

January Board of Directors Meeting Minutes, Jan. 13, 2010, St. Jude Church

I. QUORUM - Yes

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

II. Call to Order @ 4:06 p.m.

III. Adoption of Agenda - There are no changes, agenda is adopted as written

IV. Approval of Prior Minutes ; December 9th Board Meeting - The minutes are approved as written.

V. Reports:

Presidents Report: As many of you know, we have been searching for a new Corporation attorney. We will be recessing this meeting at no later than 4:45, at which time we will move to the office to make a conference call to this attorney and determine whether to hire him. Once this call has completed, we will open the office doors and reconvene the meeting at that time.

Treasurer's Report: The 2009 spreadsheets were just completed. We ran nearly a \$214,000 deficit for the year. Even though we spent roughly one (1) million dollars, the 2009 budget was \$1,420,000, thus keeping our expenses way under budget. The problem is that we are spending more than we take in. Our current financial hopes are that we can get through the next month and begin to get assessments in. We must repay the \$50,000 we borrowed from the investment fund. We currently have about \$49,000 in the bank and an additional \$12,000 in the Merrill Lynch operating fund. We still maintain about \$980,000 in the investment fund. Last month we took in about \$17,000 from past due accounts, cinder income, and a refund on fees. The primary objective for 2010 is to keep the outgoing funds less than the income. One week from today {Jan. 20, 2010} we will convene the Budget & Finance committee for the purpose of establishing the 2011 budget. The meeting will be held in our office, at 5:00 p.m. The meeting is open to anyone who wants to come with constructive ideas.

Office Report: The staff is currently in the process of getting the bills out in the mail. We are examining the aspect of hiring, basically day laborers to help in the stuffing of envelopes. We currently have several applications in the office now and will only be utilizing these temporary staff until billing is completed. There is also a clarification to last months office report. What should have been stated was that T.I.H. {our auditing firm in Hilo} was impressed with our filing system and the speed and accuracy in which our staff could retrieve documents they needed. Credit for this must go directly to Madison, our filing clerk, for an excellent job. Our auditors are currently trying to reconcile figures between the 2003 and 2004 audit years and dealing with a discrepancy. This has created a stall in the progress toward a 2004 audit which may delay us well into April since apparently

some of the paperwork did not get to them in sufficient time.

Road Report: Last month we distributed 212 yards of cinder. We are currently out of paint and patching materials so we have been doing lots of line of sight issues, totaling 70 blocks, mowed 80 blocks, and weeded 50 intersections. We are in need of equipment in order to service our equipment and ready it for the year. The major accomplishment is that finally the equipment shed was finished. Next month, we will be involved in lots of painting. An A/V {abandoned vehicle} discussion ensued. Members are encouraged to call the police department to report such problems.

Committee Reports:

Speed Hump: decision/action on community recommendations - Meetings of this committee began on October 5th and met each Monday, finishing up with a final report on November 16th. These meetings were open to all members as well as any Board member. The entire report packet is available for inspection by members in the office. The recommendation of this committee is to remove the speed humps, citing several administrative rules and to form a follow up committee to determine a road plan. It was noted that the 2011 Road Plan is due to the Board of Directors by the 1st of March and there is a lot of work to do prior to that point. There was much discussion among community members on the implementation of this recommendation. It was also noted that there was a petition submitted by the membership one year ago that called for the removal of these speed humps. These petitions were never acted upon. At the close of discussion, there was a motion made by Jim "To follow the direction of the speed hump/bump committee and remove the speed humps/bumps." The motion was seconded by Bill. A vote was taken and the result was unanimous to follow the recommendations of the committee and remove the speed hump/bumps.

Road Plan Committee: Recommended that the Road committee chair get together with Harold and establish a date to start this committee.

VI. New Business:

Committees: establish Board of Director chairs for each committee

Budget & Finance Committee chair - Bob Armstrong

Legal Committee chair - Mike Finn

Road Committee chair - David Lohr

Building & Equipment Committee chair - Bill Vinson

Bylaws Committee chair - Mary Kastle

Membership Committee chair - Jim O'Hara

Safety Committee chair - Laura Foster

Personnel Committee chair - Mike Million

Road Plan Committee will determine a start date and post to the web site as well as the office window. All members are welcome to participate. Board members are also encouraged to attend.

Officers Positions: In a follow-up from the Annual Meeting, the question posed is whether or not there is any interest from any Board members to be considered for an Officers position. Let the record reflect that there was no interest. The current Officers will hold their positions until the October 2010 Annual Meeting.

NOTE: At this time it is necessary to temporarily recess the meeting in order to make the conference call to the attorney. This meeting will reconvene and be concluded at the office at the close of this phone call. Any members who wish to go to the office will be welcome to attend the closing of this meeting.

The meeting was resumed at 5:56 p.m. Two members entered the room when the door was reopened. There was a motion made by Mary “To hire Alan Okamoto to be our legal representative.” The motion was seconded by Mike F. A vote was taken and the result was unanimous in favor of hiring Mr. Okamoto as Corporation counsel.

VII. Adjournment @ 6:03 p.m.

Minutes were prepared and approved by: Mike Million, Secretary, on January 23, 2010.

Minutes were verified by the Board of Directors on _____, 2010 through electronic transmission. To be formally approved at the next regular Board meeting.

Signed: _____, Secretary

Dated: _____, 2010

February Board of Directors Meeting Minutes, Feb. 10, 2010 @ 4pm, St. Jude's Church

I. Quorum - Yes

Members Present:

Laura Foster, President

Mike Million, Secretary

Jim O'Hara, Director

Mary Kastle, Vice President

Bill Vinson, Director

Mike Finn, Director

Members Absent:

Bob Armstrong, Treasurer

David Lohr, Director

II. Call to Order @ 4:05 p.m. with eight (8) community members present.

III. Adoption of Agenda - There are no changes, the agenda will stand as written.

IV. Approval of Prior Minutes:

Jan. 13, 2010 Board minutes - there are no corrections, they are approved as written.

Jan. 19, 2010 Executive Session - was called for Personnel issues. We currently have three (3) full time employees on our road crew, one (1) supervisor, two (2) full time employees in our office and one (1) part time temporary employee.

V. Reports:

Presidents report: For the benefit of those who did not stay for the conclusion of the January 13th Board meeting, after the 4:45 recess, we placed a conference call from our office to Alan Okamoto. The call involved a discussion of legal service some of which were the consulting on our Bylaw procedures regarding the election of Directors, the Special Membership Meeting, Road Maintenance assessments, and corporate representation in the event of a law suit. The conversation lasted roughly one (1) hour at which time, the meeting was reconvened. Vice President Mary Kastle made a **Motion** to

Hire the law firm of Nakamoto, Okamoto & Yamamoto as Corporation counsel.

The motion was **Seconded** by Mike Finn. A vote was taken and the results were unanimous (all eight Directors) **in favor of hiring this law firm.** On February 5th there was a foreclosure auction held in Kona. The property was bid upon by two bidders and was sold for \$6,000. We almost recovered the majority of our investment in this transaction. We still have two foreclosures pending that hopefully will be final in the next few months.

Treasurer's report: In the absence of Bob Armstrong, Mary Kastle will give this report.

As of the first of the year, we had \$55,071.99 available. We took in a total of \$54,395.32 during the month (roughly \$1,000 from cinder, \$32,783 in assessments, and \$20,000+ from county foreclosure auctions) During the month, we paid out \$47,127.71. The end of the month balance, when factoring in the operating fund containing \$12,877.14, is a total of \$75,216.74. By getting the bills out earlier this year, the office has managed to bring in more than normal for January, thus helping us with our financial crisis.

Secretary's report: A question had come up last month regarding the meeting day and time. Is there a better day and time to hold meetings was the question. A lengthy discussion ensued with several members offering opinions. Several options were

explored and the final suggestion was to examine the possibility of holding the monthly board meeting on a Saturday between 9:00 am and 10:00 am. The members present felt that this time of day may offer the chance for more members to attend the meeting and the earlier time in the day would still permit a full weekend of family time for those in attendance. The Board is interested in exploring anything that will facilitate more member participation and will discuss this possibility with St. Jude's to see if it can be implemented. The members will be kept apprised of any changes to the day or time of the meetings through direct postings and the web site. Another issue was a June 2009 letter to the Board of Directors from "Ocean View Residents". The letter contained a request to "try doing random drug tests, I dare you." The entire letter was read to those members present, generally bringing to light the state of disrepair of our roads, the damage it was causing to smaller vehicles, the seemingly lack of work being performed and a plea to please do something, soon. What the Board would like to say to these members is that our supervisor is working on a definitive plan to get our roads back into a state of repair and that **we have drug tested all of our employees and will continue to do so.** The last point to mention was that of the opening this year for four (4) Director positions up for election. This will take place during the annual meeting election so nomination packets are available in our office and should be submitted by July 1st to get on the ballot. Many of our Directors are putting in anywhere between twenty (20) and thirty (30) hours per week and can always use some help. We are making some definite progress, however, there is always a need for a helping hand and we do need the help.

Road Supervisor's report: Last month, we loaded 245 yards of cinders, picked up another eleven (11) tons of patch material for potholes, however, we are only filling complaints at this time. We mowed 20 blocks. We painted 51 blocks, and 30 intersections were painted with various markings (stop bars, slow, etc) We removed 19 sets of speed humps along with signs and guide posts. We dealt with five (5) written complaints, and replaced two (2) stop signs and posts. The equipment shed was completed but it is still not usable until we get it fenced in, which will cost about \$11,000. Several pieces of equipment are down needing maintenance or repairs. It is recommended that we sell the speed humps so that we can add monies to our road work. Also, members should be aware that when we begin painting entire blocks, that section of road will be closed to thru traffic during the painting process.

Committee reports:

Budget & Finance: Bob Armstrong, chair; Bob held committee meetings on both January 20th and 27th at the RMC office for the purpose of developing a 2011 budget which must be submitted to the Board by the March meeting. The committee developed a preliminary budget and will present it to the Board at the March meeting. A member addressed the Board regarding the management of our investment account, currently valued at \$979,800. The monies were given by the original developer as a requirement to build Ocean View estates. The members concern was whether or not the fund could be better managed and increase the return to the corporation. His belief is that it is currently not keeping pace with inflation. His recommendation is to switch all of the investments currently with Merrill Lynch to TD Ameritrade, who will even absorb the costs involved in this move. This topic will be moved to a committee by this member and the pros and cons of this explored. The Board is currently very busy with some

matters which must be dealt with before March, so a meeting date will be developed for the first part of March and will be posted on both the office window as well as the web site.

Personnel: Mike Million, chair; On February 3rd, the committee met with the task of determining a need for a position within our office specifically designated as a collections person. It was determined that a need existed as there was approximately one million dollars (\$1,000,000) in past due assessments owed the corporation. It was also established that if this position was set up properly, it would be able to fund itself by the revenue generated. There is still a lot to be worked out, such as job requirements, hours, wages, etc. The next meeting of this committee is scheduled for Monday, February 15th at 3:00 pm in the RMC office. We are meeting at this time in order to be able to engage the current office staff in the development of this position as their opinions are critical to our success. We are potentially looking for a person with some accounting background, office skills, an ability to augment our office during periods when our current staff are absent. This position will start as a part time position. Currently, the office is open Monday thru Friday from 8:00 am until 5:00 pm. They are closed for lunch from 12:00 noon until 1:00 pm.

Building: Bill Vinson, chair; The building is 30' X 66' and was purchased in 2005. It was left in the elements for four years prior to erection and required additional services to keep it from damage. The total cost of the building is as follows: building costs in 2005 @ \$22,295, Labor contracted to erect in 2006 @ \$52,916, Additional services required to correct rust issues @ \$16,077, overages in concrete work to upgrade at 3,000 psi concrete @ \$561. Total costs of the project to date exceed \$92,000. One of the major problems noted on this project was that it sat for so long that it required significant costs to prevent deterioration of the investment and there was no bidding process utilized at the time of purchase, just one (1) single bid. This is not acceptable and should never be allowed to happen again. The first question generating from the building committee report is, whether or not this newly completed equipment shed will keep the equipment dry. As our supervisor pointed out, he had no part in the design of this building (nor did any current board member). Actually, it was purchased in 2005). However, it only has two sides and the "wind" side is exposed so rain will enter the building. Also, the building was located outside of the secure fence area and cannot be used until equipment security has been established. The committee will locate the original set of plans and examine what can be done to correct the deficiencies in order to make the building usable.

Membership: Jim O'Hara, chair; This committee is projected to start up the first part of March. The web pages have been completely updated and will continue to be on a regular basis. The address for the website is www.hoveroad.com. We are hoping for more member participation in this process so if members have any input, please email our webmaster (the email for this is on the web site as well as that of the office) so that we can make the web site more interesting and informative for members. The membership will begin to work on a project of combining the Corporate Action Plan and the Standard Operating Procedures into an actually workable document that comes in line with the correct workings of the Corporation.

Bylaws: Mary Kastle, chair; The Bylaws committee is scheduled to meet on Saturday February 13th at noon in the RMC office to examine the methodology of the response to

the petitions filed with the corporation. They will be determining how to respond to the petitions, what to publish in the newsletter, and develop a ballot. Once these issues have been worked out, there many other areas that will need to be examined. A member brought up a question concerning Bylaw 6.1 (Determination of Budget for Road Maintenance Assessments). It was discussed. As a Board, we are working very hard to not only recoup the monies owed this corporation from the past five years, we are also engaged in a process to insure that we operate within our budgetary means and in a responsible manner. The Bylaws committee also has a lot of work to do in clarifying the entire set of Bylaws. It was announced that anyone who wants to help with the newsletter for the Special Meeting to remove six (6) Directors was welcome to attend. One member asked whom was attempting to remove these Directors. One stated that they had signed a petition but were not aware of what they had signed while another member stated that they were informed that several members had signed these petitions under false pretenses. A question and discussion period ensued and it was noted that a significant number of these persons signed on these petition were delinquent in their assessments and owed the Corporation a lot of money.

Road: David Lohr, chair: A member who acted as recorder at the first meeting of this committee noted that the Board chair person who headed the committee was not willing to commit to meetings and asked if the Board could assign another Board member to this position. They also noted that the location chosen for the first meeting was not appropriate and requested a more appropriate location for future meetings. There was a discussion of the requirements to complete this task, such as amount of money budgeted and time with the supervisor as he most likely had much of the data they needed. There are lots of issues for this committee to deal with so this will most likely be an ongoing project for some time. Laura noted that her Safety committee was not active at this time and she could assume the duties of Board chair for the Road committee. She will select a date and work with the members to get this task finished. The dates and times will be posted on both the office window as well as the web site. There were no further questions at this time, so the meeting was ready for adjournment. Prior to adjourning, a Kau HPD police officer, who was present, commented that his Captain had moved two additional officers into this district and that they would begin a concerted effort for more traffic & speed controls beginning this month.

VI. Adjournment @ 5:40 pm

Minutes prepared and approved by Mike Million, Secretary on February 14, 2010.

Minutes to be formally approved at the next regular Board meeting in March.

Minutes were verified by the Board of Directors on _____, 2010 through electronic transmission.

Signed: _____, Secretary

Dated: _____, 2010

March Board of Directors Meeting Minutes, March 10, 2010 @ 4:00p.m. St. Jude's Church

I. Quorum - Yes

Members Present:

Laura Foster, President

Bob Armstrong, Treasurer

Bill Vinson, Director

Jim O'Hara, Director

Mary Kastle, Vice President

Mike Million, Secretary

Mike Finn, Director

David Lohr, Director: Absent

II. Call to Order @ 4:10 p.m. with fifteen (15) community members present.

III. Adoption of Agenda - Mike M. motioned to go into executive session at the close of the meeting to talk with several community members (Mike Taylor, Jim Steenburg, Stu Dawson, Mark Montgomery, Harold Pawasarat, and Rev. Decker). Change was unanimously approved so the agenda is approved as changed.

IV. Approval of Prior Minutes: Board meeting minutes from February 10, 2010 - Jim O'Hara entered a change into the minutes regarding the Road Committee meeting, copy of the change has been given to each Board member. Vote to accept the change, 6 in favor, 1 abstention, change was adopted, minutes will stand as changed.

Results of Executive session held February 20, 2010: There was a quorum present, Bob Armstrong, Mike Finn and David Lohr were absent, all other members present. On advice from our attorney, a letter was drafted and sent 1st class, certified mail to the members listed on both the September 9th and November 9th petitions. The meeting lasted approximately 25 minutes.

V. Reports:

President's report: On Friday March 5th, we were notified by our attorney of a possible law suit against the Corporation. Immediately following this meeting, we will be going into executive session to discuss this pending litigation.

Treasurer's report: At the end of January, total funds available in both the Operating fund and the checking account were \$ 53,251.40. The end of February there was \$ 292,768.55 in both accounts. Assessment income for February was \$ 292,158.51, cinder loading income was \$ 1,522.50, and miscellaneous income was \$ 146.56. Expenses (money spent) in January was \$ 47,127.71 while February expenses have been \$ 54,310.42. Expenses in the first two months of 2009 exceeded \$ 200,000.00, so we have reduced greatly over the previous year. As required, we have a preliminary budget prepared for 2011. That figure has come in at \$ 896,100.00, well within our expected income range.

If all accounts were paid, we would expect about \$ 950,000.00 to be generated. This will not happen, however, if we can generate some revenue from past due accounts, this should make up the difference. This budget will allow us to allocate about \$ 230,000.00 for the purchase of road materials, chip and oil. If we can get overhead costs down even further, we can have even more for roads. We are trying to make this a realistic budget. A member made a statement that it appeared as though we were taking a totally different approach to this process than had been done in the past. Bob explained that we projected

our income, extracted expenses and that gave us a figure with which we could purchase road materials. The member inquired as to how this was going to be spent. Mike Finn announced that he has taken over the Road Committee and will be holding the first community session next week. Prior to that, he will be meeting with Randy. Now that we have an idea of how much is available, we will be meeting to determine the most beneficial ways to spend the money. Bob then interjected that we also now have some good projections for possible available funds for 2010 and will be doing a similar meeting to determine distribution of this years resources. Bob insisted that our mandate is only to do road work and that is what our money should be spent on. As far as the proposed assessment for 2011, the recommendation is to keep the current rate of \$ 90.00 per lot. At that rate we will have a possible revenue of roughly \$ 950,000 and we believe that with revenue from past due assessments that we can generate about \$ 900,000. If we can collect more, we could develop a cushion. There has been a suggestion made that we should strive to have the amount of money needed to operate for the entire year in the bank by the beginning of each year. Bob agrees with this as an ideal method to budget and manage the Corporation. The next discussion involved the properties that the Corporation currently holds title to and how we should dispose of them. The topic was opened for discussion. We currently have title to five (5) properties and owe the County roughly \$ 4,000.00 in back taxes, There are also two (2) properties awaiting auction and one (1) that is in limbo at this time. Once these are completed, we will no longer have any properties in the foreclosure process. This process was begun in January 2008 with our former attorney, Mr. Sogi and hopefully will be completed soon. In each of the properties, we have roughly \$ 10,000 invested in each between back assessments, taxes, attorney fees and commissioner fees. Our goal is to get these properties sold and minimize our losses, then to get our past due's caught up and paying their assessments each year. We will still be doing foreclosures but only on those accounts who refuse to work with us in bringing their accounts current. At this time, we have a realistic proposal form that can be sent to area Realtors to aid in selecting someone to list our properties. **Motion (Mike M.) To accept this form as a document to submit to Ocean View Realtors to list our properties. 2nd (Mike F.) Vote to accept this form, all in favor. The motion is passed to submit the proposal form to Ocean View Realtors.**

A member has submitted a Trust Fund Proposal for review by the Board. Bob agreed that we should initiate a committee to examine our trust fund with Merrill Lynch. The amount currently in the Investment Account (trust fund) is \$ 973,860.87. That does not include the \$ 50,000.00 we borrowed from this fund and placed in the checking account to make it through the balance of the year. Once this is repaid, we will have slightly over one million dollars in this account. This is an emergency fund that is to be used in the event of an emergency such as a natural disaster. The act of bad management does not constitute an emergency. There is a need to have this fund reviewed and we will inquire with Merrill Lynch to arrange a meeting time with them.

Secretary's report: In a recent investigation into a former employees inquiry regarding a pay off, it would appear that during a five (5) year period of 2004 - 2009, that approximately \$ 22,000.00 was overpaid to our employees in form of employee benefits. The Board needs to examine this further and insure that we are properly following the union contract and the employee handbook.

Office report: This was covered in the Treasurer's report.

Road report: Randy has estimated that we can resurface approximately 25 miles of road (fog seal) for roughly \$ 200,000.00. Since we will have about \$ 230,000.00 to work with this year this is feasible. We loaded 266 yards of cinder this month, however, this will be the last month for this for awhile. We will not be accepting green waste unless approved by Randy and with an appointment. We have handled many pot hole issues and are now out of patching mix. We will get more in March. A total of 15 blocks were mowed and 42 blocks painted with slow markings, stops and stop bars. We received 10 written complaints and handled five of them. The other five issues were illegal dump sites on private property, driveway aprons and a request for fill. We have 13 benches in the yard that were made under a community service arrangement. The Corporation was not involved in the production of these, the material with which to make them, yet we have received them and have no legitimate place to put them. There has been a suggestion that we donate them to St. Jude's church. Some discussion ensued and it was determined that since the Corporation was only the recipient of these benches and that no Corporation time or resources had been invested in them that this would be a reasonable suggestion. **Motion (Mike M.) We give these benches to Rev. Decker for use at St. Jude's church. 2nd (Mike F.) Vote was all in favor of giving the benches to the church.** Randy will arrange this transfer with Rev. Decker.

Committee Reports:

Budget & Finance (Bob): Everything was covered in the Treasurer's report and there is nothing more to add.

Bylaws (Mary): The Bylaws committee will begin its work on Monday March 15th at noon in the Road Corp. Office. The first session will be a planning meeting to determine a starting point. This will be a Board committee with community members on the panel. This is open to any and all who wish to attend.

Road (Mike F.): This committee will begin with evaluation of the 2011 road plan. The notice for the meeting will be posted on the door as well as the web site. We will be starting on Monday March 15th at 5:30 pm in the Road Corp. Office. Plan on an hour to an hour and a half as a start up time. Anybody interested please plan to attend. Now that we know about how much we have to spend we will devote our time to figuring out the best way to maximize our expenditures.

Personnel (Mike M.): The personnel committee started meeting on February 3rd and concluded their work on February 22nd. The purpose was to establish a collections person to deal with the one million dollars in outstanding debt. This person has to be specifically dedicated to only collections, not supplemental office work. We can no longer wait for years, in many cases, to collect on past due accounts. This practice was not good for the Corporation, nor was it good for the members as it set them up to fail. We are putting into motion a policy that will help members become current with their accounts and deal with those who refuse to do so in a much quicker time frame. We believe that most members do not desire to be delinquent and do not wish to have their properties liened and foreclosed, especially for only several hundred dollars. To allow an account to become delinquent many thousands of dollars is not a responsible method of management. Our approach will be more proactive rather than reactive in dealing with the membership. Our goal is to be more flexible and receptive to members needs and assist them in becoming successful and keeping their accounts current. Through a sound

financial plan we can develop and implement a sound road plan. The person hired will aggressively contact and work with members to gain their compliance with assessments. They will submit a detailed progress report to the board each month to monitor their development. They will develop a system of contact with the members either through the mail or telephone which will begin with the least assertive and progress upward in stages. Any members failure to attempt bringing their accounts current will result in a recommendation to the board to increase the penalty up to and including foreclosure. This will be the absolute last option employed. This person will start at \$ 10.00 per hour and be limited to a maximum of 18 hours per week to start. The position will be carefully evaluated starting on a smaller scale and will allow for enough room to expand to a maximum level of efficiency. The position will be advertised on Hawaii island only. Some discussion ensued regarding the possibility of an added incentive for this position to recruit the best person possible. At the close of this discussion period, the incentive rates of between 1.25 % and 2 % were explored and agreed upon as a starting point. As the committee chair Mike M. made a **Motion - To recruit and hire a part time collections clerk as specified in the committee report and include an added incentive between 1.25 and 2 percent. 2nd by Jim O'Hara. Vote was taken and all members agree in favor of hiring a collections clerk. Motion passed.**

VI. Unfinished Business:

Petitions: The Special Membership Meeting has been set for July 3, 2010 and we are currently working on the newsletter that needs to be sent out for that meeting. We will be working closely with our attorney to insure complete compliance with all requirements. We hope to have things pretty well wrapped up by the end of the month.

VII. New Business:

Mahimahi issues: The Board has received a letter from a member who owns property on Mahimahi and is inquiring about the status of the closure there, due to the massive holes opposite our pit around mid block. He was informed that we have no intention of lowering the road at this time and that we will be working on letters to those with infractions causing the problems. Hope to have them done soon.

The other issue is that of Elton and Aloha Broad Band. At one time they had a tower on our hill in the cinder pit. It was only allowed to be there for a very short time and had to be removed as it was alleged that the hill which held the equipment was going to be lowered and the material placed in the large holes across the road. Elton provides internet service for the office at the current time and is willing to provide service for the yard area, which will allow Randy to have computer access. All of the concrete pads are still in place on this hill and all he would need to do is re-install the towers & related equipment. Since we can not guarantee the length of time his equipment could remain there, it was suggested that we give him a year to year agreement with the expectation that his equipment might have to come down. Laura will explore the possibilities of an agreement with him.

Petition SOP: Jim reported that his membership committee is getting organized and will be examining a procedure for complying with petitions to eliminate the issues and mistakes that have arisen out of the September 9th and November 9th petitions. The procedure will be designed to be beneficial to both those signing the petitions as well as

the office who receives and verifies the information. The procedure will in no way impede the members rights or ability to file any petitions with the Corporation. We will try to post the proposal on the web site for examination and feedback.

LoWV impartiality: A letter was received in our office on December 8th, addressed to the Board of Directors and dated August 16, 2009. A member brought this letter to our attention during the annual meeting, asking if we had seen it. Since it was not delivered until December 8th, obviously we had not. The basis of this letter is what needs to be addressed by the Board. The organization that counts our ballots and determines our elections is suppose to be an independent, impartial organization. This was an unsolicited letter which was channeled through a member rather than the Board which brings to question, the partiality of their motives. Last year, we used Kau Mainstreet, another impartial organization as allowed under our Bylaws. The timeliness and quality of their work was extremely good. There is also a League of Women Voters (LoWV) in Hilo. Since elections are such an important issue for the Corporation, the question is why would we want to take a chance with an organization who may have lost their impartiality. The suggestion is that we contact the Hilo LoWV for a determination of their cost and needs to count our elections and make a determination once that information has come in.

Truck routes: Since the possibility exists that the speed humps may have caused many of the big trucks to move off King Kam & Aloha boulevards, we need to make contact with these companies (mainly water haulers and cinder trucks) and request their compliance with truck routes to avoid more damage to secondary roads. This issue should come up in a road committee for evaluation and determination.

Employee handbook: This process will begin by examining the leave and benefit section of the handbook and have a revised draft available at the next Board meeting for review.

VIII. Adjournment @ 5:35 p.m.

**Minutes prepared and approved by Mike Million, Secretary on March 25, 2010.
Minutes are to be formally approved at the next regular Board meeting in April.**

Signed: _____, Secretary

Dated: _____, 2010

H.O.V.E. Road Maintenance Corporation
Monthly Board Meeting
April 14, 2010, @ 4:00 pm, St. Jude's Church

I. Quorum: Yes

Present: Laura Foster, President; Mary Kastle, 1st Vice President; Director; Mike Finn, Director; Mike Million, Director; Jim O'Hara, Director; Bill Vinson, Director.
Absent: Bob Armstrong, Treasurer.

II. Call to Order: at 1605 By President Laura Foster. Four (4) community members were present.

The first order of business is that our Secretary Mike Million resigned his position as he has problems with his computer. Laura appointed Bill Vincent to fill that position for this meeting. All in favor.

III. Adoption of Agenda: No changes. Agenda stands as written.

IV. Approval of March 10 Minutes: Jim O'Hara had one change. Ka'u Mainstreet should be Ka'u Main Street. Question to accept the March 10 minutes as amended. All in Favor.

Results of the March 10th Executive session: Director David Lohr requested to resign as a Board member. Resignation accepted by all remaining Board members.
As a result of an anonymous letter, disciplinary action was taken against one of our employees.

V. Reports:

President's report: The St. Jude Band has invited everyone to attend their band rehearsal on the last Wednesday and Friday of this month. The band needs the experience of having an audience. Laura mentioned the County fuel tax rebate bill that would allow the fuel tax to be used in improving private roads. The County Council is holding a meeting on Monday the 19th, at 10:00 am, to discuss resolution 321-10.

Treasurer's Report: As Bob was absent Laura gave the report. Cash Available is just over \$600,000. Expenses last month just under \$20,000. The investment fund \$908,000. Bob is talking to Merrill Lynch about this fund. TIH and Associates in Hilo are still working on our audit. Our CPA in Waimea reports RMC taxes for this year will be filed on time (for the first time in many years). Mary noted that total expenses were actually \$33,000 vice \$20,000.

Road Supervisors Report: Randy gave his report. Filled potholes and broken edges on 32 blocks. 35 blocks above Kailua Blvd. were mowed in response to a complaint. Intersection painting was accomplished at 52 intersections, 87 blocks total. Centerline reflective markers were laid down on 11 blocks. The full report is attached.

Committee Reports:

Bylaws Committee, Mary Kastle: We had one committee meeting that was mainly a planning meeting. We are waiting for input from our lawyer to be sure that our changes are done right. The committee has no recommendations at this time. We need more people to show up at these meetings. A discussion followed regarding bylaws committee meetings. The next meeting was scheduled for Wed., April 21 at 1:00 pm in the RMC Office.

Road Maintenance Committee, Mike Finn: There was no meeting in the last couple of weeks. Randy has been contacted to write up an estimate for our own crew to do fog sealing and compare it to bids received by private contractors. Both Randy and Mike feel that our crew can do a better job and for less money. Either way we need to get started on this work as the money is now available. We are looking at Fog sealing 10 to 11 miles on the roads to keep them in good shape. We need to start building a reserve fund to start major work within 2 years. A meeting was scheduled in the RMC Office on Friday, April 23rd at 5:30 pm to plan which roads to include. A question was asked and a discussion followed on why we were looking at outside contractors for this work? Mike explained that it was in the best interest of the membership to assure that this work was done right at the best possible price. Bids were taken primarily for a cost factor, as we would rather use our own people.

Personnel Committee, Mike Million: We have advertised for a collection clerk that will be a part time position. There have been 44 applications received to date. The proposed job description has been distributed to all Board members for finalization before someone is hired. A sample of the proposed collection log and monthly office report has also been distributed. Mike mentioned that the position would entail 18 hours a week and the application deadline is the 19th. A committee meeting will be scheduled for shortly after that date.

VI. Unfinished Business:

Newsletter: The Petition Newsletter is at the printers and should be back the end of this week. The girls in the office are now working on labels. It is anticipated that we will hire two people for several days to help stuff envelopes. We expect the Newsletter out the door by may 5th. It was mentioned that the size of the Newsletter would be smaller to save on costs. We have saved about \$900.00 for printing and may save an additional \$1000.00 on mailing costs, as the weight will remain under 1 oz.

The Record Date for the July 03, 2010 Special Meeting was set for 60 days in advance of the meeting. This would be May 04, 2010. All agreed.

VII. New Business: None

VIII. Adjournment: The meeting was adjourned at 4:27 pm.

Respectively submitted: Bill Vinson, Acting Secretary.

Signed: Bill Vinson Date: 4/20/10



*H.O.V.E. RMC June Board Meeting Minutes
May 12th, 2010*

I. QUORUM: Yes

- President: Laura Foster
- 2VP: Bill Vinson
- Secretary: Mike Million
- Director: Jim O'Hara
- VP: Mike Finn
- Treasurer: Bob Armstrong
- Director: Mary Kastle

II. CALL TO ORDER: 4:05 pm by President, Laura Foster

III. ADOPTION OF AGENDA: Adopted as written

IV. APPROVAL OF MINUTES

- a. April 14th board meeting minutes
- b. May 3rd meeting minutes

V. REPORTS

- a. President's report: Special meeting newsletter was mailed on May 5th.
- b. Treasurer's report: Operating cash available is \$607,000.00. Investment fund is \$997,000.00. Last months income is \$72,000.00. Year to date taken in is \$753,000.00, spent is \$203,000.00. Report is attached.
- c. Road Supervisor's report: Gave verbal report, complete report is on file at the office.

VI. NEW BUSINESS

- a. MOTION: Accept 2011 Budget of \$896,100.00
Motion made by Robert Armstrong. Vote taken, all in favor, passed unanimously.
- b. MOTION: Accept 2011 Road Plan to complete 11 miles of fog sealing.
Motion made by Mike Finn. Vote taken, 6 in favor 1 opposed, passed by majority.
- c. MOTION: Accept 2011 Road Assessment of \$90.00.
Motion made by Bob Armstrong. Vote take, all in favor, passed unanimously.

VII. ADJOURNMENT

4:19 pm by President, Laura Foster. The next monthly Board meeting will be on June 9th, 2010 at St.Jude's Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____



*H.O.V.E. RMC June Board Meeting Minutes
June 9th, 2010*

I. QUORUM: Yes

President: Laura Foster
2VP: Bill Vinson
Secretary: Mike Million
Director: Jim O'Hara

VP: Mike Finn
Treasurer: Bob Armstrong
Director: Mary Kastle

II. CALL TO ORDER: 4:02 P.M. by President, Laura Foster

III. ADOPTION OF AGENDA: Adopted as written

IV. APPROVAL OF MINUTES

- a. April 26th
- b. May 6th
- c. May 12th – Board Meeting
- d. May 28th

V. REPORTS

- a. President's report:** At the May 12th regular board meeting it was brought to my attention that a meeting was not on the agenda.
- On April 26th the board held a meeting to deal with internal board affairs. The result of the meeting by consent of six board members, Mary Kastle was removed from her officer's position of Vice President and relieved of her duties as By-Laws committee chairperson. She remains as a director.
- May 3rd an executive session was called to fill officer positions: Mike Million stepped down as Secretary on April 2nd, since then issues regarding the recording of minutes of this Corporation have been resolved. Mike has resumed his position as Corporation Secretary. Mike Finn has agreed to fill the Vice President vacancy and Bill Vinson was appointed as 2nd Vice President. The current status of the Board of Directors; Laura Foster- President, Mike Finn-Vice President, Bill Vinson-2nd Vice President, Bob Armstrong-Treasurer, Mike Million-Secretary, Jim O'Hara-Director, Mary Kastle-Director.
- May 6th, a 7am Executive Session was called to address items of concern on our Web Site, after a short discussion 6 directors determined the material was not suitable. Mary Kastle abstained from voting.
- May 12th, an Executive Session was held to discuss the hiring of and the incentive rate of the collections person. His tentative starting date will be the first week of June. Six directors approved. Mary Kastle abstained. Motion passed.
- Discussion to accept the hiring of an Equipment Operator as recommended by Randy Garrison. That person will start June 1st. All were in favor. Motion passed.
- May 28th, a 10:00am meeting was held at the office, Personnel forms for the office regarding reporting of the office and collections were approved for implementation June 1st.
- Formal petition procedures were discussed and approved to be implemented June 1st. The procedure does not change the rights of Members to petition. The procedure is to make sure the petitions are legible, signed properly, have a proper TMK number, phone number and correct address. The complete procedure will be available on-line at our web page and at the office.

- b. Treasurer's report:** Operating cash available is \$589,000.00. Investment fund is \$987,000.00. Last months income is \$21,000.00. Year to date taken in is \$783,000.00, spent is \$214,000.00. Report is attached.
- c. Secretary's report:** Current update on the ballots and newsletter, at the present time we may have the highest voting turnout ever. The office has acquired a new part-time employee, a Special Account Services Manager, Drew White.
- d. Road Supervisor's report:** Gave verbal report, complete report is on file at the office. The road crew has a new laborer, Aaron Puou and Equipment Operator, Rudolph Kaupu.

VI. NEW BUSINESS

VII. ADJOURNMENT

4:20 pm by President, Laura Foster. The next monthly Board meeting will be held on July 14th, 2010 at St.Jude's Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____



*H.O.V.E. RMC July Board Meeting Minutes
July 14th, 2010*

I. QUORUM: Yes

- President: Laura Foster
- 2VP: Bill Vinson
- Secretary: Mike Million
- Director: Jim O'Hara

- VP: Mike Finn
- Treasurer: Bob Armstrong
- Director: Mary Kastle

II. CALL TO ORDER: 4:06 P.M. by President, Laura Foster

III. ADOPTION OF AGENDA: Adopted as written

IV. APPROVAL OF MINUTES

- a. June 9th, 2010
- b. July 3rd, 2010

V. REPORTS

- a. **President's report:** A big mahalo to all members who were able to attend the July 3rd meeting. Again a big mahalo to all who exercised their right to vote! A personal thank you to all our hard working board members. We are continuing to work on a member e-mail list in an effort to communicate with all members on matters happening with the Road Corporation. The 2010 newsletter is on schedule and we will be hiring temporary help to stuff envelopes. The last of the 27 foreclosure's that started in January of 2008 have been completed and the properties that were acquired from this procedure have been listed with "The Land Office". Our issue was how slow the audits were being conducted - the hold up is an issue with 2003 ending balances not reconciling with 2004 beginning balances. TIH provided the explanation as follows: Carr & Goveia audited the 2003 books; they then sent the journal entries to our office to be posted as adjustments, our then office manager did not do the posting properly accounting for errors. Our accountant David Ramos has finished the reconciliation and we now have a list of items remaining to be sent to the auditor; last estimate to finish 2004 was 2 months, with a check up to make sure the adjustments are correct before moving on to 2005. Our office is sending the 2nd notice mailing to delinquent accounts. It is important to note the RMC employees do NOT set policy or procedures. This corporation will not tolerate rude and inappropriate language or action towards any or our employees, not in our office, or on the road ways. We can understand the frustration of some members but our employees are not the place to vent.
- b. **Treasurer's report:** Operating cash available is \$564,824.00. Investment fund is \$978,000.00. Last months income is \$19,662.00. Year to date taken in is \$803,000.00, spent is \$270,000.00. Report is attached.
- c. **Secretary's report:** The final count of the ballot that closed July 3, 2010 is as follows: Total votes counted 2782, 6 board members to remain in office *Yes* Vote and reorganization of the Corporation *No* Vote. Full breakdown of count is attached.
- d. **Road Supervisor's report:** Gave verbal report, complete report is on file at the office.

VI. NEW BUSINESS

a. Jim O'Hara announced that the 2010 annual newsletters are on schedule and will be ready to mail out on or before August 8th, 2010. The date of record is August 11, 2010.

VII. ADJOURNMENT

4:35 PM by President, Laura Foster. The next monthly Board meeting will be Wednesday, August 11th 2010 at St. Jude's Church at 4:00 p.m.

Minutes submitted by: Kristyn Haina Kristyn Haina

Approved by: M. P. Mullen Secretary

Date: 8-5-2010



*H.O.V.E. RMC August Board Meeting Minutes
August 11, 2010*

I. QUORUM: Yes

President: Laura Foster
2VP: Bill Vinson
Secretary: Mike Million
Director: Jim O'Hara

VP: Mike Finn
Treasurer: Bob Armstrong
Director: Mary Kastle

II. CALL TO ORDER: 4:00 P.M. by Vice President, Mike Finn

III. ADOPTION OF AGENDA: Adopted as written

IV. APPROVAL OF MINUTES

- a. July 14th, 2010
- b. July 23rd, 2010

V. REPORTS

- a. **Vice President's report:** No report.
- b. **Treasurer's report:** Operating cash available is \$403,048.88.00. Investment fund is \$1,012,000.00. Last months income is \$57,957.96. Year to date taken in is \$861,000.00, spent is \$358,516.00. Report is attached.
- c. **Secretary's report:** Was the office report, attached.
- d. **Road Supervisor's report:** Gave verbal report, complete report is on file at the office.

VI. NEW BUSINESS

- a. **MOTION:** Approve the send date for newsletters as August 12th, 2010.
Motion made by Mike Finn. Vote taken all in favor, passed unanimously.
- b. **MOTION:** Don't bid or get involved with the County's water pipe dig project from Paradise Circle down Keaka to the bottom of Lehua.
Motion made by Jim O'Hara. Vote taken all in favor, passed unanimously.
- c. **MOTION:** Sell speed humps to HPP for \$12,000.00. (includes signs and hardware)
Motion made by Jim O'Hara. Vote taken all in favor, passed unanimously.
- d. **MOTION:** Choose office building instead of trailer
Motion made by Mike Finn. Vote taken 5 to 1 in favor, passed.
- e. **MOTION:** Collect and present all data for building bids (costs, permits, etc.) prior to or at the next board meeting.
Motion made by Mike Million. Vote taken all in favor, passed unanimously.

VII. ADJOURNMENT

5:15 PM by Vice President, Mike Finn. The next monthly Board meeting will be Wednesday, September 8th 2010 at St. Jude's Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____



*H.O.V.E. RMC September Board Meeting Minutes
September 8, 2010*

I. QUORUM: Yes

President: Laura Foster
2VP: Bill Vinson
Secretary: Mike Million
Director: Jim O'Hara

VP: Mike Finn
Treasurer: Bob Armstrong
Director: Mary Kastle

II. CALL TO ORDER: 4:00 P.M. by President, Laura Foster

III. ADOPTION OF AGENDA: Adopted as written

IV. APPROVAL OF MINUTES

- a. August 11, 2010 – Changes: Typo at top stated July instead of August

V. REPORTS

- a. **President's report:** Corporation taxes are finished, signed and mailed. The latest prediction from our auditors, the audits for 2004, 2005 and 2006, are expected to be finished by December this year. We have several new employees working with us from the Paxen Group. Paxen is a summer youth employment program that is funded by the Department of Defense. There are three Paxen employees working with our office staff and another three Paxen employees working with our road crew. The program will end on September 30th. The office report was given, report is on file at the office.
- b. **Treasurer's report:** Operating cash available is \$403,135.52. Investment fund is \$1,008,553.00 Last months income is \$38,844.68. Year to date taken in is \$899,832.00, spent is \$448,712.00. Report is on file at the office.
- c. **Secretary's report:** Currently we are at 1309 votes received, half way to the Annual Board Meeting. Down 30% from last year.
- d. **Road Supervisor's report:** Gave verbal report, complete report is on file at the office.

VI. NEW BUSINESS

- a. **MOTION:** Draw plans and get contractor bids before next meeting and appropriate \$2000.00 max for plans.
Motion made by Mike Finn. Vote taken all in favor, passed unanimously.
- b. **MOTION:** To contact realtors to get value of our cinder pits.
Motion made by Mike Million. Vote taken all in favor, passed unanimously.
- c. **MOTION:** Use Gouveia as CPA, TIH as auditor and drop Ramos. Move as soon as possible.
Motion made by Bob Armstrong. Vote taken all in favor, passed unanimously.
- d. **MOTION:** Contact Insurance agents about new insurance quotes.
Motion made by Mike Million. Vote taken all in favor, passed unanimously.

VII. ADJOURNMENT

4:50 PM by President, Laura Foster. The next monthly Board meeting will be Wednesday, October 13th 2010 at St. Jude's Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____

*Annual General Membership Meeting
October 9, 2010
Ocean View Community Center
Meeting opened at 10:00 a.m.*

Quorum: Yes, all members present.

Laura Foster, President

Bill Vinson, 2nd Vice President

Mike Million, Secretary

Mike Finn, Vice President

Bob Armstrong, Treasurer

Jim O'Hara, Director

Mary Kastle, Director

Call to Order: The meeting was called to order by President Laura Foster at 10:05 a.m. The call was made for "last call for voting" and the meeting agenda was adopted as written. There were 23 members in attendance and members were asked to hold their comments and questions until the open forum at the end of the meeting. Prior to this meeting there had also been several comments and concerns from several members regarding the use of audio and video recordings by the membership. As a courtesy to these members, the office staff will be recording the meeting for the purpose of minutes; all others should please turn off any of these devices. {4:33} There are no other votes, voting has been closed.

Reports: President's report; Our auditing firm, T.I.H. in Hilo estimates that by the end of this year they will have completed audits for the 2004, 2005, and 2006 financial years. They anticipate that next year, they will be able to complete audits of the 2007, 2008, and 2009 financial periods. We have switched our general accounting to Carr & Gouveia in Honolulu as they are well versed in our accounting system. We have a new corporate attorney and have now completed all of the foreclosures that were begun by our former attorney, late in 2007. We have hired an Accounts Specialist to deal with our past due accounts and he has managed to bring in over \$75,000 in past due assessments in the last three to three and a half months. We are in the process of looking into a foreclosure attorney specifically to deal with the accounts that our Specialist cannot collect, however, our hopes are to collect as many as possible without the foreclosure option. We currently have two women working full time in our office. They have been busy cleaning up many of our files and making many changes to insure the day to day operations run smoothly. We currently have four men on our road crew and our treasurer is keeping our finances on track to insure they have supplies with which to perform road work. This Board is intent on getting this corporation back on track for its intended purpose, road work. We intend to collect assessments and put every penny possible into our road system. Our goal is to keep our assessments affordable and spend our monies wisely. This Board and all of our employees are working very hard to accomplish this objective. We have two projects that we have been working on to bring to completion. One is the equipment building, which was purchased in 2005 and never erected. We got that building erected earlier this year, only to find that it had been purchased without doors or

ends on the building, so it is still not usable in its current configuration. We will need to fence the building for equipment security and eventually will need to obtain ends to keep out the weather and protect the computerized equipment. The second project is the office building which has been approved by the membership since 2003. This will be built on our Lehua property and is anticipated to cost around \$60,000 to erect. Vice President, Mike Finn will elaborate on the office building project.

Vice President's report; The office building is designed as a 1,280 s.f. building which is split into two sections, one as a conference room and the other as office space. There will be very few interior walls and will have bathroom facilities. This is a very basic, nothing fancy design which we anticipate can be built for around \$60,000. At the cost of rent for our current office space, we should be able to recoup our investment in about five years at which time the building will have paid for itself. We will then be able to devote the money applied to office rent into our road system. There is a preliminary set of plans that are available for membership comments after the meeting. Local architect, Wally Fullerton is in the process of completing the plans and they should be completed by the end of next week. A set will be in the office for anyone to examine, who wishes to do so. We are looking for volunteers to help in the framing of the building as this will help to keep costs down. {9:53}

Treasurer's report; Good news to report. We have currently taken in more this year than we have budgeted for by approximately \$13,000. A lot of this can be attributed to our Accounts Specialist. Last year at this time, we were almost broke and this year we will have enough to get through the rest of the year until next years assessments begin to come in. Through the end of September, we have spent roughly \$511,000 and have approximately \$440,000 for the last four months until the next assessment year. It appears that we will have sufficient funds to pay for the office building and continue to do road work. If members pay their assessments and we keep a close eye on expenditures we should be OK and will most likely not have to raise assessments.

Secretary's report; Each Board member has a copy of a letter in their packet for discussion at the next Board meeting. I would like to send out a letter with the January billing which will get not only up to date mailing information to assist our office staff in their duties, and will also build an email bank of our members so that we can reach out to them and disseminate information to them on a regular basis. We can email polling questions, elicit opinions and in the long run help us make better decisions for our membership. In July, we had the Special membership meeting at which nearly 2,800 votes were cast. Perhaps this would be a more advantageous time to conduct our annual meetings? Our ultimate goal is to maximize member involvement in our corporation. This may in fact be one of the first email questions going out to the membership as to whether or not to change the Annual meeting month from October to July? From the early 1990's through the early 2000's, voting averaged between 1,500 and 2,000 votes returned. By 2004/2005, votes had dropped considerably. Our 1st

election, last October generated about 2,000 votes, while July almost 2,800. Currently, we are at about 1,850 for this election and want to do better. Many comments were returned during the July Special meeting. The main theme that was displayed on many instances was to keep costs down, to do road work efficiently and to simply get back to what we are mandated to do.....just road work. {5:49}

Road report; Rudy Kaupu was previously employed by the corporation as a part of the road crew for many years. He was just returned to service with the corporation in June. His main goal and that of the entire crew is to assist the community in recovering from the past chaos. There is a lot of work to do and progress will be slow, but steady. Currently there is a water pipeline being installed on the lower part of the subdivision. The repairs being done to our roads at this site are not up to par and will need to be redone by the contractor performing that part of the installation. They have met with our road crew (Rudy) and will make sure the repairs are done properly. A check of the entire road system is very upsetting. Much of the work that had been done in previous years has been let go and is in a terrible state of disrepair. Many of our roads are in very poor shape and will require a great deal of time and work in order to restore them to satisfactory condition. At this time an Open Forum will be opened for member's questions and comments. {19:25}

A member asked if the issue dealt with the water pipe or the repair job to the roadway. Rudy responded that the issues came with the way in which the road was sealed. He expressed the need for the repair to match the existing roadway. The problem was that the sufficient amount and type of oil used was not appropriate and there needed to be some corrections made to insure a satisfactory job. He (Rudy) was going to be consulting with the construction foreman to assist in their repair job.

Voting Results: At the time of the meeting, there have been 1,697 votes tabulated by our counting organization. There are currently 157 votes not yet counted. The final results will be announced at the monthly Board meeting held next Wednesday, October 9th. There are not a sufficient number of outstanding votes to alter the results of the election.

There are four (4) Directors up for election. All four have been elected for a three year term. The preliminary results are as follows:

Mike Million - 1,629
Jim O'Hara - 1,471
Bruce Petrovic - 1,271
Jim Steenburg - 2,092

In the matter of rescinding the 2008 ballot initiatives, the preliminary results are as follows:

To rescind Outside road work; 1,572 Yes - 77 No. The matter is rescinded.

To rescind private driveways: 1,537 Yes - 90 No...The matter is rescinded.

To rescind assessment per acre: 1,346 Yes - 200 No. The matter is rescinded.

It should be noted that there is currently a private contractor located in Shipman Industrial Park in Hilo called Island Roads who has done several private driveways within our subdivision already. The owner, Kyle Pua can be reached at 987-4316 for a free estimate of your location. The corporation is not endorsing this specific company as there may be other firms performing a similar service.

On the current issues to be decided, the preliminary results are as follows:

Approval of the 2011 Budget: 1,598 Yes - 65 No; The Budget is approved.

Approval of the 2011 road plan: 1,543 Yes - 58 No; Road plan is approved.

To establish a minimum 10% quorum required for operational votes, i.e. budget, road plan:
1,522 Yes - 120 No; A 10% quorum is established.

To establish a minimum 15% quorum to alter the language of the Articles or Bylaws:
1,536 Yes - 112 No; A 15% quorum is established.

To require a minimum of 55 days notice to members on ballot issues prior to a vote:
1,573 Yes - 71 No; A minimal notice of 55 days is established.

To require properly funded budgets be established relative to assessment revenue:
1,575 Yes - 76 No; Properly funded budgets are established.

To remove Bylaw 6.4 since it is no longer valid:
1,580 Yes - 68 No; This Bylaw will be removed.

Closing: A period of questions for any Board members was opened prior to closing.

A member asked for an explanation of administrative expenses, specifically professional services. What services were they, why were they \$60,000 and could they be broken down into specific categories? Laura stated that the majority of the costs were attributed to the audits and that we had also had some legal fees during this year that we had not counted on. We also had some additional accounting costs. Laura then deferred to Bob Armstrong, our treasurer for further clarification. Bob elaborated that we have audits to be completed for the years of 2004, 2005, 2006, 2007, 2008, and 2009. If the bill for all of these audits should come in within the same year, they would total roughly \$60,000 all by themselves. Several of these years are going to need to be full audits which cost approximately \$15,000 each, while partial audits run around \$7,000 each. The member felt these costs were rather high, however, Bob explained that the costs were appropriate. Another member asked why these audits had not been done in a timely manner during the time that they are required to be done? Laura responded that we cannot speculate why the previous Board failed to do so, it is anyone's guess. Our Bylaws require them to be done each year, we will get them caught up to date and insure that they are current in the future. A member inquired as to whether or not records of the corporation are available to be copied for a member and can they process a request with

our office. A member then stated that she had requested and obtained some records from our office and could she share them with other members. The answer is Yes. The comments then led into areas not pertinent to road corporation issues and a brief discussion ensued amongst some members. Laura brought the meeting to a close with a welcome to our two new Board members and a big thank you to our office staff and road crew for their service. {41:24} The meeting was adjourned at 10:45. An open meeting to elect officers for the 2011 year commenced at the close of the meeting. A call for nominations to fill officer's positions brought about a motion by Jim O'Hara that "All current officers retain their positions for the next year". The motion was seconded by Jim Steenburg. A vote was taken and all members voted in the affirmative. Motion passed and all current officers will carry over their positions into the 2011 year. Those officers are as follows:

- Laura Foster - President
- Mike Finn - Vice President
- Bill Vinson - 2nd Vice President
- Bob Armstrong - Treasurer
- Mike Million - Secretary

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____



*H.O.V.E. RMC October Board Meeting Minutes
October 13, 2010*

I. QUORUM: Yes

President: Laura Foster
2VP: Bill Vinson
Secretary: Mike Million
Director: Jim O'Hara
Director: Bruce Petrovic

VP: Mike Finn
Treasurer: Bob Armstrong
Director: Mary Kastle
Director: Jim Steenburg

II. CALL TO ORDER: 4:00 P.M. by President, Laura Foster

III. ADOPTION OF AGENDA: Adopted as written

IV. APPROVAL OF MINUTES

- a. September 2, 2010
- b. September 8, 2010
- c. September 24, 2010

V. REPORTS

- a. **President's report:** All board members were present at the October 9th, 2010 Annual Board Meeting along with 3 employees Kristyn, Rudy and Drew and the two new board members. Congratulations to the new board directors, Jim Steenburg and Bruce Petrovic.
- b. **Treasurer's report:** Laura, Bill and Bob went and met with Joslyn at Merrill Lynch to discuss the investments, may be making some changes there. Operating cash available is \$402,000.00. Investment fund is \$1,047,000.00. Last months income is \$54,000.00. Year to date taken in is \$954,000.00, spent is \$511,000.00. Report is attached.
- c. **Secretary's report:** Mike Million - 1,629, Jim O'Hara - 1,471, Bruce Petrovic - 1,271, Jim Steenburg - 2,092. All other results were the same as reported at the Annual Meeting. Also, included in board packets is a letter for approval to include in the 2011 billing.
- e. **Office report:** Laura and Bruce will be working together on getting a foreclosure procedure put together and interviewing foreclosure attorneys. The board will be working our accounts specialist, Drew on who and when to foreclose. Office report is attached.
- d. **Road report:** Waiting on a load of oil and looking into chip prices. As soon as product is available work on Lotus Blossom and upper Reef Circle will be completed. Any left over product will be used for patching and potholes.

VI. NEW BUSINESS

- a. **Office building update:** Once plans go in for permits, Mike needs to get a lumber and supplies list put together.

VII. ADJOURNMENT

4:18 P.M. by President, Laura Foster.

The next monthly Board meeting will be Wednesday, November 10th, 2010 at St. Jude's Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____



*H.O.V.E. RMC November Board Meeting Minutes
November 10, 2010*

I. QUORUM: Yes

President: Laura Foster
2VP: Bill Vinson
Secretary: Mike Million
Director: Jim O'Hara
Director: Bruce Petrovic

VP: Mike Finn
Treasurer: Bob Armstrong
Director: Mary Kastle
Director: Jim Steenburg

II. CALL TO ORDER: 4:12 P.M. by President, Laura Foster

III. ADOPTION OF AGENDA: Amend agenda to add new item.

- a. New Business: An offer was made on 3 of the foreclosed properties now owned by HOVERMC.

IV. APPROVAL OF MINUTES

- a. October 9th, 2010
- b. October 13th, 2010

V. REPORTS

- a. **President's report:** For the record HOVE Road Maintenance has not been contacted nor given any pertinent information having to do with Hawaii Air National Guards coming in and doing work around Ocean View. Mike Dubois would like to meet with Road Corp. in regards to illegal dumping. There maybe a possibility of receiving funding to clean up illegal dump-sites. There will be an informational workshop, "Illegal dumping, problem solving" at the community center on Thursday December 2nd, 2010 from 8:30am to 3:30pm hosted by the Prosecutors office.
- b. **Treasurer's report:** Operating cash available is \$450,071.00. Investment fund is \$1,056,489.00. Last months income is \$36,219.73. Year to date taken in is \$989,930.00, spent is \$581,951.00. Report is on file at the office.
MOTION: Pick up at least 1,000 tons of base course from Smith Construction at \$14.00 per ton. Motion made by Mike Million. Vote taken all in favor, passed unanimously.
- c. **Secretary's report:** Nothing reported.
- e. **Office report:** Madison is officially a Notary Public. TIH is close to finishing the 2004 and 2005 audits.
- d. **Road report:** Road crew is continuing with mowing, potholes and locating abandoned vehicles. Lotus Blossom is now completed. Private driveways that don't have aprons are becoming a problem, the board needs to get together and work out some kind of solution. Full report is available at the office.

VI. UNFINISHED BUSINESS

- a. **Office building update:** The board had a meeting on November 8th there was a quorum of board members in attendance.
MOTION: To move forward with obtaining the permits for the office building.
 Motion made by Mike Finn. Vote taken all in favor, passed unanimously.
 Wally is redrawing the plans, they should be ready by Friday. Material lists are being prepared for price lists with several different companies. Building is on track to be started sometime early next year.
- b. **Cinder update:** Bruce and Laura met with Local Hawaii Real Estate agents from Hilo and were told that there are several options for the cinder pits, leasing, selling outright, sell the pit over time or keep them. It was suggested by Local Hawaii Realty that we find out how much cinder is left in the pit.
- c. **CPA update:** We have changed CPA firms from Ramos to Carr & Gouveia.
- d. **Insurance update:** We are in the process of getting quotes for our 2011 insurance policies.

VII. NEW BUSINESS

- a. **MOTION:** Accept property bid of \$12,000.00 with a counter offer to include the buyer paying for back property taxes on all three properties. Properties were acquired due to foreclosure.
 Motion made by Bruce Petrovic. Vote taken all in favor, passed unanimously.

VIII. ADJOURNMENT

5:01 P.M. by President, Laura Foster.
 The next monthly Board meeting will be Wednesday, December 8th, 2010 at St. Jude's Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____



*H.O.V.E. RMC Board Meeting Minutes
December 08, 2010*

I. QUORUM: Yes

President: Laura Foster
2VP: Bill Vinson
Secretary: Mike Million
Director: Jim O'Hara
Director: Bruce Petrovic

VP: Mike Finn
Treasurer: Bob Armstrong
Director: Mary Kastle
Director: Jim Steenburg

II. CALL TO ORDER: 4:00 P.M. by President, Laura Foster

III. ADOPTION OF AGENDA: Amend agenda to add new item.

- a. Add executive session at conclusion of regular board meeting.

IV. APPROVAL OF MINUTES

- a. November 10th, 2010- Board Meeting
b. November 10th, 2010 – Executive session: Union contract issues are resolved in regards to revised negotiations.

V. REPORTS

- a. **President's report:** Friends of Puna is asking for a donation to help their cause to get revenue from the fuel tax. Information about video presentation is included in the packets, from what we understand HOVE would not benefit from this revenue. The illegal dumping workshop has been re-scheduled for 12/15/10. Flyers are posted around the neighborhood.
- b. **Treasurer's report:** Operating cash available is \$410,402.00. Investment fund is \$1,054,181.00. Last months income is \$22,714.00. Year to date taken in is \$1,012,587.00, spent is \$625.474.00. Report is on file at the office.
- c. **Secretary's report:** The Bylaw changes from the October election have been retyped into correct form and have been sent to the BOC for recording. We are required to submit Articles of Amendment with the DCCA which has also been done. Ballots are now locked in our file in the office and a spot audit has been conducted to check the accuracy of the counters. Most numbers were exactly correct. There was a variance in about 8 counts which created a variance of between .0005 and .0006. There was one count which was off by .016. Statistical variances of +/- 4 percentage points in the norm, so our counters are well within industry standards. I also went to Kona this morning and signed paperwork at Title Guarantee Services for the sale of three properties, checks should be in our office next week.
- e. **Office report:** The office was given permission to look into and purchase a folding machine for future billings.
- d. **Road report:** With the extra rain Ocean View has gotten, the road crew has been busy mowing, cleaning up run off and damage. Crew has noticed a lot of driveways that need aprons; this has become an issue and needs to be addressed. Rudy would like to give props to

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this current crew and the temps; they work hard, get the job done and are courteous to the public. Chip and fog sealing are complete from the Town Center up Lotus Blossom to P.K. Painting, striping, safety markers and reflectors were also done in this area. Reef Circle has been oiled and chipped. Iwalani is completed between Sea Breeze and Kona Dr. Crew has also been busy hauling base course from Larry Smith.

VI. UNFINISHED BUSINESS

- a. **Office building update:** The plans are done and have been turned into the county permit department. We were told that we need to get a mechanical engineers stamp and an electrical engineers stamp. Once we get those we can re-submit the plans for permit the cost for the permit is \$335.00. We also need to find an electrician(s) and get quotes.
- b. **Foreclosed property update:** Three of the properties we foreclosed on have been sold and another three have been transferred into HOVE Road Maintenances name. There are a few interested individuals who are looking at these properties. Subject of the lawyer came up again in regards to foreclosing on properties that will be recommended for foreclosure by the account specialist.
- c. **Road work update:** Road work was covered by Rudy in the road report. Work will be started on Princess Kaiulani above King Kamehameha to Trade Winds in the beginning of the New Year. The upper reef circle is finished and looks real good.

VII. NEW BUSINESS

- a. **January billing:** Decision to make; Hire temp help or purchase a folding machine? Need to get a quote from the printer on how much it would cost to have them fold the statements.
- b. **Foreman’s 2011 work plan:** Will need to get with Rudy and have him formulate what he would like to do in 2011. Possibly start working high and work their way down. The new project coming up is on Princess Kaiulani between King Kamehameha to Tradewinds. The budget needs to be looked at and costs figured out.
- c. **Planning – 2012 Budget, Road Plan, Newsletter:** Need to get started on these soon, need to get committees together.
- d. **Retention Schedule Determination:** Nothing has been shredded that is needed by the auditors or the corporation. We have been overrun with boxes upon boxes of stuff that is not needed or required anymore. What we need to do is get time frames from the IRS and Banks on how long records should be kept. As of now ballots are kept for 2 years then destroyed.
- e. **Holidays:** No bonuses this year, however we gave the office staff the day after Thanksgiving off, paid and all employees received turkeys. Need to mention also that the office will be closed Christmas Eve. Happy Holidays.

VIII. ADJOURNMENT

4:50 P.M. by President, Laura Foster.

The next monthly Board meeting will be Wednesday, January 12, 2011 at St. Jude’s Church at 4:00 p.m.

Minutes submitted by: _____ Kristyn Haina

Approved by: _____ Secretary

Date: _____