. 1st Vice President – no report

C. 2nd Vice President – Laura Foster would like to meet with the Road Maintenance Committee as soon as can be scheduled; she needs to call a few people to get an agreeable time.

D. Treasurer – Bob has some questions for Mele on the Treasurer's report; he will be meeting with her tomorrow if she is not still out sick. There are some items he does not understand and needs to discuss with her. He pointed out that at this time the Corporation does not have much cash.

1. Financial Report – in the Board Packet

E. Secretary – no report

- F. Administration & Operations Director
Administrative Report: no report, absent

Foreman's Report: Loren explained the purpose of the Foreman's Report for the benefit of the new board members, and asked if there were any questions. Mary said she kept hearing about a truck with 85,000 miles on it and wanted to know which one it was. Admin assistant Kristyn Haina checked the mileage logs on file and said none of our vehicles were near that specific mileage; the closest one would be the Ranger with 48,000 miles. Bill Vinson said he thought Randy Van Leeuwen had brought up the number.

The President then introduced Kyle Pua to the Board. Kyle works for Big Island Asphalt and provided the details of a potential agreement to provide road oil at a discounted price which included delivery and offloading. The County is purchasing oil from them to do the Saddle Road at this time. Emulsions available include SS-1H and CRS/RS-2H. The discount is contingent on a six-month contract to purchase two or three 5,000-gallon tankers a month. Laura will take this information to the Road Maintenance Committee meeting, yet to be scheduled.

VIII. COMMITTEE REPORTS

A. Administrative

1. Bylaws – Mary said we need to decide how to handle ratification at the October meeting for the new board members, and filling the expiring terms. Four positions are up for election; two of them are filled. We have five appointed board members that need to be ratified. Mike suggested we just put them on the ballot, listing the vacancy and the person appointed; Loren said we would have to look at the Bylaws for the proper way to do so. A combined Bylaws / Membership committee meeting was scheduled for Friday, May 15th at 1:00. Loren reminded the Board there was a Personnel meeting at 1:00 on the 8th.
2. Budget & Finance – A committee meeting was held 4/17. The Treasurer reported that a motion was made to approve a cap on any increases in personnel pay. It was also recommended to keep the annual assessment at \$90.00 and make the budget fit, and to put off approval of the 2010 budget until the June Board meeting to allow more time for the Budget and Finance committee to review it. Bob said a B&F meeting was needed, and thought he could make it on Wednesday the 13th. Loren suggested it be held at the Community Center and agreed to make the reservation if Bob's schedule was clear for that day.

Motion: from the Budget Committee to cap increases in personnel pay and bonuses through the end of 2009. Seconded by Mike Million.

Unanimous.

Motion: from the Budget Committee to keep the assessment at \$90.00 per lot. Seconded by Laura Foster.

Discussion: The President stated that he thought this was a mistake and should be reconsidered; that the proposed reduction in the labor force which would allow it was too great. Increasing the assessment was reasonable and would allow more time to address a sensible reduction in labor. The First Vice President requested time for more discussion at the next Budget and Finance meeting; he said there were too many issues involved to make a quick decision, and he was uncomfortable with the proposed changes.

The Secretary pointed out that if we vote now and approve the \$90, and then find after the upcoming Budget and Finance meeting that \$90 will not be sufficient, that anyone who voted in favor of the motion could ask that it be reconsidered, and another vote be taken after further discussion.

Four in Favor, two opposed (*keep assessment at \$90.00*)

Motion: from the Budget Committee to put off approval of the proposed budget until after the Wednesday Budget and Finance Committee meeting. Seconded by Mike Million.

Unanimous.

The First Vice President, Wally McKinney, had to leave the meeting for another engagement,

3. Legal – Consolidations: The committee felt that there was not enough time before the upcoming newsletter to address the ratification of the consolidation issue that was approved at the 2008 Annual Meeting. The opinion given by our lawyer was that both the vote and the decision were valid, however, some of the membership still questions it and it needs to be readdressed. The lawyer suggested that the vote be ratified to settle the issue. The Committee is now recommending the item not be on the upcoming ballot because they do not have time to address it properly before the newsletter goes out; therefore someone who voted to ratify the decision now needs to move to reconsider and remove it from the ballot.

Laura Foster pointed out that the Board also needs to address the issue of the Kawanakoa properties above Ocean View and how to assess them, and it would be wise to do so before ratification.

Loren Heck said he felt that the vote should be ratified, because 82 percent of the ownership voted in favor of it, whether they understood the issues or not.

Committee Member Kim Million pointed out that no-one has brought up in committee the question of whether 893 votes constitutes a quorum.

There was considerable discussion without resolution.

Motion: Mary Kastle moved to table this issue until after the next Legal Committee meeting. Seconded by Bill Vinson.

Unanimous.

A Legal Committee meeting was scheduled for May 13th at the OVCA, following the Budget and Finance meeting.

Mr. Stutheit brought up a question last month about the cinder, saying it was illegal for us to distribute cinder to members, as it is an asset of the Corporation. Our lawyer asked if members were using the cinder for their driveways and roads, or reselling it for profit? Limitation on assets is a non-profit requirement, that no individuals profit from it. If the purpose is to provide cinder to the members for their private use and to improve their driveways and property, that is appropriate. Use for profit is not appropriate. He said the members should sign an agreement saying that it is for private use and not for resale.

Loren stated that he thought 20 yards of cinder per month is excessive, and suggested we reduce the amount available to members to five yards per lot per month. Member Tracy Groeneweg pointed out that many people in the subdivision have to hire someone to deliver their cinder, and that most of the available trucks are larger than five yards; haulers charge per load regardless of the size of the load, so members would be paying to haul 12, 15 or 20 yards and getting only five. Teddi Stransky, member, employee, and the person who writes out most of the cinder tickets, said that 20 yards of cinder is not a lot to get at one time, if you are putting in a septic tank, putting in a water tank, leveling a 150-foot driveway or trying to even out an a'a lot so you can walk on it. Mary added that a lot of people get twenty yards in one month and don't buy any more for the rest of the year; Mike Million said when he was grading his property, he had to bring in 150 yards of cinder in a two-day period. It was also suggested that the amount of cinder allowed per year be limited, rather than the amount allowed per month.

Laura said she was under the impression that we had stopped selling cinder until something was done about the road up at the pit. It's unclear what the County is really saying about the situation up there, but owners have to have access to their properties; the road is open for access but not for through traffic.

Motion: Laura Foster moved to find out from the County what the current liability issues are on that road, and whether we can leave it open for owners and our own access, or whether it should be completely closed. Seconded by Mike Million.

Four in favor, one opposed.

It was decided that the office would acquire a rubber stamp and stamp an agreement on each cinder ticket for members to sign, stating that they were purchasing cinder for their own use and not for resale. Teddi asked if the office could have members sign one time and keep it on file; Loren replied that it would be better to have them sign every time. She said she would order the stamp immediately.

Loren asked that all in favor of the statement on the receipts raise their hands; there was no opposition.

Someone then asked why we do not deliver cinder. Mary said it was a liability issue, as our insurance does not cover us going on private property. Mike suggested it be sent to committee; after some discussion Loren suggested the Legal committee. Tracy asked what prevented members from showing up at the baseyard and loading their own cinder; it was pointed out that the baseyard was gated and locked if the crew was not present, and when they were there loading, people were not allowed to load their own due to insurance restrictions.

4. Personnel – The President asked Mr. Million for the results of the executive meeting. Mike reported that the Personnel Committee has decided they want to hire a road crew supervisor and reduce personnel costs. They have scheduled a meeting for 1:00 on Friday the 8th at the RMC office.
5. Safety – Loren asked for a Safety Committee meeting on the 13th; the rest of the board objected saying there was already too much to cover on the 13th.

Loren has received nothing to date on the issues of the Kawanānakoā properties; we have not gone forward yet with the road closures. He did want to ask the board if, should the advice from the lawyer be to close the roads, the Board wanted the lawyer to write the letter. Laura suggested that decision wait until we receive his advice. The question was tabled for the Legal Committee to address.

B. Operations

1. Building & Equipment – Advice from the Legal Committee: Because we are not able to proceed with our plan to build the office building at this time, we should remove the \$100,000 allocation for that purpose. The committee recommends a ballot to remove \$100,000 dedicated to the construction of an office building. When the corporation is more solvent the issue of new office space will be addressed and a recommendation will be presented to the membership.

Motion: to reconsider the \$100,000 allocated for an office building, and to ask on the ballot for the membership to remove it as an approved item.
Seconded by Bob Armstrong to enable discussion.

Discussion: Bob said he did not think the motion was necessary, as it was only a line item on the budget, the money wasn't actually sitting someplace.
Loren proposed the motion be tabled; seconded by Mary. Unanimous.

Bob Taylor agreement / Equipment Building – a copy of the contract was provided to the board. Bob has received \$27,726 in cinder, which will be subtracted from the contract total of \$52,916. Kim Million recalled Mele saying there was only \$15,000 still due to Taylor. The Board had some questions about the proposal which they will need to ask Mele; they would like to see a new contract drawn up and signed, since the one in hand is out of date.

A Building Committee meeting needs to be scheduled to draw up a new contract. Mike suggested it be discussed after Personnel on the 8th.

2. Road Maintenance – Laura will set up a time for the Road Maintenance Committee to meet; she will add the proposed oil contract to the agenda.

Aloha / King Kamehameha Blvds – proposals to remove speed humps on Aloha, and perhaps to raise the speed limit: Loren suggested these items be moved to committee, Laura agreed.

3. Membership – The Committee would like to have quotes on a newsletter consisting of 6 pages, one in color, and an envelope. We will need 7,500 newsletters; they want to compare outside printing with doing it using office personnel and our copier. Mary said Costco had the peel-and-stick envelopes at 500 for 11 dollars and change.

Mike Million called Jim Steenberg and asked him what it would cost to build a ballot box. Jim said he would donate his time if we paid for materials; he gave a cost of \$30.00. The expenditure is within the office's discretion.

The Legal committee recommends to reverse the previous vote to have four open forums and two newsletters every year. We can have a meeting or send a newsletter whenever we wish at our discretion; there is no reason to require more than one of each.

Motion: Bill Vinson moved to reverse the decision to have four open forums and two newsletters every year. Seconded by Mary Kastle.

Further discussion resulted in a decision to table the item and send it back to committee.

4. Safety –

Mark Jernigan is asking for a special permit to access his property through our property. He says he has insurance. Laura Foster suggested it would be a good idea for Board members to take a look at the situation before allowing access, and at the same time examine the road up there. Tracy Groeneweg pointed out that liability insurance is usually tied to the property, and if he is moving from our property to his, he would have to have special coverage.

Tabled for further information.

IX. SPECIAL ORDERS

- A. UNFINISHED BUSINESS – Jim Stutheit suggested that to encourage prompt payment we should say the annual fee is \$100.00, but if paid by March 31st, we'd give a 10% discount and they only have to pay \$90. He said it was done that way in the 90s and wanted to know why it was stopped. Teddi offered the info that when they started working for the RMC in 2003, they asked that and

were told there was some legal reason why it couldn't be done that way, but nobody every told them what it was. Kim suggested that ten dollars was not much of an incentive, and it should be fifty dollars, making a late assessment of \$140. Loren pointed out that our bylaws require members to vote on the assessment, and that's what they pay.

B. GENERAL ORDERS – none

Motion: Michael Million moved that the May meeting be adjourned.
Seconded by Bob Armstrong.
Unanimous.

The May 6th Board Meeting was adjourned at 6:12pm.

Minutes prepared by Teddi Stransky, Recording Technician.

Approved by the Board of Directors without corrections on _____.
Date

OR

Approved by the Board of Directors with corrections on _____.
Date

Signed: _____, Secretary

Date: _____

Results of Executive Session:

No Executive Session was held.

1st Vice President: There is no 1st Vice President's Report as Wally McKinney resigned effective May 27th.

2nd Vice President's: no report.

Treasurer: Treasurer Bob Armstrong reported that as of the end of May, we have spent nearly \$665,000 dollars; our total revenue so far this year is a little over \$678,000. We currently have around \$200,000 available to operate. This amount will not last until the end of the year.

Secretary: no report.

Office Report: We need to send our liens to the Bureau of Conveyances. The liens have been prepared and the checks for recordation have already been issued. Intent-to-lien letters were sent on April 1st, per established procedure. Mr. Million said if we do not lien and there is a disposition on the property, we could lose the entire amount due. Mele we are getting around five notices of foreclosures and bankruptcies per week. Our filing fees are included in the amount of the lien. Bill asked if there were any statistics available on returns; there were none available but Teddi mentioned that every time we send out a batch of liens we get several payoffs immediately. Bob suggested we go ahead with the current batch of liens

Motion: Bob Armstrong moved that the Corporation proceed with filing the existing liens. Seconded by Bill Vinson.

Unanimous.

Foreman's Report: In the Board Packet; no questions.

VIII. Committee Reports:

Bylaws Committee: The committee met twice in May. The recommendation is to have ballots returned to the Corporation; we will then check them off against the membership list and forward them to the League of Women Voters. The committee also recommends getting a separate P.O. Box for the return of ballots, including a sample of 'how to vote', and having the members write across the flap of the envelope to prevent tampering. This would be a secret ballot because the League of Women Voters would open the envelope, transfer the number to the ballot, and keep the envelope separate so when we get the ballots back we will not know whose ballot it is. The committee also recommends sealing all three sides of the newsletter, and that voters put a number of votes instead of just a checkmark to prevent confusion. 18:51

Motion: Mary Kastle moved that the Board accept the recommendations of the Bylaws Committee. Seconded by Mike Million.

Unanimous.

Budget & Finance Committee: Bob Armstrong presented the minutes of the May 13th Budget and Finance committee meeting. The committee unanimously recommends that the corporation search out and consult with an on-island CPA to do the audit for 2008 and before; to put on hold having Carr-Gouveia and Associates start another audit once they have completed 2003; they also agreed to

the expense of \$50.00 for the rental of a private mail box and to \$500 in advertising for a Road Crew Supervisor; the 2010 budget was agreed to and the 2010 assessment of \$90.00 per lot. It was decided that the corporation should apply the \$10.00 late fee and thereon a 12% per annum penalty for delinquent accounts, and to get a safe deposit box for the purpose of storing system backups offsite. It was also recommended to close the Ka'u Credit Union accounts, and to continue accepting assessments by Visa or MasterCard. The possibility of two payments for the yearly assessment, but that was tabled. Mr. Armstrong requested that the Board ratify these recommendations.

Motion: Mary Kastle moved that the Board ratify the recommendations of the Budget and Finance Committee meeting of May 13th. Seconded by Bill Vinson.

Unanimous.

Bob Armstrong also stated that they had reduced the budget for 2010 by nearly \$500,000 from the 2009 budget.

Legal Committee: Mr. Million reported that the committee discussed Loren Heck's statement that committees do not have authority over the Board, but work with the Board. Last year's ballot initiative was discussed; in April Ken Wicks brought up a motion that there was a lot of conflict between driveways and outside road work: impracticability, and conflict with the articles. To avoid possible litigation against the corporation, Mr. Million suggested that we rescind these three agendas from the past vote and schedule them for committee discussion at a later date.

Motion: Mike Million moved that the votes on consolidations, driveways and outside roadwork be rescinded. Seconded by Bob Armstrong.

Unanimous.

Mr. Million reported that we had had communication from our attorney, Jim Sogi, recommending that we not get involved in the 2001 contract with Piikoi Kawanakoa regarding the ends of our roadways. The question which came up regarded blocking the ends of the roads which abut the upper parcel. It would be unwise to work against our attorney's advice.

Motion: Mike Million moved that the Board discontinue discussion of the 2001 Piikoi Kawanakoa contract at this time. Seconded by Bob Armstrong.

Unanimous.

Coming up with a standard operating procedure for contracts was also discussed. There have been issues in the past with how contracts are initiated, carried out and followed up on. The committee feels that we should have a procedure so that every contract is handled in the same manner, including the bidding process, establishing and enforcing completion dates, and keeping all matters dealing with contractors open and available.

Motion: Mike Million moved that we develop a procedure to follow for all contracts, and that we do not enter into any more contracts until such time as we can have a procedure approved by the Board. Seconded by Bob Armstrong.

Unanimous.

Foreclosures: At this time we cannot afford to pursue further foreclosures, as the legal process is costing us about \$4,000 per property. Although we recoup this money and all other expenses when the property sells, the market is very poor right now. We currently have five properties in foreclosure; we could either hire a realtor, advertise on a website, or wait until the market improves and auction them. There are 24 properties awaiting foreclosure; the cost for each property will differ depending on what the lawyer needs to do.

Motion: Mike Million moved that we obtain from our attorney a detailed account of where we are with the current foreclosures and how much is left to go before completion, and that we do not enter into any more foreclosures until we have time to examine our process. Seconded by Mary Kastle.

Unanimous

Personnel: The Personnel committee met on June 8th; they agreed to preliminary language for the Road Crew Supervisor position, which still needs to be finalized, but getting the newsletter completed is the top priority. They also agreed on language for a newspaper ad, which has been run, and to get a private mail box at the shopping center for accepting applications.

Operations

Building & Equipment: Contract with Bob Taylor for equipment building. Footings and rebar have been in since April. This is a 2006 contract with a 120-day completion date. Out of the \$52,000 agreed upon, we still owe approximately \$5,000.

Motion: Mike Million moved that the Board have a letter sent to Mr. Taylor requesting a date by which he will begin the slab and have the building completed, indicating in this letter that the amount that has already been compensated to him for the cost of the contract and the amount he is due upon completion. Seconded by Bob Armstrong.

Unanimous

Road Maintenance: Speed humps – the Board is gathering information on what people think of the speed humps. They visited the Swap Meet a few weeks back and are planning to set up a table at a Pancake Breakfast and down near the Post Office.

Speed limits were discussed and the general opinion is that there is enough speed here and we don't need to increase it.

Oil contracts – Kyle Pua has indicated a willingness to be more flexible in his contract. At this time we can't afford oil but when we can we will be looking for competitive pricing. The new contract could save us about \$13,000 per tanker; it will be considered when we are ready to buy oil.

The 2010 Road Plan is complete.

Membership

Topics for the Annual Meeting Agenda: The deadline was set for July 1 but we need the info sooner as it must go out in the newsletter. The Membership Committee discussed a Bylaws change to increase the late fee from \$10 to \$25. This would be a ballot issue for the membership to decide.

Motion: Mike Million moved that the Bylaws change to increase the late fee from \$10 to \$25 be included in the newsletter for a vote. Seconded by Bob Armstrong.

Unanimous

Nominations to the Board: The deadline was set for July 1, but July 1 is the Board Meeting; the Board will have to have the info so they can approve the nominations.

Motion: Mike Million moved that the Deadline for board nominations be set to the close of business (4:30 pm) on June 30th. Seconded by Mary Kastle.

Unanimous

Newsletter Design and Ballot: The newsletter will be printed outside the office, rather than in-house.

Motion: Mike Million moved to arrange for the printer to begin work on the newsletter effective July 2nd. The newsletter is to be approved at the July 1st meeting. Seconded by Bill Vinson.

Unanimous

Timeline: Approve newsletter July 1st, send to printer July 2nd, so we can get it back in time to have it out by August 1st.

Motion: Mike Million moved to limit bios for prospective board members to 50 words or less. Seconded by Mary Kastle.

Unanimous

Safety: Mark Jernigan has asked permission to use one of our cinder lots for access to his cinder lot. This is a potential liability issue and we have been advised not to allow non-employees to access our cinder property for any purpose not pertinent to the Corporation.

Motion: Mike Million moved not to allow access to our property for purposes of harvesting cinder from an adjacent lot. Seconded by Mary Kastle.

Unanimous

Mele asked how the Board would like to notify Mr. Jernigan of this decision. Laura said she would put it in writing.

Mahimahi Access: In September of last year the County sent a letter stating that the block between Lurline and Liliana should be classed as 'unsafe' and closed to traffic due to the property where someone has mined straight down, close to the road. Both ends of that block are currently closed off as the County feels the road may collapse. Mike questions whether the County's assessment is legitimate; there should be a safe way to allow access to the road. He would like to schedule a meeting with every interested property owner on that road, get the County officials to attend, and try to get the road opened up; he said it appeared that the hole did not encroach into our easement. We need to find a way to restore access to that area while still satisfying the County's need for safety. He asked Mele to contact all the owners, both local and mainland, and try to get a meeting together around the beginning of September.

Motion: Mike Million moved that Mele contact the lot owners and the County and schedule a meeting in early September. Seconded by Mary Kastle.

Unanimous

Cinder Operations: We still have some cinder in the yard; there are people who have outstanding receipts who should be allowed first access to what we have. Once those receipts have been satisfied, what remains can be sold off and we can clean up the area.

Motion: Mike Million moved that we contact all the owners with outstanding tickets and give them first opportunity to pick up, and then open up the remaining cinder to the rest of the members. Seconded by Bob Armstrong.

Unanimous

No Unfinished Business

General Orders: Management Information System, Conflict of Interest Policy, Confidentiality Policy, Ethics Policy and Nondiscrimination Policy and Anti-Harassment Policy for Personnel. Information in the board packet. Laura requested that the Board read over it; this is for the 990 Non Profit Organization information for the IRS. The Legal committee will have to meet to review this information as soon as time permits.

New Business: The Board has received a resignation from Director Sherry Moffett, effective today.

The Board voted unanimously in favor of accepting Ms. Moffett's resignation.

Adjournment: Ms. Foster adjourned the June 11 meeting at 6:15 pm.

Minutes prepared by Teddi Stransky, Recording Technician.

Approved by the Board of Directors without corrections on _____
Date

OR

Approved by the Board of Directors with corrections on _____
Date

Signed: _____, Secretary

Date: _____

**July Board of Directors meeting.
July 1, 2009, 4:00 pm, at the R.M.C. office**

- I. QUORUM - All present
Laura Foster - President
Mary Kastle - Vice President
Bob Armstrong - Treasurer
Mike Million - Secretary
Bill Vinson, Jim O'Hara, Loren Heck**
- II. CALL TO ORDER - 4:13pm**
- III. ADOPTION OF AGENDA - Agenda was adopted as written, no changes**
- IV. APPROVAL OF PRIOR MINUTES - Minutes from June 11 and June 15, 2009.
Minutes to stand as written, all in favor - approval was unanimous
Results of Executive Session - Officers were elected as noted above. There was not sufficient time to discuss Personnel issues so they will be discussed at the close of this meeting.**
- V. OFFICERS REPORTS:
Treasurers' report - Financial status is not good. Have just over \$150K left with which to operate. Brought in just over \$14K last month. Have over \$1 million in outstanding assessments. We must control costs.
Secretary's report - There is a change in the agenda procedure which will take 2 to 3 months to fully implement. This change will allow Board members more time to examine items being placed on the agenda before decision is made. Office has new time frame. Copy of 2009 Newsletter was passed around members for review. Will be going to printer (Colors of Hawaii Printing) July 2nd and should be finished in roughly one week. Volunteers needed to help ready for mailing.
Office report - Updated foreclosure listing, just passed out and road complaints that will need to be addressed. Will put this information on the agenda for the August Board meeting.**

VI. COMMITTEE REPORTS:

Road Maintenance - The Speed Hump survey is still in progress and will be done

by the August meeting. The data is being compiled from this survey and will be on the agenda for August 12th.

Membership - There is a change in the meeting date and location. Monthly Board meetings are being moved to the 2nd Wednesday of each month. This will allow sufficient time for all reports from the previous month to be submitted for review.

The meeting location has been moved to St. Jude's church (by Kahuku park) and will still be held at 4:00pm. The 1st meeting at this location will be August 12th.

Personnel - Applications for the Road Crew supervisor have been received and are going to be addressed as soon as the Newsletter task has been completed.

Budget & Finance - We still need to formalize a procedure for Purchase Orders.

We should standardize a practice to approve purchases in advance. We will schedule a meeting to complete this process.

Building & Equipment - We are looking into the concept of modular office space as a less expensive alternative to a building. The person who handles these items is currently on vacation so this matter will be discussed again once more data is available.

VII. UNFINISHED BUSINESS:

Bob Taylor - There are several issues that have complicated the completion of our

Equipment Storage building. There are additional costs that have been incurred

since the original contract was enacted. Our costs have increased by over \$16K. A

brief discussion ensued. It was decided that we (the Board) will get together with

Mr. Taylor to work out the details and get this project finished.

Joe Chamberlain - Mr. Chamberlain addressed the meeting with his ideas for

solving the problem surrounding the safety issues on Mahimahi. He discussed

his recommendations for lowering the road 50 to 100 feet. There are many details which need to be worked out before any action can be taken. Options need to be explored with all owners on this road as well as County officials. A meeting to accomplish this is being scheduled for early September.
Newsletter - A motion was needed to get the process going on this project.

MOTION: (Mike Million) To approve the Newsletter as written and take to the printer in Kona on July 2, 2009. Motion 2nd by (Mary Kastle). Vote was Unanimous.

VIII. ADJOURNMENT: Meeting was adjourned at 5:10pm. - executive session to follow.

Minutes prepared and approved by: Mike Million, Secretary, on July 6, 2009.

Minutes verified by Board of Directors on July _____, 2009 through electronic transmission. To be formally approved at the next regular Board meeting.

Signed: _____, Secretary

Date: _____

October Board Meeting, October 14, 2009, St. Jude's Church, 4:00 p.m.

I. QUORUM - Yes

Members present: Laura Foster - President

Mary Kastle - Vice President

Bob Armstrong - Treasurer

Mike Million - Secretary

Mike Finn, David Lohr - Board Members

Members absent: Bill Vinson & Jim O'Hara {NOTE: Bill Vinson arrived after the start of the meeting and attended remainder of meeting.}

II. Call To Order: 4:06 p.m.

III. Adoption of Agenda: The agenda will be modified to include an Executive Session following the regular meeting to discuss personnel issues. All in favor.

IV. Approval of Prior Minutes: There are no changes. The September Board minutes are approved as written. All in favor. Notation that the Annual Meeting minutes will be entered into the November meeting.

V. Officers Reports: There is no Presidents report.

Treasurer: We are still running a deficit which is currently at about \$143,000 through the end of September. There is currently about \$60,000 in the operating fund. We are taking in about \$20,000 per month. Expenses are going out at the rate of about \$40,000 per month. With simply wages, salaries and rent, we are projected to be out of money by the end of December. The unknown variable is collections.

Secretary: Election results have been posted on our web site as well as with the office. We are still looking for volunteers to help audit the election process. Interested persons please sign up at the office.

VI. Committee Reports:

Speed Hump Special Committee: Harold Pawasarat, Chairperson gave presentation on his committee. They are looking for official documentation and finding proper procedures involving speed humps. The committee meets at the RMC office each Monday at 5:00 p.m. and any members are welcome to participate.

VII. New Business:

Rudy Kaupu representing Arrows Hawaiian: Rudy gave a presentation which addressed the safety issue on Mahimahi between Lurline and Liliana. He is offering to correct this situation for the Corporation. His employer, Joe Chamberlain has offered to use his equipment and manpower to lower this portion of the road about 20' and eliminate the safety issues of excessive drop off. {between 51' and 73'} About one half of the material will be given to Arrows for their investment and the remainder will be placed in the RMC pit. The estimated value of this cinder will be about \$93,000. There is much to examine and a on-site meeting was determined to be necessary. A date will be set shortly.

VIII. Adjournment: meeting adjourned at 4:37 p.m.

Minutes prepared and approved by: Mike Million, Secretary, on October 15, 2009.

Minutes verified by the Board of Directors on October_____, 2009 through electronic transmission. To be formally approved at the next regular Board meeting.

Signed:_____ , Secretary

Date:_____

H.O.V.E. Road Maintenance Corporation Annual Membership Meeting
October 10, 2009, 10:00 a.m., Ocean View Community Center

- I. Opening:** The voting table was opened at 9:45 to accommodate early arrivals.
Call to Order: 10:05 a.m.
Final Call for Voting: 10:05 a.m.
Close of Voting: 10:13 a.m.
Adoption of Agenda: The agenda is adopted as written with no changes.
Introductions: Laura Foster (President), Bill Vinson (Director), Mike Million (Secretary), Mary Kastle (Vice-President), Bob Armstrong (Treasurer), Randy Garrison (Road Supervisor), and Melanie Baca (Office Manager).

II. Reports:

Melanie Baca, Office Manager: Came on board with the Corporation on August 3rd. She has a degree from the University of Arizona in Business Administration with a strong focus in Accounting. She also has a business which specializes in accounting and consulting for many small businesses. She brings a lot of knowledge to the office and will be getting it into proper shape. She will be pleased to make the books available to anyone who has any questions.

Our current focus is collections. Assessments are due by the end of March and currently about 80% have been brought in for this year. We still have about \$190,000.00 outstanding for this year and we are working to try and get all of these collected this year. We need these assessments to be able to meet our budget, work on our roads, and pay our salaries. If you are behind, the office is going to be calling. We have many payment arrangements available, whatever meets your budget. If those members who are behind will call the office and let us know what is going on in your life, we will help make an affordable payment plan to fit your needs. The current policy was to place a lien on properties that have not been paid in three (3) years. Over the past five (5) to six (6) years, we have accumulated approximately **one million dollars (\$1,000,000.00)** of unpaid assessments. Since we cannot operate with this amount of unpaid assessments, we will now be starting to lien properties after the first (1) year of non payment. We are currently collecting about \$4,000.00 per week in past due assessments. Beginning this year, we will start sending out statements in January. The due date will still be March 31st, however, this will give members more time to make arrangements within their schedules to plan for that expense. The other revenue we receive is from cinder loading which has been rather hap-hazard up to this point. We are working on getting it on a regular schedule, which is currently the first Monday of the month. We appreciate all of your support and encourage you to either stop by the office or give us a call if we can assist you in paying your assessments.

Laura Foster, President: Would like to interject two comments on committee's.

Currently, we have a “Speed Hump” committee which has formed and is meeting. They are still looking for new members if anyone is interested. They are currently meeting each Monday at 5:00 p.m. in the office. Additionally, we are interested in forming a committee to audit voting and voting procedures. We have a new counter this year, Ka’U Main Street, and once they have finished the vote count, we would like to audit their results. Interested members, please sign up in the office.

Randy Garrison, Road Supervisor: He is currently running with a half of a crew due to reductions in our work force. In evaluating the cinder loading operation, we loaded a total of 380 yards, however, the second two weeks of loading did not produce enough to justify the cost of the operator. This is the reason for loading only one day per month. This month, his operator was busy constantly, making this system cost effective for the Corporation. Currently, we have been working in the upper section of the subdivision. We have been painting stop bars and intersections. We do not have enough funds to purchase materials so we will be painting, mowing, and filling pot holes. We have put approximately 22 tons of cold mix into filling pot holes which seems to be effective. We have mowed 165 blocks and weed-eaten the intersections around signs. Our current focus is pot holes, debris, sign clearance and sign damage. We no longer have the funds to do driveway aprons. We are also engaged in picking up household rubbish. This dumping is illegal. The crew has been instructed to get vehicle make, model, and license. This will be referred to the police department if necessary. The membership is also requested to do the same and report this to Randy so that he can address the issue. {a member noted that in prior years, during neighborhood clean-ups, trash was examined for the identity of the dumper but the authorities failed to act.} Randy stated that unless this was directly witnessed, the only recourse was to pick it up and dispose of the items. This used the road funds needed for work on trash disposal. Currently there are a lot of appliances being dumped. This is a waste of our road resources and members are asked to dispose of their own trash. Our sweeper has been doing a lot of cleanup on the roads with all of the rain we have had. If you see them, please slow down. We removed 16 A/V’s last month and repaired lots of signs. This is all of the work we will be able to perform until we can get some money coming in. We will continue to load cinder as long as the demand is there. If there are any questions, please stop by the yard or call and we will address your issues. { a member questioned the one day per month loading schedule } Randy responded by explaining that when he first arrived in August they were loading cinder two days per week for three weeks. The first week they loaded 250 yards, the second week 85 yards, and the third week only 45 yards. This is not cost effective. It takes 49 yards to simply break even on the cost of the operator, not to mention the cost of the equipment or the fuel. {a member asked, if we are charging members \$7.00 per load, what are

we charging commercial guys.} Randy responded that we do not load cinders commercially, only to members. Several members registered a complaint that the commercial haulers were damaging our roads and should be charged additional fees to cover the damages. **Laura Foster** responded by stating that this is a problem that has most likely plagued the corporation since it's inception. There is currently no viable program in place to deal with this problem. We need community involvement to help on committees which will be formed to solve some of these issues. Currently there is just a small hand full of members who sit on every committee. We need more people with good ideas to get involved and help. {a member asked about the road plan as posted in the newsletter, that there is no specific plan and how can you vote on something unknown.} **Mary Kastle** responded by stating that we do not know exactly what it will be since we do not know exactly how much money there will be to work with. The plan is to spend the money we do get in the most dangerous or critical areas as they are identified. **Laura Foster** added that what we have had in the past is a map with a lot of lines drawn on it and that is what members expect to be done. The truth is that those roads have not been done, the work not finished, and now we do not have the funds to buy oil or chip to fix these roads. We have roads that are in dire need of repair but they are not confined to a specific area, so under the direction of Randy we will prioritize these roads. {a member inquired about the improper mining activities that had taken place across the road from our cinder pit.} We are in the process of closing down just that specific section of the road where the danger presents itself in order to allow all other property owners access to their property. There was more discussion amongst members regarding the commercial truck issues and the damages they cause to our roads. It was again pointed out that there has never been a plan in effect to remedy this. Members are asked to sign up in the office for committee work on these projects. The matter of A/V's was again brought up and as with many of these issues, enforcement is the main difficulty. There is much work to do in many areas and dedicated volunteers are needed to help work through these issues.

Bob Armstrong, Treasurer started by addressing the area of Administrative costs. These are more than half of our budget, which is totally unacceptable. It must be reduced so we are looking at all things administrative such as professional services, insurances, and equipment leases. Currently we have a situation where our budget does not mean anything because we do not have an income to match it. We have to match our outgoing with our income and this has not been done for many years. We no longer have a big cushion of cash to rely on so we can only rely on our income which is basically assessments. We have reduced costs this year and have even increased the amount coming in during these later months. We have, however, run a deficit this year of about \$143,000.00 which is significantly better than last year which exceeded \$475,000.00. Unlike the Federal government, we simply cannot print more money to compensate. We have to operate within our budget. {a member asked what type of checks and

balances do we have or are we looking at putting in place to make sure that our funds are used in the manner for which they were collected. Given the history of corrupt and money missing what will you do to make sure this does not happen again.} We have engaged a new CPA firm in Hilo as there has not been an audit of these books past 2003. We still need to have audits conducted for 2004, 2005, 2006, 2007, and 2008. This is very important as they must be done in a timely manner. Bob is also keeping a close eye on the finances by keeping his own spreadsheet to monitor progress. **Laura Foster** added that our new office manager can pull up reports in an instant. We have not had bank statements balanced for almost a year when she took over, which she took care of within the first two weeks. Through committees, we will be looking at incentives for members to pay their assessments on time. **Mike Million** further added by stating that in the event that we examine the possibility of increasing the assessment by perhaps \$10.00, which would net approximately an additional \$100,000.00 for road work, we would tie that directly to a line item through earmarking these funds and provide a system of accountability. **Bob** went on to state that we only have about \$70,000 in the bank and that expenses are currently running about \$45,000 per month. Currently we have increased monthly income to about \$25,000 per month, but we still have over four months to go before assessments come in again. Until now, there has never been a concerted effort placed upon the collections process. {a member asked what is the budget for the office and is there anyway we can move and make an office in the yard.} We are looking into the possibility of a construction trailer as we are spending \$922.79 per month now for rent. We have a lot going on right now and we would still have to obtain permits, put in plumbing and secure access for the members so there would still be lots to do. {a member asked what percentage of our money is spent for labor costs and is it our greatest expense.} Currently labor costs are about one half of the total budget, however, at one point labor was about two-thirds well over \$600,000.00. Other major expenses are insurance, which runs over \$80,000 per year. We will be meeting later in the month to go over our insurance package. {a member asked if we had the ability to track the history of labor costs beyond one year.} **Melanie** answered by stating that payroll overall runs about \$23,000 per month and total for this month was about \$45,000. Overall administrative expenses run between 44 and 48 percent while operations run 18 percent for road materials. She has prepared a spreadsheet which gives great detail on actual expenses versus budgeted estimates. What needs to be understood is that the budget is extremely out of line and unrealistic. We have collected somewhere around \$700,000 and have spent somewhere around \$900,000 and the budget is around \$1,000,000. We have borrowed from investment funds to make up for the shortfalls for all the years that it was overspent. This is the least amount that was overspent this year.

We have instituted layoffs and have saved about \$100,000 between August and December on costs directly related to payroll. {a member asked why we could not close the office down to three days per week to save costs.} **Melanie** replied that

the office was engaged in collections and that only two staff were full time while the other two were part time. We are working on the \$190,000 that is still owed from this years assessments and the amount over the past five or six years equals one million dollars. {a member inquired about the monies within the investment fund.} **Bob** responded by advising that these funds are set aside for strict emergencies. **Melanie** also noted that there have been monies taken from these accounts every year to the extent that there is only \$12,000 left in the operating portion of that account. The investment portion of this account is strictly guarded by our Bylaws. This account is tied into conservative investments and the primary purpose of this account is to provide for one years operation should something happen to the corporation. {a member asked how raising the fees on people who pay on time and the people who are not paying will just make it harder on those who do pay on time.} That is why we did not raise the assessments. {the member went on to state that last year there was a “heavy handed” approach about taking properties and this year none have paid and we’re not taking their properties.} **Laura** responded by stating that last year, that board initiated 27 foreclosures and we have paid an attorney over \$64,000 that has returned less than \$20,000 to the corporation, there has to be a better way. The properties are being liened and it takes one year after this to be able to foreclose. In the last two months we have become much more aggressive in the collections process. A member asked if we could check into the possibility of doing a class action law suit against those who have not paid and lump them all into one group. This was duly noted. There was numerous comments made by members regarding the dissatisfaction of those in attendance with relationship to those members who have failed to pay their assessments. An insistence to deal with these non-payers was quite pronounced. This matter is paramount to the survival of the corporation and will be addressed. A member called for more community members to get involved and help with the committees as there was currently only a very few people willing to help. This problem will realistically take two to three years to fully correct. {a member made the comment that they did not think it was fair that those who owned more than one lot got more than one vote.} This is a right guaranteed in the Bylaws. The general theme displayed by many members during this segment was for the corporation to insure that members paid their assessments and to take adverse actions against those who did not, also to examine and attempt to assess commercial and heavy haulers additional fees for damaging our roads. Both of these concepts will be prime candidates for committee action in our next year.

III. Ballots: Issues to be Decided.

Mike Million, Secretary noted that the results being stated were current as of the count completed by Ka’U Main Street through Wednesday, October 7th. The ballots received Thursday through Saturday, including those received at the meeting will need to be tallied into the final totals. *Since these minutes are being compiled after the close of voting, the final totals will also be included in this

report.

Interim count	Total votes	Yes	No
2010 assessment -	1875	1788	87
2010 budget -	1830	1752	78
2010 road plan -	1817	1728	89
Bylaw change {\$25 late fee} -	1876	1550	326

Ratification of Directors:

Bob Armstrong -	1436	1327	109
Laura Foster -	1441	1323	118
Mike Million -	1383	1281	102
Jim O'Hara -	1403	1294	109

Election of Directors: 4 are able to be elected.

Mike Finn -	1313
David Lohr -	1291
Bill Vinson -	1242
Mary Kastle -	1162
Tracy Groeneweg -	834
Eleanor Shannon -	642

*In the possible number of votes outstanding at this time, it is mathematically impossible to alter the final outcome of the Director's election. The Final vote tally was completed by Saturday, October 10, 2009 at 4:00 p.m. The results are published below.

FINAL VOTE COUNT ON ALL MATTERS:

Issues to be decided:	Total Votes	Yes	No	%
2010 assessment	1959	1844	115	94.1
2010 budget	1909	1802	107	94.4
2010 road plan	1896	1768	128	93.2
Bylaw change {\$25 fee}	1960	1592	368	81.2

Ratification of Directors

Bob Armstrong	1646	1495	151	90.8
Laura Foster	1660	1498	162	90.2
Mike Million	1592	1434	158	90.1
Jim O'Hara	1611	1462	149	90.8

Election of Directors: 4 were elected **

Mike Finn	1447 **
David Lohr	1438 **
Mary Kastle	1415 **
Bill Vinson	1411 **
Tracy Groeneweg	970

IV. Questions & Answers

{a member commented that he wondered how many of the people that had voted had not paid their assessments. He believed that it was unfair to allow those who do not pay their share to have an impact on an election.} The current set of Bylaws do not have any provision for loss of voting rights with regard to those who are not current with their assessments. If this was something they believed needed to be changed, they should join a committee to look into this matter as it will require a change to our Bylaws which must be voted upon by the membership. There was also considerable discussion among a few members regarding the voting process. Some were upset that the League of Women Voters did not count our ballots this year, others had issue with various segments of the process. The current set of Bylaws was explained and that it is the Board's function to apply the law as written, if members wanted changes then changes would be required in the Bylaws. It was announced that there was going to be an audit committee formed to evaluate this entire election, please sign up at the office if you are interested. It was noted that this is the first year ever that the returned ballots were checked off the membership list to insure that only members voted and that they only voted one time. A spot audit of last years election indicated that some members had voted more than their allowed number of times, this was not acceptable. **Members are encouraged to come to our Board meetings which are held the 2nd Wednesday of each month at St. Jude's Church at 4:00 p.m.** {a member inquired as to the reason for the Board rescinding these issues, specifically the consolidated lot issue and by what authority this was done.} The primary reason for this is that what was stated on the ballot question was not the same as what had been stated in the newsletter. There was some question as to the legality of this implementation, therefore, we are going to make sure everything we do is legal before we ask members to approve the change. As the newsletter stated, there were too many conflicting issues, the issues to be decided were not described properly, and there were numerous conflicts with the bylaws. These issues will be fully explored at committee and will be placed on the ballot again, with proper language and with a defined implementation. Some discussion ensued on the pro's and con's of this issue. This is why, this issue, among many others needs to get more people involved so that more than just a few people are making decisions for the community. Please get involved with committees. At this point there was more discussion regarding previous years voting, the League of Women Voters, and other issues regarding this process. It was noted that in the 2007 election year, the League of Women Voters counted 713 ballots which tabulated to 1046 lots counted. {stipulated that there is one vote per lot} In that year, there was yes and no votes, that when added together were greater in number than the maximum number of votes possible. Another member stated that even though she believed that the prior years election may have been

flawed, she wondered if this years election was going to be any better. As has been stated previously, we are looking for an audit committee to examine this years results as well as a committee of members to improve next years elections. At this point, the two new Board members, David Lohr and Mike Finn were asked to come to the table so that we could conduct an open meeting to elect officers of the corporation. A motion was made to end the annual meeting which had been seconded and approved when a member attempted to ask a question relating to our dealing with personnel issues. As stated in the Bylaws, personnel issues are of a confidential nature and not open for discussion at a membership meeting. The member was assured that all matters relating to this employee had directly gone through the union business agent and was a written matter of record. This member attempted again to broach this issue at which point another member called for "point of order" to where the meeting was formally closed. An announcement was made that we would now conduct an open meeting for the election of officers.

V. Closing was conducted at 12:10 p.m.

The meeting to elect officers convened at 12:20 p.m. and was completed at 12:30 p.m. All of the members present were asked if they desired to be considered for an officers position. At this time, no new members are interested. It was suggested that we give the new members some time to acclimate and readdress this issue in December or January. This was acceptable. MOTION: To leave the current officers in place at this time and to address this matter in December or January after the new members had time to become familiar with the corporation. Mike Finn seconded the motion. The vote was unanimous to approve the motion.

These minutes were prepared and completed by Mike Million, Secretary, on October 18, 2009 and will be formally approved at the November monthly Board meeting.

Signed: _____, Secretary

Dated: _____, 2009

MINUTES

November 2nd, 2009 5:00 p.m. (Speed bump/road calming device special-committee) of the H.O.V.E. Road Maintenance Corp.
Board of Directors

Seated Chairperson: Harold Pawasarat
Secretary: Harold Pawasarat
There are no other officers at this time

1. CALL TO ORDER: At 5:00 P.M.
 - a. Attendance: 10.
 - b. Chairperson apologized for not being fully prepared. (No reference material)
2. Motions = (Main motions see new special assignments & Survey Form discussion in these minutes item # 5.)
3. Existing special assignments reports.
 - a. Peter Lubke: Presented copy of letter created by District Council 6, which addresses some of our concerns. This letter was originally created for Chairperson of this committee in response to Chairpersons registered letter to District Council 6 and is already in our folders. Peter is waiting for response from State Hwy. Division. During conversation on floor it was established that some speed bumps may be in State setback.
 - b. Corrine Kaupu: Completed draft form of survey for our purposes. This draft was main focus of meeting. "See Survey Form details further down in minutes for details.
4. New special assignments
 - a. Motion made by Chair & 2nded, passed by majority vote; Phil Sharkey will go to the 3rd Circuit Court in

Naalehu. Items of concern, are traffic citations being upheld in court? If there is an issue or issues what are they, and is there resolve? Also too talk with Judge Florendo or seated Judge and get a written statement on these issues with official letterhead & signature.

- b. Motion made by Chair & 2nded, passed by majority vote; Doug Harper to contact as many agencies that use emergency vehicles as possible. To find out if vehicles, personnel or response times are or are not affected in any way by speed bumps in H.O.V.E. To get a written statement with official letterhead & signature.

5. Survey Form

- a. Corrine was given the floor, distributed copies of draft for committee review and input. We had many questions, answers and adjustments in completing form. We were feeling rushed and concerned at it approached 6:45 P.M. and form was not completed. We were pushing through as best we could. Then we decided that some bios was still in survey form, readdressed a couple of issues, set completion time for 7:00 P.M. Again we realized form was not completely to our satisfaction. We set one last question then meeting to close. We addressed question, then voted and approved survey form by majority vote.
 - b. Also during this period of time Chairperson regained the floor. A one by one opinion poll was done. A generalized and/or majority at that time was some speed bumps ought to stay and some ought to go, most on main collector streets ought to be removed, also location of bumps and warning of bumps needs to be looked into.
6. Chair was asked to allow a conference call line to be left open during meeting, it was accepted. Two residents of Ocean View voiced their opinions on several issues. All of their statements were for no speed bumps for any reason.

Chair discontinued call when profanity was used by the female caller.

7. General Discussion Summarized; Most of meeting was lively debate on survey form questions. We agreed by majority vote that emergency response to be set aside until more information was available, but it would be in our final report at minimum. We also debated if we wanted to follow the law of the land or not, this was not resolved clearly by committee, chairperson to resolve. An attendee stated that a child lost their life on Halloween and that when asked police said that accident would not be counted in statistics of H.O.V.E. road incidents. I believe all felt compassion for child, family and friends. We decided that vehicle and/or physical damage to driver and/or riders was not to be mentioned in survey, that drivers & occupants ought to be self aware of this issue, chairperson to resolve.

8. Chair asked all to think of places to implement pole and a quality day or days and time or times to conduct survey. Meeting adjourned at 7:04 P.M. by motion and 2nd, voted by majority.

Next meeting date set for Monday 11/09/2009 @ 5:00 P.M. location same, the Road Maintenance Office.

Monthly Board Meeting, held November 11, 2009, St. Jude's Church, 4:00 pm

I. Quorum - Yes

Laura Foster - President	Jim O'Hara - Director
Mary Kastle - Vice President	Mike Finn - Director
Bob Armstrong - Treasurer	David Lohr - Director
Bill Vinson - Acting Secretary	Mike Million - Absent

II. Call to Order: 4:13 pm

Condolences are extended to the family & friends of Ken Wicks
The OVCA will be holding their Thanksgiving Day feast November 26th

III. Adoption of Agenda: There are no changes, the agenda is approved as written.

IV. Approval of prior minutes: There are no changes to the October 14th meeting, the minutes will stand as written. The results of the executive session held October 14th at the close of the regular meeting are as follows: Due to the continuing financial crisis, there was a further reduction in our work force. Our staff now consists of four (4) full time employees and one (1) manager in our yard. Our office currently has one (1) full time, one (1) part time, and one (1) office manager. We have started negotiations with the union and are in the process of finalizing that agreement. The meeting lasted roughly 45 minutes.

V. Officers Reports:

President: The approval of Annual Meeting minutes had been inadvertently left off of the agenda. The minutes are finished and have been distributed to all Board members for review. In order to get these posted for members, we need to approve these. The question was posed as to any changes in the minutes, there are none. The minutes are approved and will stand as written.

Treasurer: The good news is that we have taken in more this year than last year. October 2009 took in \$26,000 in back assessments while last year only \$12,000 was taken in during the same period. Expenditures last year ran about \$131,000 for the month while this years expenses ran just over \$40,000. We currently have available funds for operating at \$102,351, of that, \$50,000 was borrowed from the investment fund to help us stay open. This money will be paid back to that account as soon as income from assessments in generated early next year. Merrill Lynch accounts currently show about \$13,000 left in the operating account and \$942,000 in the investment account. These was much discussion regarding the 12% late fee for delinquent accounts. The methodology of this application was the main question. It was determined that interest on delinquent accounts will reflect a 1% per month addition which will equate t the 12% per annum rate. The system will need to be manually batched each month by the office staff. Our labor costs are currently in transition. We currently had about \$23,000 per month in expenses, based on a two (2) pay period month. By the December meeting, we will be able to produce a complete breakdown on these expenses. The hopes are that our reduced overhead costs will allow us to get some money together so as

to be able to get the men back to work on our roads and not raise our assessment.

Office Manager: There has been a change in our hours from Monday thru Saturday to Monday thru Friday, 8:00 am to 5:00 pm. There are also changes in our health care coverage which will take place during November. Calls on past due accounts are ongoing and are bringing in between \$20,000 and \$25,000 per month, average. We are currently processing liens and are recovering funds from two (2) County auctions held last year. We are preparing to send out annual statements in January. We have purchased \$4,000 in postage for our postage machine. We have received three (3) bids for supplies with Hilo Bay printing being the lowest.

Road Supervisor: The system of one (1) day per month for cinder loading is working much better and is more cost efficient than the previous method of several times per week. In October and November, we have loaded about 600 yards of cinder. We have about one (1) more loading before it will be necessary to bring more down from our pit. We also loaded 117 yards of mulch and have almost exhausted the supply, so we will begin pruning again to rebuild our supply. We mowed 154 block during the past month. The mower was broken but is now repaired and ready for use. We have just received a new load of patching material and will get back into pothole repairs soon. We are picking up a truck load of rubbish weekly and if the County starts charging for disposal, this will get very expensive for us to continue doing this. We had eight (8) written complaints over the past month and all complaints have been dealt with. During the past month, there was about \$6,000 spent in equipment repairs, mostly to the hammer (\$4,000) and the balance to the shop compressor and smaller miscellaneous items. A member whose property was damaged during a previous rebuild was present to see what can be done. It appears that the road was moved and when surveyed after the move showed that it (the road) had been moved too far and damaged his property. Since it was not possible to restore his property exactly, it was decided that a copy of the survey would be obtained and a meeting scheduled with the owner to see what could be done to remedy this situation.

VI. Committee Reports:

Speed Hump Committee: The committee chairperson was not able to attend the meeting for a report, however, another committee member noted that the final report had been submitted and included the committee recommendation regarding the speed humps. A question came up regarding the dead animal situation and if the County was responsible for removal. This matter is being examined, however, the main problem stems from the issues of private property and private roads. Most agencies already contacted claim to have no responsibility in private areas. Laura Foster also noted that Mary Kastle was reporting that the ballot initiative of a \$25 late fee required a 2/3 vote of the entire membership, therefore, it did not pass. Alternative ideas will be explored in the future. Laura & Bill are still looking in to hiring a new attorney. With regard to foreclosed properties being held by the corporation, it has been determined that since the corporation is not bidding on these properties, simply being awarded them by the court awarded judgement, this is acceptable. The corporation will be seeking to dispose of these as soon as title is cleared up.

VII. Unfinished Business: Rudolph Kaupu, representing Arrows Hawaiian

Mr. Chamberlain and his engineer from Oahu, Bob Thomas are present to give clarity to his proposal for the road. Mr Chamberlain noted that most of the material at his end of the road was not usable without being run through a crusher. He further noted that the material in the center of the road (adjacent to the deep holes) was good black cinder. In his opinion, the road had to be taken down in three (3) steps. The road is closed by recommendation of the County adjacent to the deep holes. Mr Chamberlain is running heavy equipment on this road and needs to provide the RMC insurance policies as well as a statement that he will not hold the RMC liable since he is operating heavy equipment on an unstable road. It is noted that recently, other property owners in the area have contacted the corporation and requested input on the road before any decision is made. Mr. Chamberlain stated that his plan for mining was to initially go 100 feet deep and potentially another 100 feet deep if it was practical. This would be with a bevel ratio of 1 to 1 and an eight (8) foot shelf every 20 feet. Mr Chamberlain asserted that he is in the process of acquiring as many of the properties in this area as possible, so he is uncertain which owners would like input. He also believes that the RMC does not own the roads. This was examined further. Mr Thomas is concerned about safety issues involving the vertical cuts and would like to see them resolved. There are a lot of safety issues that need to be addressed. Mr Chamberlain is looking for a time frame to complete this proposal. Since there is still much to examine, a detailed accounting can not be given. The matter will be addressed as quickly as can possibly be accomplished as there are other matters which also need to be addressed.

VIII. New Business: Mark Jernigan, proposed access to pit area

Mr. Jernigan met with the Board last month to make a proposal to access our property in order to lower the walls of cinder at the property lines. He now has copies of his insurance to submit to the Board. We will address this with our insurance agent. A brief discussion ensued and we will meet with Mr. Jernigan again soon to finalize this matter.

A member had a question regarding the time frame the corporation will dispose of the properties it owns. Laura answered by stating that as soon as we receive the deeds to the other property, we will make a decision as to the method we will use to dispose of them. At this time, we only have title to one (1) property. The same member also asked when a meeting with Merrill Lynch could be scheduled. It is noted that we are still trying to put this together. The member would like the corporation to examine alternatives to Merrill Lynch that may be more profitable for the corporation. The recommendation is to take on the responsibility of a self-directed plan. The matter will go up for discussion, however, the areas of concern are the boards qualifications to invest efficiently and the responsibilities associated with this. Another member inquired into the mulch operation and wondered if we were actively acquiring mulch. We do not trim trees simply to acquire mulch, this is a by-product of our work in road maintenance.

IX. Adjournment: 5:20 pm

Minutes prepared by Bill Vinson, Acting Secretary on November 25, 2009

**Electronically submitted to board members on November 25, 2009
To be formally approved at the next regular board meeting.**

Signed: _____ Acting Secretary

Dated: _____