

H.O.V.E. ROAD MAINTENANCE CORPORATION
BOARD OF DIRECTORS MEETING

Tuesday, January 7, 2003

President Steve McKinney called the meeting to order at 4:03 P.M.

Board members that were present: Frank Harper, Vernon Dicke, Merle Martin, & Bill Noxon. Absent was Loren Heck.

Announcements: Steve Graham changed his mind regarding his resignation from the board at the previous meeting. Also present were two guests & Gladi Hoagland.

Minutes: Merle made a correction to the December minutes that the status of the completed survey works (44 blocks surveyed) was not mentioned.

Frank gave the treasurers report by reviewing the financial statements. Gladi presented the Foreman's report.

Committee Reports: None.

Old Business:

New Office Building – There was discussion that we had received one bid to date. A motion was made and seconded that we post a public notice and request bids from other contractors. The motion was passed unanimously to place a simple ad in both the Kona and Hilo papers that we would accept bids until Monday, February 3rd. in order that we can review and vote on them at the next Board Meeting.

Long Range Plan – The committee met and discussed the changes for the long-range plan but the work is still in progress and will be finished soon. There was some discussion as to the type of work that should be included in the plan.

Law Enforcement: Discussion followed concerning the types of "law enforcement" issues that are not the responsibility of the H.O.V.E. Road Maintenance Corp. to enforce. Examples would be: cinder trucks, abandoned vehicles, cars running stop signs, etc. should all be reported to the local police to handle.

The "Abandoned Cars" problem was again discussed. A report was given by Steve Graham on his progress with public officials and others regarding the community's problem with abandoned cars and other refuse in HOVE.

Road Surveys: There was some discussion regarding encroachment and the surveying that has been started to locate the center of each intersection. Steve reviewed the plan to notify offending lot owners after the surveying has been completed. The board decided that we should receive periodic (quarterly) updates as to the progress that is being made.

New Business:

Authorization per Article VII. Section 8.3: A motion was made, seconded and passed unanimously that the Board authorize in advance by resolution the payment of certain items by section 8.3.

Carry Over/Rebates for 2003: The Budget and Finance Committee's Report for the road assessment and credit amounts for 2003 is attached to the minutes. A motion was made, seconded and the recommendations were unanimously approved as submitted.

Networked user system for MAS90 accounting system: Gladi Hoagland explained the advantages of the proposed change to our computer system, which would cost an additional \$2,800.00 but would save us approximately \$500.00 per year in maintenance fees. A motion was made, seconded and passed unanimously to upgrade to the new networking system.

Spring Forum: The board agreed that we would like to have the Spring Forum and designated Merle Martin to head a committee to decide the date, time, place and outline possible topics of discussion.

Drug-Free Workplace: There was some discussion then a motion was made, seconded and voted unanimously to table the subject for a later meeting.

OVCA Membership Insert: The insert was circulated among the board members during the meeting. A motion was made, seconded and it was approved unanimously to include the insert with our road maintenance invoices.

Using Round up for weed control: Steve would like to include this as a topic for the Spring Forum discussion and include the topic in the newsletter.

Bob Armstrong was introduced as a candidate for the board of directors. A motion was made, seconded and passed unanimously to include Bob as a new Board member.

An Executive session was held at 5:30 PM.

The meeting adjourned at 5:45 PM.

Respectfully submitted,

Gladi Hoagland

H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS MEETING

Tuesday, February 4, 2003

President Steve McKinney called the meeting to order at 3:00 P.M.

Board members present: Steve McKinney, Frank Harper, Vernon Dicke, Loren Heck, Merle Martin, Steve Graham, Bob Armstrong & Bill Noxon.

Announcements: Steve stated that Rick Merschdorf could not attend this meeting as planned. He will be scheduled to meet with us at the next board meeting, March 4th at 3:00 at the Ocean View Community Center.

Steve also announced that the forum meeting would be held Saturday, June 14th at 1:00 PM. Having the crew keep an abandoned vehicle log was discussed. This could be used to bring attention to the various officials who should be involved with the problem. Steve Graham has been checking with the County and said that the County has removed 9 cars that we reported to the police. Several members in attendance commented on the subject as it is getting out of control.

As there were many lot owners in attendance, Steve asked if there was something they wished to discuss. One member opened the discussion asking about Jean Redman, the audit, and the agreement. A very lengthy discussion continued involving many of the lot owners with questions to the Board.

Minutes: Steve said that the January minutes had been corrected and were distributed to the Board members. Merle asked why a paragraph was deleted and Steve said that a motion that was stated was not made.

Treasurer's Report:

Frank gave the treasurers' report by reviewing the financial statements. Merle stated that we need to be more conservative.

Steve said that we have opened an account with the Kau Federal Credit Union. This account will be used to deposit our cash that we receive on a daily basis and later transferred to Bank of Hawaii.

Executive Director's Report: Frank read the Foreman's report. (This is filed with the minutes). He also stated that the oil truck is down for repairs. Steve said that both the computers are now networked allowing input on each one.

Committee Reports: Steve asked about our web page and were our minutes there. Jeannie said that yes, they are sent to Thom Reece monthly.

Unfinished Business:

Move the office to baseyard: Moving the office was discussed. It was noted that Jim Stutheit was opposed to moving, as it would be very inconvenient. It was stated that one bid has been received from Kau Diversified for \$67,523. This does not include the final figures for electrical as he would need to see the final plans. The move was further discussed.

MOTION: By Frank Harper, To accept the proposal from Kau Diversified for no more than \$75,000, pending the review of the contract.

2nd by Vern Dicke

All in favor

It was noted that we will have a special meeting to accept the contract.

Long Range Plan: Vern Dicke read the long range plan and it was discussed.

MOTION: By Frank Harper to accept the long range plan as submitted.

2nd by Merle Martin

All in favor

New Business:

Office Assistant Hours: Our auditor recommended that the jobs should be shared by Gladi and Jeannie to prevent one person doing all of the procedures involved. Steve advised that Jeannie, the assistant office manager be assigned specific duties and scheduled hours. Gladi is working on this.

MOTION: By Frank Harper, To set up a schedule of work for the office assistant.

2nd by Merle Martin

All in favor

Due to the number of members attending the meeting, it was decided to have Gladi check with OVCA to hold our meetings there. Next month the meeting will be at OVCA, upstairs at 3:00 PM. She should notify Rick Merschorf about the change.

Steve Graham said that he had told Mac about a sign that was down and Mac fixed it immediately, he really appreciated this.

Meeting was adjourned at 5:05 and an executive session began.

Executive Session:

A motion was made and passed to discharge Warner Akamu from employment.

Respectfully submitted,

Jeannie Wilkison

H.O.V.E. ROAD MAINTENANCE CORPORATION
BOARD OF DIRECTORS MEETING

Tuesday, March 4, 2003

President Steve McKinney called the meeting to order at 3:05 P.M. at the OVCA Community Center.

Board members present: Steve McKinney, Frank Harper, Vernon Dicke, Loren Heck, Merle Martin, Steve Graham, Bob Armstrong & Bill Noxon.

Announcements: Steve introduced Rick Merschorf who gave a summery of our investments. There was discussion concerning what might be the best way to invest our money with the possibility of a war approaching.

MOTION: By Merle Martin, To liquidate all securities and move the cash into a bond account.
2nd by Frank Harper

3 for (Frank Harper, Loren Heck, Merle Martin)

2 against (Bob Armstrong, Steve Graham)

1 abstain (Bill Noxon)

Rick will be back next month to attend our April meeting.

Steve announced that we would now have an open discussion regarding the previous Executive Director, Jean Redman.

Steve gave a summary of events as they happened from the beginning and ending with the settlement agreement that was drawn up by attorney Frank Jung.. As there were many questions, Steve asked if they could be held until the completion of the summary. He also stated that he was told by the attorney, that this could not be discussed until the settlement was completed, which it has. Many questions followed regarding the legality of the contract. Also many questions were asked pertaining to the fact that this event was not reported to the police. Loren Heck stated that he had planned to meet with Melvin Fujino, County Prosecutor and needs volunteers for a committee.

MOTION: By Bill Noxon, That Loren Heck and committee meet with Melvin Fujino in Kona, at no charge, for a consultation regarding the matter.

2nd by Merle Martin

All in favor

It was briefly discussed how to get on the Board of Directors. Frank Carvelli was nominated and all voted in favor of him being on the Board.

Minutes: The minutes were approved as distributed.

Treasurer's Report:

Frank gave the treasurers' report by reviewing the financial statements.

Executive Director's Report: Gladi presented the Foreman's report and stated that the percentages were down due to the fact that the crew has been doing mainly construction because the oil truck was down. It is now fixed.

Committee Reports: There were no committee reports.

New Business: There was lengthy discussion pertaining to the removal of President Steve McKinney. A petition signed by over 100 lot owners was presented to the Board for his removal. The By-laws were read regarding the removal of a President. Not all interpreted these in the same way. It was noted that a mailing to the membership to call a special meeting would cost approximately \$4,000.

MOTION: By Loren Heck, To have a Special Board meeting to proceed to comply with the petition to vote to remove the President from the Board.

2nd by Frank Harper

7 for

1 abstain (Frank Harper)

Loren Heck, Frank Carvelli & Frank Harper called for the Special meeting to be held Tuesday, March 11, at 4:00 at the HOVE office.

Since the employment of a full time road crew worker was discharged, it was discussed whether to hire another full time worker or fill in with temps.

MOTION: By Frank Harper, That we do not fill the position at this time.

2nd by Steve Graham

All in favor

Frank Harper brought up the 2004 budget. He requested that each Board member review the budget and if in agreement, sign their copy. The budget will be discussed at the next meeting.

Steve Graham suggested that no cash be handled in the office. This will be further discussed at the next meeting.

Steve McKinney gave a list of items to be placed on the agenda for the next regular Board meeting.

1. Handling of cash.
2. Discuss meeting time.
3. Legal notice for encroachment.
4. Blue prints for the new building.
5. SOP for the Board.
6. Re-imbusement for gas usage dealing with rubbish.

Due to his health, a letter of resignation from Vern Dicke was presented to the Board and accepted with regret.

Meeting was adjourned at 6:10

Respectfully submitted,

Jeannie Wilkison

H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS MEETING

Tuesday, April 1, 2003

The meeting was called to order at 6:10 P.M. by President Loren Heck.

Present were Merle Martin, Frank Harper, Frank Carvelli, Steve Graham & Bob Armstrong. Also Present were: Gladi Hoagland, approximately 30 lot owners and 3 new board candidates. Absent was Bill Noxon.

A MOTION was made by Frank Harper and seconded, to suspend the standing rules made for the time of the meeting. **VOTE: Unanimous.**

A MOTION was made by Frank Harper and seconded, to accept the ammended agenda. **VOTE: Unanimous.**

Announcements: Loren announced that Steve McKinney had resigned from the board as a member and it's president effective March 11th. Anyone who wanted to read his letter of resignation could do so at the HOVE R.M.C. administrative office. He also introduced the new interim board officers: Loren Heck, President, Merle Martin, Vice President and Frank Carvelli, Secretary. Frank Harper is still Treasurer.

Merle Martin announced that the Spring Forum originally scheduled for June 14th, is cancelled and will be rescheduled for later in the fall after the newsletter comes back with members' votes and comments or suggestions for discussion topics.

Loren also announced that we have 3 new board candidates: Jacquelyn Felton, Mark Morelli and Paul Gibson who each gave a small biography of themselves and their qualifications.

Discussion followed regarding the new candidates, how they would get elected and whethor or not a convicted felon should be considered for the board. It was emphasized that the main qualifications for board members are that they are HOVE lot owners whose road maintenance fees are paid and with no outstanding balances due. Frank Carvelli addressed the felon question and according to our bylaws they was no specific restriction prohibiting their participation as a board member as long as they had paid their debt to society and would not be elected as an officer who is able to approve cash transactions.

A MOTION was made by Merle Martin and seconded, to accept the candidates as board members. **VOTE on Motion: Unanimous.**

The Minutes of the March 4th Board Meeting were read by Gladi Hoagland.

A MOTION was made by Merle Martin and seconded, to accept & approve the minutes as read. **VOTE on Motion: Unanimous.**

The Minutes of the March 11th Special Board Meeting were read by Gladi Hoagland.

A MOTION was made by Merle Martin and seconded, to accept & approve the minutes as read. : **VOTE on Motion: Unanimous.**

The Treasurer's Report was given by Frank Harper by reviewing the March financials, copies of which are attached.

Foreman's Report was presented by Gladi Hoagland, a copy of which is attached. There was some discussion of equipment but report was accepted as given.

Committee Reports:

Legal Committee: Merle Martin reported that the committee has quite a bit of work that is still in progress: revising the by-laws; levy tolls on heavy traffic and legal notices of encroachment of roadways. The Committee needs recommendations for a list of lawyers that will be considered to represent the Corporation. The committee will make a recommendation from this list that the board will vote on.

Budget and Finance: Bob Armstrong reported that on March 27th. Rick Merschdorf announced that he had left Merrill Lynch and opened his own company - Premier Financial Services LLC which is a member Linsco/Private Ledger. He proposed that we move our accounts from Merrill Lynch to his new company and retain his management of our investment program. The Committee plans to hear from the new Merrill Lynch advisor, Cita Peacock and possibly at least one more advisor before making it's recommendation.

Road Committee: Steve Graham reported on his progress with the abandoned cars project and it could be a costly undertaking for the corporation if we have to remove all of the vehicles from the cinder pits as the state has indicated.

There was some discussion that there was a plan originally approved which proposed that the roads be built with three (3) layers of chip seal and that this wasn't being done everywhere.

A MOTION was made by Jacquelyn Felton and seconded, to research the by-laws as to when the three (3) layer chip seal proposal was accepted by the members as the accepted plan for building the roads. There was a lot of discussion before Loren called for a **VOTE on Motion: Two in Favor; Two Against, One Abstained (F. Harper).**

VOTE for Re-Count of Motion: Three in Favor; Four Against, One Abstained.

VOTE to set aside the Motion: Zero in Favor; Four Against, Four Abstained.

There was a suggestion by Thom Reece that we put a copy of the by-laws on the web site - KauHawaii.com. He has three years of archived minutes on the web site now. Loren suggested that we need to have other items placed on the site but we first need to decide what we want to put there then we'll ask for a proposal for the cost.

Unfinished Business:

2004 Budget: Frank Harper asked for comments on Revision #5 - Permissive Budget given the board for review: Steve Graham - none; Bob Armstrong - none; Merle Martin - none; Loren Heck - none. He prepared another budget that he submitted to the board - Revision #6 - Reduced 5% Plan which he gave them to review.

A MOTION was made by Frank Harper and seconded, to table this discussion until the next meeting. **VOTE on Motion: Unanimous.**

Handling of Cash: **A MOTION** was made by Steve Graham and seconded, that cash payments will no longer be accepted at the road corporation administrative office but members will be given a deposit slip to take and deposit directly into our K'au FCU account. **VOTE on Motion: Frank Harper called for a roll call vote: Steve Graham - Aye; Bob Armstrong - Aye; Merle Martin - Aye; Frank Harper - No; Frank Carvelli - Aye; Jacqueline Felton - Aye; Mark Morelli - Aye; Paul Gibson - Aye. Seven in Favor; One Against.**

Legal Ad Hoc Committee consisting of Loren Heck, Jacqueline Felton, Bob Armstrong, Carol Truman and David Hughes met with Mel Fujiino, Asst. District Attorney on Monday, March 31st. Jacqueline read a statement (copy is attached) of the specific findings of the committee regarding Jean Redman and that the Board of Directors has the responsibility to decide whether the Corporation wants to pursue any further

investigation and how the board needs to proceed. Discussion followed about specific avenues of prosecution that can be pursued.

A MOTION was made by Steve Graham and seconded, to proceed with the administrative procedures to file a criminal police report on Jean Redman.

VOTE on Motion: Four in Favor; Three Against, One Abstained (F.Harper).

Merle Martin asked for a Point of Order of whether the vote was a majority but everyone agreed that four out of seven votes is a majority. **Motion Passed.**

New Office Building: Steve Graham reported that the building committee can not decide on a plan for the new office building.

A MOTION was made by Frank Harper and seconded, that the determination of whether or not the corporation builds a new office building should be made by membership ballot voting on the next newsletter.

VOTE on Motion: Six in Favor; Two Against.

Standard Operating Procedures:

A MOTION was made by Frank Harper and seconded, that the discussion be tabled until the next meeting. **VOTE on Motion: Unanimous.**

Determine Time of Next Meeting:

A MOTION was made by Frank Harper and seconded, that the time be changed in the SOP to 6:00 PM @ the OVCA Community Center. **VOTE on Motion: Unanimous.**

New Business: Electronic delivery of the newsletter and discussion of multiple deterrents to theft will be discussed at the next board meeting.

A MOTION was made by Merle Martin and seconded, that we adjourn.

VOTE on Motion: Unanimous.

The meeting was adjourned at 8:35 PM.

Executive Session: **A MOTION** was made by Frank Carvelli and seconded, that the board table the Executive Director's proposal until the next board meeting.

VOTE on Motion: Unanimous.

The meeting was adjourned at 8:45 PM.

Respectfully submitted

Gladi Hoagland.


H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS MEETING

Tuesday, April 1, 2003

I. Addendum to Minutes:

Paul Gibson was appointed to the Board with the understanding that he was current in his road maintenance fees. It was later found that he is arrears in payments thus nullifying any votes cast by him. In the matter of the vote on whether or not to attempt to prosecute Jean Redmond, Mr. Gibson's vote was the deciding factor. This vote is void due to his not being eligible to be a board member, therefore, there is no majority vote at this time to move forward with the motion. This motion is dead at this time but may be addressed again at a future meeting.

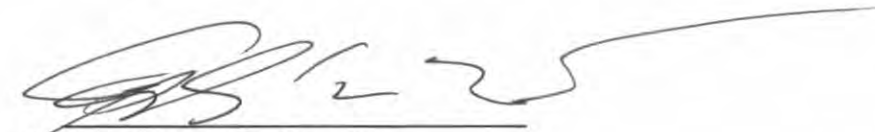


Frank Carvelli, Secretary

II. Addendum to Minutes:

Everyone who has something to say regarding a particular Board Meeting agenda topic, must sign up in advance to speak but will be limited to three minutes.

All topics submitted to the board will be taken under consideration.



Frank Carvelli, Secretary

H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS

Wed., April 2, 2003

Finding of Discrepancy:

Upon checking lot owner/payment records that Paul Gibson is in arrears since 1995 in the payment of Road Maintenance Fees assessed to property owned by him.

A handwritten signature in black ink, appearing to read 'Frank Carvelli', written over a horizontal line.

Frank Carvelli, Secretary

H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS MEETING

Tuesday, May 6, 2003

Vice President, Merle Martin, called the meeting to order at 6:00 P.M.

Present were: Frank Carvelli, Bob Armstrong & Jacqueline Felton. Also Present: Gladi Hoagland and several lot owners. **Absent was:** Loren Heck, Frank Harper, Bill Noxon, Steve Graham & Mark Morelli.

Announcements: Merle Martin declared that there are new procedures for speakers at the board meetings: 1) Each person would need to sign up in advance and would be limited to three (3) minutes with which to speak on any particular topic. Merle reported that the board has two resignations: Bill Noxon and Steve Graham.

MOTION: By Frank Carvelli and seconded to accept Steve Graham's and Bill Noxon's resignations. **VOTE: For - Unanimous.**

Minutes: Merle suggested that we suspend with reading of the minutes and that Gladi Hoagland had copies and could provide copies upon request.

Treasurer's Report: There was no Treasurer's report since Frank Harper was absent. There also was no formal vote on the 2004 Budget, so it was postponed until next month's board meeting.

Executive Director's Report:

Gladi Hoagland presented the "Foreman's Report", particularly the second page, on which Mac Kaupu reported on his ongoing support of the county's efforts to remove many of the abandoned cars, which continues to be a major problem in HOVE. Joe's Towing (hired by the county) with the road crew's assistance, has removed sixty-five (65) cars from the pit area. A copy of his report is attached to the minutes.

Gladi also submitted an invoice (copy attached) from Cayce's Computer Services, which needed board approval because the total was over \$1,000. Since the older of the two networked computers crashed, it was suggested that we purchase a new computer - \$1,075.00 instead of just a new hard drive.

MOTION: By Frank Carvelli and seconded to approve the invoice for the new computer purchase. **VOTE: For - Unanimous.**

Gladi also reported for the Treasurer that we had collected a total in excess of \$749,400.00; \$661,260.00 or sixty-nine percent (69%) of the 2003 road assessments and about \$83,061.00 is from past due accounts.

Committee Reports:

Building Committee - None

Finance Committee - Accountant Selection: No activity as yet.

Member A/R Discrepancies: Bob Armstrong recommended that the Board allow his committee to meet and decide what needs to be done on a case-by-case basis. Members of the committee will be: Bob Armstrong, Frank Carvelli, Sandra McDaniel and Jacqueline Felton.

Financial Advisor - Bob Armstrong announced that Sita Peacock was there to give a presentation but the Board agreed with Merle to address this discussion in the Executive Session.

Board Meeting; May 6, 2003

Minutes Continued:

Committee Reports:

Legal Committee – Legal Representation: Merle Martin reported that the search for legal help with both the Bylaws and the Roadway Encroachment issues continue to an ongoing process.
SOP Review: Tabled until a future date.

Operation Committee – None.

Old Business: Frank Carvelli had two items that he wished to comment on:

- 1) Frank checked with Mac Kaupu and the roadway work that we are doing is being done according to the plan originally approved and implemented.
- 2) Frank also wanted to clarify once and for all regarding Jean Redman that the cost, time involved and the questionable ability of anyone to prove undeniable guilt; would prove to be a futile and expensive attempt to file a complaint against her.

MOTION: By Frank Carvelli that the Board considers the Jean Redman affair to be closed permanently. **VOTE: Unanimously Approved.**

New Business:

Change Fuel Account – Withdrawn.

Board Participation – Tabled until next board meeting.

Board Vacancies – Merle suggested a candidate, Maggie Arbo, but said that he would need to talk to her before he would nominate her for one of the vacated board seat. Frank Carvelli nominated Sandy McDaniel. **VOTE: Unanimously Approved.**

Merle Martin announced that Frank Harper stepped down as Treasurer but will remain on the board and he nominated Bob Armstrong as new Treasurer. **VOTE: Unanimously Approved.**

MOTION: By Jacqueline Felton that the meeting be adjourned.

VOTE: Unanimously Approved.

The meeting was adjourned at 6:21 PM.

Executive Session:

The Board requested a proposal from Sita Peacock as to how the Investment Portfolio would be handled.

Also the Board scheduled the next Board Meeting for Tuesday, June 3, 2003 at 4:00 PM at the HOVE Road Maintenance Corp. administrative office.

The Executive Session was adjourned at 8:01 PM.

Respectfully submitted
Gladi Hoagland.

Approved: _____

Frank Carvelli

H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS MEETING

Tuesday, June 3, 2003

President Loren Heck called the meeting to order at 4:00 P.M.

Present were: Loren Heck, Frank Carvelli, Bob Armstrong, Frank Harper, Merle Martin & Jacqueline Felton. Also Present: Gladi Hoagland, Mac Kaupu, Jeff Anderson and two lot owners.

Absent were: Mark Morelli and Sandra Shaw-McDaniel.

Announcements: Loren Heck announced that the board meetings would remain at a 4:00 PM starting time but that board members should consider that possible future members might find it impossible to attend meetings except a later starting time such as 6:00 PM. He also wanted to move the Road Committee report up on the agenda to come after the Foreman's report. Loren alerted the board to the upcoming newsletter that all board members as well as the President and Executive Director should think about contributing articles or topics that should be included. Then Loren invited the guests if they have anything that they would like to discuss before the regular agenda continues.

One lot owner wanted to discuss the presence of the police department in the HOVE subdivision saying that he felt that the local police were exceeding their approved and requested involvement in our private subdivision. After further discussion, it was decided by Merle Martin that the legal committee would meet at 3:00 PM next month before the next board meeting on July 1st to discuss this problem further and that Frank Harper and Gladi Hoagland would research the files for the document that authorized the police to enter H.O.V.E. for certain approved situations.

Minutes: Loren requested that Gladi read the minutes from both the May 6, 2003 Board Meeting and the May 15th Special Board Meeting. After the reading of the minutes, Frank Harper had two corrections. 1) Correction to the minutes of the May 6th meeting: the board agreed to table the review of the SOP until the next board meeting, not indefinitely. 2) Correction to the minutes of the May 15th meeting: Frank had a Point of Order that when the Chairman of the Budget & Finance Committee makes a motion that it's from the Committee not the person and the committee does not need a second to their motion.

MOTION: Made by Frank Carvelli and seconded to accept the amended minutes.

VOTE: For - Unanimous.

Treasurer's Report: Bob Armstrong reviewed the financial statements and reported that they were not exactly current because Sita Peacock had invested most of the funds in the money market account and these figures would be more accurate next month. He also submitted a revised 2004 Budget that included \$135,000 capital improvement.

Point of Order by Frank Harper who made a motion and was seconded to first take the 2004 Budget from the table. VOTE: For - Unanimous.

MOTION: By Bob Armstrong and seconded to accept the revised 2004 Budget.

Discussion: Frank Harper suggested that we have \$150M surplus set aside for capital improvements and that we probably wont need to spend those funds for quite awhile. He proposed that we remove the \$135M from the 2004 Budget because it will reduce the road assessment for 2004 and allocate the funds in 2003 as expenditure.

Minutes: June 3, 2003 Board Meeting

Page 2

MOTION: Made by Bob Armstrong and seconded to amend the previous motion and delete the \$135M from the 2004 Budget and change the road assessment to \$85.00.

VOTE: For - Unanimous.

Executive Director's Report:

Mac Kaupu presented the "Foreman's Report" and reviewed the work that has been completed by the road crew; a copy of his report is attached to the minutes. Mac said that the crew has been doing patching, sign replacement and removing abandoned cars, which has taken some time from previously scheduled work. Loren requested that the board would like to get a copy of Mac's report by the 1st of every month, so that board members could review it before the board meeting.

Committee Reports:

Road Committee - Mac Kaupu and Jeff Anderson submitted the Pacific Machinery quotation and the Allied Machinery invoice to purchase the Caterpillar 312C Excavator and the bracket cap and grease station addition for a total of \$131,056.97.

MOTION: By Frank Carvelli and seconded to approve the proposed equipment purchase.

VOTE: For - Unanimous.

Frank Carvelli announced that he is the new Road Committee chairman and liaison, appointed by Loren Heck, with the Road Crew. Frank Harper said that he had reviewed the projected road plan for 2003 and stated that the foreman was not following the proposed plan. Mac Kaupu emphasized that there had been changes this year to the road crew and additional work they were doing but the new equipment would help them get back on schedule. Loren Heck requested and Mac readily agreed to submit a copy each month of an updated map outlining the work that has been completed to date.

Building Committee - None

Finance Committee - Accountant Selection: No activity as yet.

Motion: Made by the Finance Committee to adopt an amendment to the SOP for handling delinquent accounts and beginning the lien process.

VOTE: Four - Yes; Merle Martin abstained.

Legal Committee - Roadway Encroachment: Merle Martin reported that Gladi Hoagland and Frank had found a legal letter which we could send to those lot owners that are found to be encroaching onto the legal boundaries of the subdivision roadways and that we wouldn't need legal representation to begin the notification process.

Motion: Made by Merle Martin and seconded to begin ASAP, the process of identification and notification of those lot owners encroaching upon the HOVE roadways.

VOTE: Unanimously Approved.

Merle also stated that the by-laws review would need to be done in his committee meeting next month. Lastly, he made a statement regarding the decorum of the board and said that we should always keep a record of all speakers on the forms that we have made for that purpose.

Operation Committee - None.

Minutes: June 3, 2003 Board Meeting

Page 3

Unfinished Business:

Employers Council of Hawaii – Cancel membership.

MOTION: By Frank Harper and seconded that the Board terminate it's membership in the **Employers Council.** **VOTE:** Unanimously Approved.

Standard Operating Procedures – Loren Heck proposed that we have a committee to review the SOP's and after some discussion, Frank Harper, Merle Martin with Jacqueline Felton as Chairperson, agreed to form a committee to review the procedures.

Loren submitted that the board had never voted on the building contract submitted by Kau Diversified but Frank Harper said that a motion was made and approved to table a decision until a vote was taken by the total membership on whether or not we should build a new office building.

New Business:

Newsletter – Merle requested that he has drafted a list of Forum issues that he would like to include in the newsletter in order to get input back from the whole membership. He also suggested that we put a copy of the encroachment letter in the newsletter as advance notification of possible problems to address.

MOTION: By Jacqueline Felton that the meeting be adjourned.

VOTE: Unanimously Approved.

The meeting was adjourned at 6:21 PM.

Executive Session:

Mark Morelli was dismissed from the board for excessive absenteeism.

Respectfully submitted
Gladi Hoagland.

Approved: _____
Frank Carvelli

H.O.V.E. ROAD MAINTENANCE CORPORATION

BOARD OF DIRECTORS MEETING

Tuesday, July 1, 2003

Loren Heck, President, called the meeting to order at 4:00 P.M.

Present were: Loren Heck, Frank Carvelli, Bob Armstrong, Frank Harper, Merle Martin & Sandra Shaw-McDaniel.

Also Present were 3 lot owners, Bruce & John Coates, Richard Blaine & Jeannie Wilkison

Announcements

Richard Blaine said that he had 40 cars on his lot and realized that abandon cars are a problem here. He explained to the Board that he had talked to a car crusher and would like to try to have the crusher on his lot to take care of some of these unwanted cars. This was discussed with the Board and it was suggested that Richard talk to the County to see about getting a variance and a special use permit to allow this.

Minutes:

MOTION: By Frank Harper: That we dispense with reading the minutes.

2nd by Merle Martin

All in favor

The June minutes were accepted as presented.

Treasurer's Report: There was no treasurer's report given.

Executive Director's Report: There was no Director's report.

The Foreman's report was passed out and Frank Carvelli read it. Some of the percentages were questioned and this will be looked into. A copy of the report is filed with the minutes.

Committee Reports:

Financial Committee:

Accountant selection was discussed.

MOTION: By Merle Martin: To ask Ron Dolan to give us a resume for review.

2nd by Frank Harper

Amended by Frank Harper to consider 2 other accountants also.

2nd by Merle Martin

All in favor

Bob Armstrong said that Cita was hired to handle the Merrill Lynch account. He will ask her to come to our meeting next month.

Legal Committee:

MOTION: By Merle Martin: That the 11 intersections where 2 Boulevards intersect be given high priority to consider road encroachment follow up.

2nd by Frank Harper

All in favor

Merle also suggested that we contact the PUC for a list of all commercial operations and ask them to provide to us "Hold Harmless Insurance". This was discussed and Merle will contact the PUC.

Merle Martin presented a draft copy of items to be discussed at the forum meeting. This will be included in the Newsletter. There were no changes for the By-laws. In regards to encroachments, Jeannie was instructed to send the appropriate letter to the people on the list provided by Mac Kaupu. These are encroachments that need to be handled immediately, as the crew will be working the area.

Road Committee:

Frank Harper stated that the scheduled plan that is shown on our map doesn't agree with the Foreman's Report. He said he would discuss this with Mac.

Unfinished Business:

By the end of the month, we will need to have the Newsletter completed for approval at the August 4th Board meeting. Board members volunteered to write various articles. Jeannie suggested that the articles be submitted to her by July 15th so she can enter the information in the Newsletter and organize it. We will also need resumes from potential Board members for the Newsletter.

Frank Harper read the SOP's. A copy is filed with the minutes.

MOTION: By Frank Harper: To table the SOP review until the next meeting.

2nd by Merle Martin

All in favor

The meeting was adjourned at 5:30 PM

Executive Session:

Respectfully submitted

Jeannie Wilkison

Approved:


Frank Carvelli

H.O.V.E. ROAD MAINTENANCE CORPORATION

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, Aug. 5, 2003

Loren Heck, President, called the meeting to order at 4:10 P.M.

Present were: Loren Heck, Bob Armstrong, Frank Harper, Merle Martin & Sandra Shaw-McDaniel.

Also present were Evie Gonzales, Maggie Arbo & Jeannie Wilkison

Loren read a part of a fax that he had received pertaining to Jean Redman. Also, Evie Gonzales spoke about the subject. Loren explained to her that as far as the HOVE Board was concerned, the subject was closed.

Loren announced that Frank Carvelli had resigned, his letter is filed with the minutes.

Maggie Arbo was in attendance and was appointed to the Board.

MOTION: By Merle Martin: To appoint Maggie to the Board.

2nd by Frank Harper

All in favor

She was also appointed as Secretary

Minutes: It was suggested that the heading of the minutes should read "Minutes of the Board of Directors Meeting".

Jeannie read the minutes of July 22nd

MOTION: By Merle Martin: To approve the minutes

2nd by Frank Harper

All in favor

Corrections to the July 1st meeting were made: Road Committee: Replace the word "He" with "Frank Carvelli, road chairman". Also, Loren stated the following should be added to the Executive Session: "Loren Heck made the motion to go into Executive Session for the purpose of reviewing Executive Director, Gladi Hoagland's letter of resignation. Her resignation was accepted. Jeannie Wilkison was given two weeks to decide if she wanted the job of Executive Director.

MOTION: By Frank Harper: To keep a confidential file, pertaining to executive sessions, to be maintained by the President.

2nd by Merle Martin

4 in favor

1 abstained

Sita Peacock, representing Merrill Lynch, presented the Quarterly report and reviewed the Merrill Lynch statements. She presented a proposal for \$300,000, the Board discussed it, and it was decided to have the finance committee review it and present their decision to the Board later.

Treasure's report: Financial statements were passed out. Bob Armstrong said that \$10,000 entered in "equipment repairs" was incorrect. This is the down payment on the new excavator and should be entered into "capital investment".

Foreman's report: Mac gave a summary of the foreman's report. He stated that the crew does 2 layers with chip and hot oil, does patching later and finally another coat of re-chip. They are currently rebuilding Donala which is falling apart. The signs are handled only when complaints are received. Loran asked Mac to prepare the "Road Plan" article for the Newsletter

Committee Reports:

Financial Committee:

Bob Armstrong said he has not had any success finding an accountant as yet. The handling of the delinquent accounts will be scheduled later. Regarding the allocation of funds for application of liens was tabled.

MOTION: By Frank Harper: To table the subject for now.

2nd by Merle Martin

All in favor

Legal Committee:

The Board discussed the encroachment matter but no decision was made at this time.

AD Hoc office manager Committee:

It was discussed and decided that each Board member would come to the office and review the applications, choose 3 and meet in the office, Thursday the 7th at 4:00 p.m. for review. Background checks would be done and then interviews would be set up. Loren will check with our attorney about the background checks.

Unfinished Business:

S.O.P. review: Frank read the recommended changes. Maggie was given a copy for review.

MOTION: By Frank Harper: To accept the S.O.P. as presented with the changes.

2nd by Maggie Arbo

All in favor

(A copy will be filed with the minutes)

New Business:

First Aid box: It was decided to keep the first aid box that was purchased in June.

Time clocks:

MOTION: By Frank Harper: To table the time clocks for now.

2nd by Merle Martin

All in favor

Web page: Merle Martin will contact Ron Borden about a web page.

The meeting was adjourned at 7:10 PM

Respectfully submitted

Jeannie Wilkison

Approved: _____

Maggie Arbo

H.O.V.E. ROAD MAINTENANCE CORPORATION

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, Sept. 2, 2003

Loren Heck, President, called the meeting to order at 4:00 P.M.

Present were: Loren Heck, Bob Armstrong, Frank Harper, Merle Martin & Sandra Shaw-McDaniel.

Loren announced that Maggie Arbo had resigned from the board.

Minutes: **MOTION:** By Merle Martin: To approve the minutes
2nd by Bob Armstrong
All in favor

Treasure's report: Bob Armstrong stated that the \$117,000 spent for the excavator does not show on the financial statement as an expense. Also, \$10,000 for the down payment is in "repairs" and shouldn't be. We will have Sam Jung, the new Managing Director correct this.
Bob said that Sita, at Merrill Lynch, will put \$250,000 into T bonds until 12/31/03.

Foreman's report: The Foreman's report was passed out and discussed.

Committee Reports:

Financial Committee:

Bob stated that the D&O insurance was renewed with one million dollar coverage having a \$2,500 deductible. Lawyers fees are outside the policy limit. Regarding the CPA update, he said that he has talked to many and is gathering information which he will discuss with the committee later.

Legal Committee:

Encroachment was briefly discussed and it was decided to work with Sam and bring this up in 60 days. Merle stated he wants to research the HELCO & phone poles encroachment.

MOTION: By Frank Harper: To table the encroachment proceedings for 60 days.
2nd by Merle Martin

All in favor

Proposed road signs and a notice in the newspaper regarding commercial operators use of HOVE roads was tabled for 60 days to allow the new managing director a chance to review.

Unfinished Business:

Discussion about time clocks was tabled until the next meeting.

It was decided that the existing Long Range Plan was too general in its' revisions and needed to be adjusted further to address specific goals not previously included such as widening shoulders and Blvd. intersections. It was decided to table this for 60 days and have Mac and Sam get together before discussion at the November meeting.

The website update was discussed. Merle had talked to Ron Borden and he will give us an outline of services and price within two weeks to compare to our current website thru Thom Reese.

MOTION: By Frank Harper: To review the material at the October meeting and decide which website to use.

2nd by Merle Martin

All in favor

The final Newsletter was reviewed

MOTION: By Merle Martin: To accept the final newsletter
2nd by Frank Harper
All in favor

Time cards and liability was discussed.

MOTION: By Frank Harper: To table this and have Sam analyze it and report to the board in 60 days.
2nd by Merle Martin
All in favor

New Business:

MOTION: By Frank Harper: To discontinue non-road corporation enclosures with our mailings.
2nd by Merle Martin

Loren Heck amended the motion to have a roll call vote.

Bob Armstrong, in favor

Sandra McDaniels, in favor

Merle Martin, in favor

Frank Harper, in favor

It was discussed that it would be nice to have the board, Mac and Sam take a tour of the base yard and some of the roads. Sam is to make the tour arrangements within 2 weeks.

Sam and the finance committee are to check on the late fees, as to when they should be added to the assessment bill. This decision should be included with the next years billing.

Loren Heck moved to go into an Executive Session.

Samuel Jung's managing director's employment agreement was discussed and decided to accept the agreement with the 2 amendments.

Jeannie Wilkison's employment agreement was discussed and it was decided that she meet with Sam and draw up an agreement.

The meeting was adjourned at 5:30 PM

Respectfully submitted
Jeannie Wilkison

Approved:


Loren Heck, HOVE RMC President

H.O.V.E. ROAD MAINTENANCE CORPORATION

MINUTES OF THE ANNUAL MEMBERSHIP MEETING

Saturday, Oct. 11, 2003

Loren Heck, President, called the meeting to order at 10:00 A.M.

Present were: Loren Heck, Bob Armstrong, Merle Martin,

Loren announced that he would conduct the forum along with the Annual Membership meeting. He introduced the Board members and also Sam Jung, Managing Director, Teddi Stransky & Jeannie Wilkison, Office Assistance and Jeff Anderson, Road crew member.

BALLOT RESULTS: Loren opened the ballot box and read the results:

Approval of the budget & road plan:	YES 1,111	NO 89	passed
Approval of building the office:	YES 700	NO 434	passed

Board members voted in:

Bob Armstrong
Sandra McDaniel
Bill Lucas

Discussion about the office building followed. It was stated that the original amount to spend was \$100,000, but it should be somewhat lower. The guests had many suggestions and questions including the idea of an 11 x 60 trailer. Security was discussed. A new building committee was selected being: Bill Lucas, Frank Carvelli and Jim O'hara (939-7148).

Continuing was discussion about encroachment policy. Merle Martin gave an overview of the situation. There was lengthy discussion concerning the encroachment problem. More research is needed regarding the process to use, but it was decided that all lot owners encroaching should be treated equally. Jeff Anderson also explained the 10 foot shoulder preparation.

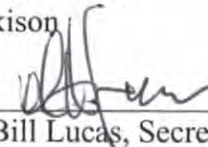
Abandon cars was once again discussed with no new ideas.

Commercial operators & routes were discussed. It was suggested that we get a Hold Harmless Insurance Agreement from the operators of these commercial vehicles. Possibly the use of certain streets be considered and the hauling times, not before 7 a.m.

Sam Jung gave a brief overview of the long range plan.

The Annual meeting was adjourned at 12:15 p.m.

Respectfully submitted
Jeannie Wilkison

Approved: 
Bill Lucas, Secretary

10/13/03
14/10 HRS. Jw

H.O.V.E. ROAD MAINTENANCE CORPORATION

MINUTES OF THE BOARD OF DIRECTORS MEETING

Saturday, Oct. 11, 2003

Loren Heck, President, called the regular Board of Directors meeting to order at 12:30 p.m.

Minutes: MOTION: By Merle Martin: To accept the minutes as presented.
2nd by Bob Armstrong
All in favor

Treasurers Report: Bob Armstrong stated that we are in good shape.

Foreman's Report: Sam Jung read the foreman's report, this is filed with the minutes.

Managing Director's Report: Sam Jung gave an overview concerning the office conditions. He stated we were working on procedure manuals, maintaining the maintenance & road logs. He has done some field reviews and talked with the crew. He has hired another part time office help. Ann Fukuhara, the auditor will be in the office soon to finish the 2002 audit. In addition to our audit, the union conducted an audit for the years 2000 -2003.

Time Warner Cable has asked for approval to dig a trench across Iolani to lay a cable. They will do the trenching and we will finish with the chip seal. It was decided to draft a letter to Time Warner of acceptance with our bill to follow. We will ask Mac Kaupu to give us an estimate as to what our cost will be.

MOTION: By Maggie Arbo: To draft a letter of acceptance to Time Warner to proceed, with an invoice to follow.
2nd Bob Armstrong
All in favor

We had received a letter from Danny Freeman regarding driveways onto his commercial property. It was the Board decision that Mr. Freeman contact the planning commission with the County.

Encroachment was further discussed.

MOTION: By Merle Martin: To adopt a policy to send an encroachment letter as the first step.
2nd by Maggie Arbo
All in favor

Committee Reports:

Finance: Bob Armstrong stated that we have many statements, that are delinquent, to send out. Also, we need to make a budget item for our costs to file liens.

Unfinished Business:

Website Review: It was decided to have Ron Borden do our website and notify Thom Reece.

MOTION: By Merle Martin: To have Ron proceed with the website for the Corporation and discuss this at the next months meeting.

2nd by Bob Armstrong
All in favor

New Business: We were asked for a donation to surface the parking lot at the Community Park. This was discussed and decided that the County should be approached about this matter.

Also under new business, it was suggested that we enclose a map explaining the measuring of the roadways regarding encroachments in our invoice billing. Bill Lucas said he would work on this.

Loren Heck stated he would like to appoint Frank Carvelli to the Board.

Vote was All in favor

Also Elizabeth Hardy was appointed to the Board and will get lot owners names with signatures in writing for our records. Tentatively the count was: Loren Heck- 5 lots, Sam Jung-2 lots, Teddi Stransky-1 lot and Bob Armstrong-4 lots.

At this time, Loren Heck presented his letter of resignation.

Election of Officers:

President

Bob Armstrong nominated Frank Carvelli for President

2nd by Maggie Arbo

All in favor

Vice President

There was no change in this office, Merle Martin remained as Vice President

Treasurer

Merle Martin nominated Bob Armstrong as Treasurer

2nd by Frank Carvelli

All in favor

Secretary

Bob Armstrong nominated Bill Lucas as Secretary

2nd by Elizabeth Hardy

All in favor

Frank Carvelli stated that he would like to have a Special Board meeting Monday, October 20th at 4:00 pm in the HOVE office.

Board members are as follows:

Frank Carvelli – President

Merle Martin – Vice President

Bob Armstrong – Treasurer

Bill Lucas – Secretary

Sandra Shaw-McDaniel

Maggie Arbo


Elizabeth Hardy

Meeting adjourned at 2:00 p.m.

Respectfully submitted

Jeannie Wilkison

Approved:

 10/13/03
Bill Lucas, Secretary

1410 HRS

H.O.V.E. Road Maintenance Corporation
Minutes of the November Board Meeting
Held November 4, 2003 at the RMC Office

Frank Carvelli, President, called the meeting to order at 4:02 pm.

Present were: Frank Carvelli, Sandra Shaw-McDaniel, Elizabeth Hardy, Vernon Dicke, Maggie Arbo and Bill Lucas. Also present were three guests, Sita Peacock of Merrill-Lynch, the Managing Director, and Teddi Stransky.

The minutes of the previous meeting were read. Vernon Dicke moved to accept the minutes, the motion was seconded by Bill Lewis and approved by all members.

The Managing Director reported that, according to our lawyer, the Board Members have no individual liability in the case of the Board being sued.

At the request of the President, item #4B on the Agenda was given precedence, and Sita Peacock was introduced to the Board. She distributed copies of the Client Review documents for the Corporation's Operating Account and Investment Accounts, and explained the investments in great detail. A question-and-answer session followed, and Ms. Peacock closed her presentation. After discussion, a vote was called and it was decided to invest capital funds currently being held (\$200,000.00) in convertible preferreds. At the request of the Board, a new signature file for Merrill-Lynch was completed, lacking only the signature of Merle Martin, not present.

The Board then reviewed the resume and qualifications of J. R. Rogers, CPA. Mr. Rogers is very conversant with 501-C entities and construction accounting, as well as payroll bookkeeping and investment. He is not familiar with MAS90, but suggested that a CPA would function best as a director, rather than a hands-on processor. Mr. Rogers was highly recommended by Tom Johnson, a friend of Mr. Carvelli's.

Under Old Business, Road Use Fees were again discussed. All agreed that enforcement would be difficult, but taking a few offenders to Small Claims Court might be effective to convince the rest. It was suggested that specific roads be mandated for large truck use, and Bill Lucas asked if we could get an assessment of damage from the road crew, which could be translated to a dollar amount.

Abandoned vehicles were then discussed. Big Isle Scrap Metal is accepting Vehicles at no charge; they would have to be transported at our expense. It was agreed to proceed with this, and that the road crew should get the VIN numbers of any vehicles so transported.

Donation of time and machinery to surface the parking lot at Kahuku Park was brought up, and the Managing Director reported that the County would not be able to perform the work until 2006 to 2010. Vernon Dicke moved that we proceed with the surfacing;

Sandra Shaw-McDaniel seconded, and the motion was voted in with four in favor and two opposed.

The Foreman's Report included the information that the road sweeper was still down, various repairs are in progress and the crew continues with shoulder and intersection work. A bushing for the hammer on the excavator is needed, at a cost of roughly \$1200.00; a new chisel for the excavator is also needed, at approximately the same cost. The Board approved these purchases with no objections.

The Managing Director reported that he had received and accepted the resignation of Jeannie Wilkison, long-time employee, effective November 14th, and that Nancy Koerner had been hired. He also reported that Ann Fukuhara had attempted to audit the books and said that they were "the worst she'd ever seen," and that a CPA and two full-time bookkeepers would be required to straighten things out. Ms. Fukuhara also stated that the 2002 Tax Return must be filed by November 15th. Although incomplete, the return would be based on 'best knowledge' and amended as information becomes available. An Officer of the Board must be available to pick up, sign and mail it.

The Managing Director also reported that the safety deposit box, located at the Hilo bank, was in need of review by the current officers; that the two fire-proof file cabinets were on order and should arrive in four to six weeks; and that, on the issue of stop sign placement, a four-way stop was required by the County at any intersection of two Boulevards.

The Legal Committee report was bypassed, as Merle Martin was not present.

Under New Business, Frank Carvelli announced that the new building had been put on hold, pending the rectification of our bookkeeping problems. Bill Lucas was asked to do research on costs, for future reference.

Vernon Dicke reported on the noon meeting of the Chamber of Commerce, which involved a review of the Volcanoe National Park purchase of Kahuku Ranch land adjoining the subdivision. HVNP has requested assistance in making the park more accessible.

Elizabeth Hardy moved that the meeting be adjourned; Bob Armstrong seconded the motion and all approved.

The meeting was adjourned at 5:55 pm.

Respectfully submitted, Teddi Stransky.

Approved: _____



Date: 11/06/03

**HOVE Road Maintenance Corporation
Board Meeting Minutes
Thursday, Dec. 11, 2003**

Meeting was called to order by President Frank Carvelli at 4:05 PM on Thursday, Dec. 11 in the office of the HOVE Road Maintenance Corporation. Board members present were Frank Carvelli, Merle Martin, Bob Armstrong, Bill Lucas, Vernon Dicke and Elizabeth Hardy. Office Staff present were Nancy Koerner and Teddi Stransky.

Frank read the minutes of the last board meeting of Nov. 4, 2003. It was suggested that the minutes be made available to the board members and that the board members individually read them, and then vote on them. This was unanimously agreed upon, and this is how it will be done in all future meetings. Bob moved for the approval of the minutes and Bill seconded that motion, unanimously passed.

Next old business was addressed. Frank referred the board members to the Bylaws for any concerns regarding liability of the board. He pointed out passages 9.2 on Pg 13 and item 5.11 on Pg. 11. Nancy stated that the lawyer would be sending a written statement on what was told to the former Managing Director Sam Jung regarding the board liability.

Bob Armstrong reviewed the financials of the corporation with the group. Sita Peacock with Merrill Lynch has invested all the cash that was recommended at the Nov. 4, 2003 board meeting. Total value of the portfolio with Merrill Lynch is \$1,280,484.05. At the end of the year it looks like we will have \$400,000 in cash. It was suggested that we rollover \$300,000 to lower 2005 assessments and put \$100,000 into a building fund. Elizabeth made a suggestion that we reposition our trust funds with more brokers than just Merrill Lynch. Bob and Frank reviewed the advantages of having all funds with Merrill Lynch. It was suggested we table the discussion and anyone with questions could ask them at the February 2004 board meeting when Sita will be present.

Bob reviewed the budget with the board. We are not spending as much as was originally projected, so we should be fine in December for money.

Frank read the Foreman's report. Merle wanted to know if the road crew was excessively hard on the equipment. Bill and Frank vouched for the crew and emphasized that they were not hard on the equipment at all.

The issue of abandoned vehicles was addressed. Prior to November someone was hauling the abandoned cars out of HOVE for free. Now it will cost roughly \$150 a vehicle to be towed. It was suggested that we hire someone to patrol the cinder yard to see who is abandoning the vehicles from Midnight to 3 AM. Frank asked for suggestions on what to do. We could get the VIN # and bill the registered owner for the cost of

removing the abandoned vehicle. If they do not pay we would need to take them to small claims court. Nothing was decided at this time. Will need to be further reviewed.

Nancy next presented office issues and concerns. The books for 2002 and 2003 will need to be manually closed. The status of the 2002 books is that Mele has input A/R and A/P into an Excel spreadsheet. She will put in the rest of the 2002 records, from there she will be able to do financial statements. These will then be put back into MAS90. She expects to be finished by mid January 2004 and then the accountant Ann Fukahara will be able to audit and close the 2002 books. We will then move onto the 2003 books.

Accounts receivable aged report on 11/24/03 was \$1,633,735. As of 12/10/03 the aged report is \$1,611,248. 65.5% of the aged report is 2000 billing or older. The office staff is currently applying the discounts that should have been given to the 2002 and older accounts.

We are continuing the research on ownership, liens and bad addresses. We are correcting the system as we resolve an issue. We need to place liens on people with more than three years in back due property taxes. These are the ones most likely to be auctioned. Nancy and Teddi had questions with regard to the liens and it was verified that a lien stays with the property until it is sold at which time it can be updated to include all current billing. We do not need to refile each year.

Books in MAS90 need to be closed for each month. Bank reconciliation was last closed on Feb. 2003 and since then we have been off \$67,000. As of 11/30/03, we are again reconciled and the bank reconciliation was closed. Frank thanked Nancy for her diligence in this effort as did the other board members, and there was a brief discussion as to what problems were found. Accounts Payable was last closed in Feb. 2003, Accounts Receivable was last closed in Mar. 2003, and Payroll was last closed in Nov. 2003. Payroll is up to date and done quarterly. Research was done and verified that all Federal and State employment taxes are current.

The office staff requested that the wording for the letter to accompany the next billing be addressed. If a January 2004 newsletter is to be included, we will need the wording and issues by Jan. 15, 2004.

Write-ups are needed with regard to liens, abandoned vehicles, encroachment issues, encumbrances, chargebacks and fees.

A question of how to handle old billings was addressed. Current owners assume all responsibilities for the billing of a property for road maintenance. It was decided that there would be no exceptions. The current owners can take the previous owners to small claims court.

The board decided that Merle would do a policy regarding encroachments and Bill will be providing the map and wording for the mailing.

Committee reports were asked for. Merle, for the legal committee had nothing. Bill will be doing drawings for encroachments. A discussion took place regarding the existing electric poles and their placement.

New Business was next addressed. Frank discussed the accident on 12/9/03 involving the crane truck that turned over. Mr. Tanaka has agreed to pay for the road crew and expenses incurred by us. Billing was discussed and will be sent on Monday, 12/15/03.

The Time Warner trench was also discussed and a bill will be sent on Monday, 12/15/03.

The nine new business items were then opened for discussion. Additional phone lines for the office, a new postage machine for the office and a new computer for Meleana were voted on. Motion to accept by Bob, second by Merle, passed unanimously.

Acceptance of CPA Ron Dolan's proposal was tabled, because nothing has been received from Mr. Dolan.

Next issue, to cover the cost for Teddi to become a Notary, and provide notary services for HOVERMC. Motion to accept by Merle, second by Bill, passed unanimously.

MAS90 consultant Cliff Koanui will need to be consulted for approximately 30 hours via phone. Motion to accept by Elizabeth, second by Bob, passed unanimously.

Request to have regular Board meetings 2 times a month, unanimously denied.

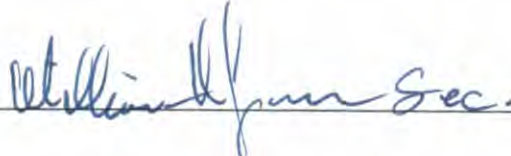
Giving benefits to the office staff was discussed. Holiday bonuses were also discussed. Bonuses for the Road Crew full-timers will be \$500, bonuses for the Road Crew part-timers will be \$100, and bonuses for the office staff will be \$100. Motion to accept by Bill, second by Bob, passed unanimously with Vernon recused.

Liens for the November 2003 tax sale were not filed. Misinformation was given as to procedures for filing and the timeframe needed for filing.

Motion to adjourn from Bob Armstrong, second by Bill Lucas at 5:26 P.M.

Next Board Meeting will be January 6, 2004 at 4 PM in the HOVE Road Maintenance office.

Respectfully submitted by Nancy Koerner.

Approved by:  Sec. Date: 12/15/03