

**HOVE Road Maintenance Corporation
Board Meeting Minutes
Tuesday, Jan. 6, 2004**

Meeting was called to order by President Frank Carvelli at 4:02 PM on Tuesday, Jan. 6, 2004 in the office of the HOVE Road Maintenance Corporation. Board members present were Frank Carvelli, Merle Martin, Bob Armstrong, Vernon Dicke, Elizabeth Hardy, Maggie Arbo, Sandra Shaw-McDaniel and Bill Lucas. Office Staff present were Nancy Koerner, Mele Smith and Teddi Stransky. National Park Services representatives present were Chief Ranger Paul Ducasse and Management Assistant Aleta Knight. 17 members of the community were also present.

Frank requested to have item #1 of New Business moved to the top of the agenda so that we could deal with the Hawaii Volcanoes National Parks issues with road usage, liability and indemnity. The board agreed to this. Frank had drawn up a resolution for use of HOVE Roads by National Park Services. A copy was given to all board members and to the park. The resolution stated that 1) subcontractors would carry hold harmless insurance, 2) agreement to pay for any damage to roads caused by Park Services or Appointed Contractors, 3) free use of Park by residents of Hawaiian Ocean View Estates for as long as the Park has need of free use of HOVE Roads. This will constitute the whole of the agreement with Hawaii Volcanoes National Park and the National Park Services.

Ms. Knight explained that no large equipment or tour buses would be coming into the area. They are doing curator work, archeological work and patrolling the park along with fencing and interior park road maintenance. The use of the roads for these purposes was tentatively agreed upon. Ms. Knight will be taking the resolution to the Parks lawyer to work up an agreement. Mr. Ducasse showed the members a map of the Kahuku part of the park. A discussion then took place on the resolution that was presented by HOVE RMC Item 1, the hold harmless insurance. It was further expanded to say that the Parks would guarantee that the subcontractors that they hired and their employees would have "hold harmless insurance". Item 2, agreement to pay for damage to roads. It was explained to the group that in the future if the National Park Services or their contractors caused damage to our roads, they would pay to have the roads repaired. Item 3, the use of the park by HOVE residents for free. This was defined as: HOVE residents could access the park from HOVE roads for free; this does not in any way mean that HOVE residents could go to the Volcano National Parks entrance and expect to gain access for free. If a HOVE resident parks on the HOVE side and **walks** into the park the rangers will not ask you to leave. No motor vehicles will be allowed access to the park from the HOVE side. Ms. Knight will take our proposal to the Park attorney and will get back to us regarding the resolution. This will be reviewed with the board as soon as it arrives, and reviewed with the public at the next board meeting.

Ms. Knight also explained that the Park will be using existing appropriations, so the maintenance will be slow. A survey along the Ocean View property will happen in the future as well as fencing and gates. She also offered to educate the public regarding the dangers of certain grasses in the HOVE area to decrease fire potential. Ms. Knight suggested the public visit the park website to keep abreast of what is happening in the park. That website is www.nps.gov/havo there is a section just on the Kahuku part of the park.

Elizabeth expressed concern that a letter was sent out to the Volcano Parks people from the board, and that the entire board had not been informed as to what was going on. Merle pointed out the Standard Operating Procedures were not being followed. Frank and Merle discussed points from the SOP and the Bylaws. A discussion ensued regarding the emails that were sent out and Frank apologized that he did not thoroughly read the email for content before it was released. It was agreed that the entire board would be consulted on policies in the future.

The Board thanked the National Park Services people, Chief Ranger Paul Ducasse and Management Assistant Aleta Knight for coming and looked forward to working with them in the future.

Road Maintenance Business was next to be addressed and some non-members left the meeting. Nancy read the minutes from the previous meeting to the entire group. Merle called for acceptance, Bob seconded, unanimously passed. A member thanked the office staff for the thoroughness of the minutes and for posting them on the Road Maintenance website. That website is www.hoveroad.com .

The Treasurer's report was presented. Bob explained that we are \$100,000 under budget. He will be working on the 2005 budget in the coming weeks.

Frank read the Foreman's report. He explained that the Road Crew had spent nearly 60 hours working on damage from the storm. Line of sight issues are being addressed as the road crew comes to them, within the scope of their daily activities. Aloha Blvd widening continues. King Kam is still being widened and patching continues. Frank meets with Mac each Tuesday morning to review the road crew schedule.

A member invited the Board to attend a meeting with Recycle Hawaii on January 24, 2004 at the Community Center from 9 – 11 AM.

Mele read the Office Manager's report. Books for 2002 are almost complete. Financial statements are currently being produced so that our CPA can audit. We will have 2003 books completed before April. Accounts Receivable Aged Invoice Report shows a balance of \$1,585,000. By correcting discrepancies and receiving deposits we were able to reduce the aged invoices by approximately \$45,000 in the month of December. Research on change of ownership, liens and bad addresses are a constant issue. We are in the process of creating a TMK filing system to keep track of everything. Modules in Mas90 need to be closed for each month. The General Ledger module has been closed up until December 2001. GL also needs to be adjusted to match with the BOH bank account. TxPress and interest hasn't been entered into the GL consistently. This will prolong the time to close the Mas90 modules. Spreadsheets need to be produced for the fulltime employees in the field. Deductions for their medical and union dues were incorrectly put into the system. We need to go through a couple years of payroll to get the correct amounts. Mas90 will now show their vacation and sick leave on their paychecks. This was also a problem because no system existed to track this information. W-2's for the employees and W-3's for HOVERMC will be done by the end of January, 2004.

We have submitted claims to recover money from surplus resulting from the tax sales. Expected income from the auction will be approximately \$67,000. On the issue of wording for encroachment notices, Bill Lucas has provided a drawing to be included with this year's billing. Merle will email us the words to accompany the drawing. We need the correct wording for the liens, abandoned vehicles and encumbrances. The board decided to use Section 12 of the Standard Operating Procedures. Elizabeth moved, Bob seconded, unanimously accepted. We will be sending out statements for our customers by the end of January. We need to have people come in and stuff envelopes. We have a new postage machine. We have changed the locks on the door. Currently the only people with keys are Meleana, Nancy, Teddi, Frank and Maggie. Maggie has keys because she is the landlord. We changed the locks due to trespassing; a police report was made.

Frank thanked the office staff for the great job they have been doing.

Committee reports were next. Merle addressed some surveying issues. It appears some new surveys don't match our road surveys. Should we have them re-surveyed? Should we have them spot checked? Mele said that the surveyor we used, Manulele Services, is not licensed or certified. She suggested that we have an aerial survey done by a reputable company and recommended the company she previously worked for. According to Merle and Vernon, the previous President of the Board, Mr. McKinney ordered the survey without board approval. Frank will review the contract with Vernon and issue an invitation to the Manulele Services surveyors to attend the February board meeting. Sandy moved, Bill seconded, unanimously approved.

Maggie and Vernon are the liaison committee with the Parks department and would like to be informed of future communication with the Parks people.

New Business was next to be addressed.

The subject of the new subdivision going in above Ocean View was discussed. Elizabeth suggested that someone needs to contact the planning department and research the facts. Frank stated that he had not found any information regarding the use of our roads by these people. Bill will contact the developer and get more information.

Guardrails for dangerous areas, and signage for entrance roads was next discussed. Frank stated that for guardrails to be put in that we would need engineering consultants. Engineers need to come in, make a survey and submit a proposal for the work. Frank showed the board the estimate on what just the rails would cost. A committee will need to determine the locations where guardrails are needed. It was suggested that they check the accident reports. Elizabeth will head the committee and Bill will be on the committee. The subject of reflectors was brought up by a member, and that will be put on the February agenda.

An estimate for paint, anchors, poles and signs was presented. The estimate was for \$5100.02. These are replacements for signs damaged in the storm and re-stocking of our inventory. Bob moved to accept, Maggie seconded, approval was unanimous.

Bill had a request from the County to place block #s on road signs at intersections. It was suggested that we place it in the newsletter and allow the community to vote. Frank said that the charter does not allow for HOVE RMC to do this. Mele will look into the cost of signs.

The proposed sale of the CASE backhoe with the old hammer was addressed. It was agreed when we purchased the Caterpillar that we would look into selling the backhoe once the Caterpillar was operational. The price suggested was \$40,000 or the best offer. Motion to sell from Sandra, second by Elizabeth, unanimously approved. Teddi will run an ad in West Hawaii Today and the Hilo Herald Tribune.

Office building was approved by the membership in October. Because the vote was not until October 2003, it could not be put into the 2004 budget. It was suggested that we change the budget with a line item expense to place \$100,000 for the building in the budget. This would be so that plans can be developed, and contractors could submit bids to us. Mele will research with the accountant to see if we can add a line item to this years budget.

A member wanted to know why we were moving to Aloha and Lehua. He said that this place is already an accident waiting to happen, and wondered if we would be increasing our liability by inviting the public onto our land with the machinery present. Also would we not have problems with the increased traffic in the area. Frank pointed out that this was a moot point since the membership had already approved the building of the office.

Acceptance of Cash in the office was the next issue. It was pointed out that the previous office staff did not have proper procedures in place to accept cash. Frank pointed out that we cannot refuse cash for payment, or we would negate the bill. Merle moved to have cash accepted, Vernon seconded, unanimously passed. Cash will be accepted, deposits will be made to KAU FCU twice a day. NO cash will be kept on the premises and a sign will be put in the window. Members wishing to pay will need to bring the exact change. A receipt will be issued to the member and the member will need to sign the receipt book. Elizabeth moved to accept this procedure, Bob seconded and it was unanimously passed.

The review of the Ranchos sublease was next. Frank stated that the lease is month to month. Security issues regarding the recent trespassing were discussed. Maggie Arbo, the landlord pointed out that she does not allow subleasing. We are in violation of our lease with her. She stated she does not know if Ken Arbo had a verbal agreement with a previous board. It was suggested that we give 30 days notice to Ranchos Road Maintenance Corp to vacate. The notice will be delivered by hand Jan. 7, 2004 and by registered mail. A copy will be placed in the files. Bob moved, Sandy seconded, unanimously approved, Maggie recused herself.

Part time help to assist with billing in January. The board suggested 2 part-timers with pay of \$6.50 an hour. Merle moved, Vernon seconded, unanimously approved by board.

Sandra reminded everyone to keep the lines of communication open.

Motion to adjourn by Merle, second by Vernon, unanimously approved.

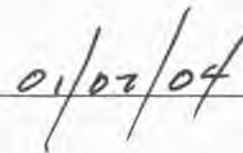
Next board meeting will be February 3, 2004 at 4 PM in the HOVE Road Maintenance office.

Respectfully submitted by Nancy Koerner.

Approved by:



Date:



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**HOVE Road Maintenance Corporation
Amendment Board Meeting Minutes
Tuesday, Jan. 6, 2004**

Upon review of the minutes, it was noted that 2 items were not clarified in the original minutes of Jan. 6, 2004.

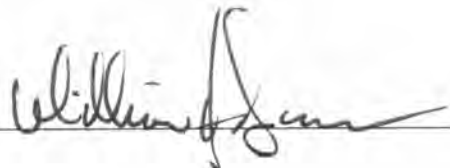
Item 1, when Merle gave his legal committee report, he noted twice that the RMC Standard Operating Procedures had been misinterpreted regarding who was authorized to contact the Corporate Attorney. According to the Standard Operating Procedures, SOP, Item 8, CONTACT WITH THE CORPORATION ATTORNEY WILL BE WITH THE APPROVAL OF THE BOARD ONLY. It was agreed that these procedures would be followed.

Item 2, Bob Armstrong is also on the committee to investigate guardrails.

These are the only additions to the original minutes submitted.

Next board meeting will be February 3, 2004 at 4 PM in the HOVE Road Maintenance office.

Respectfully submitted by Nancy Koerner.

Approved by:  Date: 01/21/04

H.O.V.E. Road Maintenance Corporation
Minutes of the February Board Meeting
Held February 3, 2004 at the RMC Office

Present were: Bill Lucas, Sandra Shaw-McDaniel, Bob Armstrong, Merle Martin, Maggie Arbo, and Vernon Dicke. Elizabeth Hardy was absent due to an injury, but submitted a report for the Guardrail Committee via e-mail. Also present were Meleana Smith, Nancy Koerner & Teddi Stransky, office personnel; Tom Lapera, surveyor; Sita Peacock of Merrill-Lynch, Officer Bill Doar of the HPD, and Corrine Kaupu, Ken Wicks, Ron Ferrell, Jeri Dickson, Ralph Roberson, Gary Golding and Stewart Dawson, residents.

The meeting was called to order at 4:02 pm by Vice President Merle Martin. The first speaker was Tom Lapera, the surveyor who last year completed the center pinning of all the roads. The Board wished to know why the road survey and the lot surveys did not agree in some areas. Mr. Lapera explained that, as the lots were originally laid out in the early 60s using the 'chain' method of surveying, some variation was to be expected. He said that an accurate survey of an individual lot was not possible without completing a boundary study of the entire block, as each block was originally surveyed independently and is accurate only to itself. He also indicated that, during his survey which utilized the Global Positioning System, many times the pins he placed actually dug up the original survey pins, so he felt that the original road surveys were accurate. Tom will provide the Board with a written report on his survey, certified by Don MacIntosh..

The next speaker was Ron Ferrell, who questioned the acceptability of the recent road survey, based on hearsay evidence that the survey contract was not approved by the Board. Vernon Dicke, who was on the Board at the time of the commencement of the survey, assured him that the Board did indeed approve the contract. Mr Ferrell then stated that the current widening of the boulevards was endangering the stability of some of HELCO's poles. The Board agreed that this was an issue that needed to be addressed. Mr Ferrell said that he had contacted HELCO on the subject, and that they would be contacting the Board. He further indicated that widening the right of way could create erosion on the roadsides, and that sufficient attention was not being given to maintaining the berm. The Board thanked him for his input and said the situation would be addressed.

The minutes of the January meeting were examined, Maggie Arbo moved to approve, seconded by Bob Armstrong, passed by the Board.

In the Financial Report, Bob suggested that we place \$100,000.00 in a Capital Reserve Fund for the eventual construction of a new office building; that we take \$250,000 to \$300,000 and invest it in a nine-month bond, which would leave us \$150,000 for current operating capital. Sandy McDaniels reminded the Board that the maturities of our existing bonds are rotational. The Board agreed that money to be spent on new

equipment must be budgeted in advance. It was pointed out that there is no contingency fund currently in the budget, and this should be addressed.

We are still in search of a CPA to perform month-end audits and the annual audit. A choice will be made when more resumes have been received.

Bob suggested that the budget for 2005 be formatted to more closely match reports produced by our MAS90 bookkeeping system, to simplify clerical issues.

Sita Peacock, our investment counselor from Merrill-Lynch, next addressed the Board. She said we had \$362,146.77 in our operating account as of 2/2/04, invested in an institutional money market account with a return of .78%. Funds currently in the investment account, which are primarily fixed income, yielded 5.74% in the last five months, providing \$112,000 to be re-invested. She suggested that \$25,000 be added to each of the current funds, and the balance be placed in convertible preferreds. A safety net of bonds or preferreds offers equity participation and is less vulnerable to interest rate fluctuations.

In the office report, Meleana Smith stated that closing to the public for three days (January 26-28) allowed us to catch up on the majority of property transfers and recording updates which needed to be done before billing. Our TMK filing system is now functional and growing every day, and has been useful in resolving issues with specific properties. In reviewing General Ledger accounts we find that many items in the past were not encoded properly or posted to the correct accounts. This will have to be corrected before the MAS90 modules can be successfully closed. An issue has arisen where the By-Laws and S.O.P.s conflict. Bob Armstrong moved (seconded by Maggie Arbo) that the S.O.P.s be altered to agree with the By-Laws. This was approved by the Board.

Abandoned Vehicles continue to be a difficult issue. Officer Bill Doar informed the Board that he had been in contact with James Easa, of the County, and that Easa will begin the process of removing vehicles from HOVE once they have been properly flagged as AV and a police report made. Officer Doar requested that citizens of the community report abandoned vehicles to him or to the HOVERMC office, providing a description of the vehicle, its current location, and a tag or VIN number if possible.

Meleana again requested that keypad locks be installed on the doors, so that the combination could be changed regularly and the expense of re-keying the locks avoided. Bill Lucas so moved and Vernon Dicke seconded, approved by the Board.

It was noted that an Insurance Review would be scheduled for the end of February.

Teddi was asked to run the ad again for the backhoe, as we have received only one bid. It was agreed to change the sale price from \$40,000 to \$40,000 OBO.

Meleana reported that Brian Iwata, CPA, indicated to her that having a CPA audit the books would cost approximately \$5,000.00 for the annual report and \$400.00 for month-end audits.

The Finance Committee agreed to address the question of bankruptcies, and how to handle billing and liens in situations where the property owner was involved in a Chapter 11. Merle Martin requested Board approval to contact our attorney; Bob so moved and Maggie seconded; approved by the Board. Meleana will accompany Merle to talk to the attorney.

Bill Lucas reported that he had found County surplus guardrails available at a reasonable price, but that he believed a Civil Engineer must be involved in placement and installation. It was suggested that the lawyer be asked about this process.

New Business:

The resignation of the former President, Frank Carvelli, dated 1/16/04, was next addressed. At the request of Jeri Dickson and Corrine Kaupu, Mr. Carvelli's resignation was read aloud. Bill Lucas reported that Frank had informed him, in a private conversation, that his resignation applied to both the Presidency and the Board of Directors. Sandy Shaw-McDaniel moved that this resignation be formally accepted, seconded by Vernon Dicke. The motion carried.

Selection of a new President was then discussed. It was agreed that the President must be selected from the existing Board. Sandy Shaw McDaniel was then persuaded to fill the vacant position of President until the end of the current term. Vernon Dicke so moved, seconded by Bill Lucas, unanimously approved. Sandy requested that Bill Lucas serve as her advisor in matters dealing with Road Construction, to which Bill agreed.

At Vernon Dicke's suggestion, the idea of a Board Orientation was discussed and accepted. Dr. Dicke will chair the Orientation Committee, which will develop a learn-by-teaching program for new and existing Board Members. Development of this procedure will be reported on next month.

Bob Armstrong suggested that we hire a Road Consultant to assist in making decisions about road work. This was discussed and Maggie Arbo moved that Merle Martin and Bill Lucas function as advisors to the road crew. Vernon Dicke seconded the motion and all agreed.

Property owner Jeri Dickson was asked to join the Legal Committee, and accepted.

The use of our office space by Ranchos Road Maintenance was brought up. It was determined that an 'official' board decision had not been made, although Ranchos had discussed the situation with Maggie Arbo (the property owner) and resolved the difficulties. Sandy moved that Ranchos RMC be accepted back into our office until their new office was finished (July); that they were to have no key, but have full access to the

office at any time that our staff was present (M-F, 7:30-4:30). Dr. Dicke seconded, and the motion was passed with Maggie recused.

Property owner Ron Ferrell brought up several items having to do with Board policy and decisions. It was suggested by Merle Martin that Ron join the Board and assist with decisions and policy. After some repartée, Mr. Ferrell agreed to become a member of the Board of Directors, filling the slot left vacant when Sandy became President. Bill so moved, Vernon seconded, and Ron Ferrell was officially welcomed to the Board.

A Special Meeting has been called at 2:00 on 02/10/04 for the purpose of performance reviews for the office staff. This will be a closed meeting for Board Members only.

Items for next month's agenda:

- Official Board acceptance of Meleana Smith as Office Manager
- Selection of a Second Vice President in Charge of Roads
- Addition of Purchase Order Reviews under New Business, to avoid a potential 2-month lag in approval of necessary purchases.

A motion for adjournment was made by Bob Armstrong; Vernon Dicke seconded. The meeting was adjourned at 5:48 pm.

Respectfully submitted, Teddi Stransky.

Approved: _____ Date: _____

February 11, 2004

From the Secretary of the HOVE Road Maintenance Corporation:

I cannot attest to the efficacy or accuracy of these minutes as to content, due to the lack of the observance of proper and accepted rules of order, proper application of parliamentary procedure and strict adherence to the proposed and accepted order of business as presented in the HOVERMC agenda dated February 3, 2004, regarding the board meeting of that date.

I understand the consequences of my non-acceptance, which will require a corrected meeting.

Respectfully submitted,


William Lucas, Secretary
HOVERMC

**Addendum to the Minutes
of the HOVERMC Board Meeting
held February 6, 2004**

The HOVERMC Office of the Secretary wishes to make a correction to an error brought to its attention and contained within the minutes of the Feb 6, 2004 general board meeting. A statement credited to Mrs. Corinne Kaupu regarding a request to review a document for verification was incorrectly attributed. The correction will hereby be added to and included in the file of those minutes described above. The Office of the Secretary regrets any inconvenience the error may have caused and conveys its apology to the above-mentioned party."

(signed) W.H. Lucas, HOVERMC:sec

February 11, 2004

From the Secretary of the HOVE Road Maintenance Corporation:

I cannot attest to the efficacy or accuracy of these minutes as to content, due to the lack of the observance of proper and accepted rules of order, proper application of parliamentary procedure and strict adherence to the proposed and accepted order of business as presented in the HOVERMC agenda dated February 3, 2004, regarding the board meeting of that date.

I understand the consequences of my non-acceptance, which will require a corrected meeting.

Respectfully submitted,


William Lucas, Secretary
HOVERMC

H.O.V.E. Road Maintenance Corporation

Minutes of the February Board Meeting

Held March 2, 2004 at 4:00, at the RMC Office

Meeting called to order by President Sandra Shaw-McDaniel at 4:00 pm. Roll call: Merle Martin, Bill Lucas, Bob Armstrong, Ron Ferrell, Elizabeth Hardy. Office staff present: Nancy Koerner, Meleana Smith and Teddi Stransky. Community members present: Stew Dawson, David and Sandra Vogel, Rex Fisher, Corrine Kaupu, Gabriele Lucas, Tito Haggardt, Carl Pisizeczek.

Recognition of guests: Kevin Whitener, HELCO; Curtis Nakayama, HELCO; Barbara Cooper, HELCO; Bob Zeller, OVCD.

Minutes from last meeting; Bill Lucas, Secretary, stated that some of the items in last month's minutes need to be revisited. He will list the ones which require reconsideration. A motion was made by Vernon Dicke that these items be placed on the April agenda, Bob Armstrong seconded. The issue was opened for discussion. Some discussion ensued and Merle called for a vote. The motion was approved.

Treasurer's Report – Bob Armstrong.

The 2004 budget is not yet finalized but is very close. They want it to reflect the actual chart of accounts. The 2005 budget will follow. Bob reports that as of today's date, we have approximately 700,000 dollars in our operating accounts, between Merrill-Lynch and Bank of Hawaii. Money is coming in and we are in good shape financially. Some money needs to be shifted from the bank for insurance reasons.

Foreman's Report – Bill Lucas.

A copy of the Foreman's Report prepared by Mac Kaupu was provided to each Board member. Some widening is still underway but the focus is shifting to repair; at the present time we are planning to hold off on the widening and continue with chipsealing and pothole repair. Considerable time was spent on signage and the repair or replacement of damaged signs after the recent storm. Work continues with mowing and weedwhacking, and cleaning of the roads will recommence after repair of the sweeper. We are still taking bids on the hoe ram for sale; sale should be concluded within another week. The public is requested to notify the RMC about potholes or other damage to the roadways; we have a form at the office, or just call us at 929-9910.

Special Report from HELCO – Kevin Whitener, Supervisor in Customer Engineering; Curtis Nakayama, the West Side Superintendent; Barbara Cooper, Head of the Civil Engineering group.

HELCO wants to open lines of communication and work together in accomplishing the mission of Road Maintenance while looking out for HELCO's interests as well as the public's safety. They request that we notify them in advance if there are any issues during road work, so that they can work with our crew to resolve the problem without damage to their assets. There are currently two poles which are not stable, which will be repaired.

Kevin brought up an issue with the information on our website: he said that HELCO had never agreed to move any poles, and the information we had was incorrect. We agreed to remove that statement from the website.

Office Report – Meleana Smith

The General Ledger for 2002 has been corrected and all information has been input into MAS90. The books have not yet been closed, awaiting input from Ann Fukuhara, who will be performing the audit. Statements have all been sent out; research is ongoing on all complaints and corrections. Mele requests a Finance Committee meeting to go over issues which have arisen with individual customers. The billing schedule for this year is as follows: Assessments are due by March 31st; in April we will be sending out past due notices as well as an Intent to Lien letter. Delinquent customers have 60 days to respond (May 31st) after which we will assess a \$10.00 late fee, and start the processing of liens. We are allowing a three-month timeframe for the processing of liens due to the large number expected.

Mele requested that a website committee help Teddi out with suggestions, and suggested that each member review the website and produce a list of suggestions for correction and improvement. The website URL is <http://www.hoveroad.com>.

Merle moved that a website committee be formed; Elizabeth seconded, all agreed.

David and Sandra Vogel indicated that they would be interested in joining the Board; Sandra said they were welcome and asked that they submit their qualifications. Mrs. Vogel has served on many Boards and is very familiar with the processes involved. Mr. Vogel is a computer programmer and has a history of community involvement.

Guardrail/Safety Committee – Elizabeth Hardy & Bill Lucas

A copy of the Guardrail Report was provided to all members. Bill Lucas has been actively working on the survey and encroachment issues; paperwork regarding the survey arrived late the previous day; a copy was provided to the Board Members. Elizabeth suggested that the members review the survey report from Don MacIntosh, but the Guardrail Committee is not requesting any action other than their attention. The Committee is continuing to identify problem areas where guardrails could contribute to community safety. Elizabeth requests community input and suggestions. Bill Lucas indicated that he is working on getting the documentation from the surveyors that we originally paid for; there is some indication that we will need to realign some roads so that we have a starting point. They are still trying to get verification of the certification of the surveys; this has not yet been received.

Finance/Budget Committee – Bob Armstrong

Bob reports that the committee met to gather information on accounting discrepancies that occurred back in 2002, preparatory to discussing with the Board what actions need to be taken. Mele and Bob still have a couple of figures they are working on. They are also working on the 2005 proposed budget, trying to get the budget to reflect the format of the actual accounts in the computer so there is a 1-on-1 match, since the format previously used is not appropriate to MAS90, the current accounting system.

Park Committee – Vernon Dicke

The Park Committee had no report; Dr. Dicke has contacted Aleta Knight but has not yet received a response. A report will be coming soon.

Legal Committee – Merle Martin

Merle asked that the report be deferred until next month, as some questions were as yet unanswered. Bill asked if additional questions were open for the next meeting with the lawyer and Merle told him to submit them. Elizabeth asked if there were monthly meetings with the lawyer and Merle responded that meetings with the lawyer were only allowed with the approval of the entire Board, and any further meetings would have to be approved. Elizabeth requested that it be put on the Agenda for next month.

Unfinished Business –

CPA Selection: Elizabeth wondered if there were any CPAs new to the island who had not yet acquired a full client load. Bill Lucas indicated that he had had some dealing with Mr. Rogers, an accountant for whom we had a résumé, who seemed to be very qualified; he recommended that, since we have résumés from two qualified people, we proceed to meeting with these two and either select one or discard them before we seek further résumés. Elizabeth and Merle agreed but no vote was called for.

Surveyor issues – Bill Lucas

Statement has been received, but is still an issue. Merle said the letter was unsatisfactory as far as he was concerned. Bill indicated that he was working on the situation and that the surveyor still owes us materials, particularly his certification; we deserve to have the materials we paid for and we will get them.

Insurance Review – Merle Martin

We are currently spending between fifty and sixty thousand dollars per year on various insurances. Merle has spoken to several people in the insurance industry who are interested in coming out and discussing the package. With the Board's permission he will proceed with this and report back on his findings. Bill moved that Merle proceed; Vernon seconded; Sandy called for discussion. Ron asked about the policies and was told they currently involved four or five different companies. Merle indicated that he would be working in concert with Meleana on this issue.

Selling of the Backhoe – Bill Lucas

The high bid on the backhoe is currently \$30,000. Mac has had several inquiries but no further bids. Bob moved that we accept the \$30,000 bid if no higher bids are received in writing before March 8th. This was seconded by Vernon Dicke and unanimously approved.

The meeting was adjourned by the President at 6:08 pm

Respectfully Submitted, Teddi Stransky

Approved :



HOVERMC Secretary

**HOVE ROAD MAINTENANCE
BOARD OF DIRECTORS MEETING
APRIL 6, 2004**

The meeting was called to order by Sandy Shaw-McDaniel at 4:04 PM Tuesday, April 6, 2004. Board members present were Maggie Arbo, Bob Armstrong, Vernon Dicke, Bill Lucas and Merle Martin. Office staff present were Mele Smith, Teddi Stransky and Nancy Koerner. Members present were Jeri Dickson, Gabriele Lucas, Gary Golding and Corrine Kaupu. Sandy stated that a quorum was present.

Sandy asked for any announcements. She had one: 2 board members had offered their resignations since the last board meeting, Elizabeth Hardy and Ron Ferrell. Merle moved to accept the resignations and Bob 2nd, the vote was unanimous. Sandy had an application for the board, Jeri Dickson. Maggie moved accept Jeri to the board immediately as a replacement, Bob 2nd and the vote was unanimous to accept Jeri as the newest board member.

Sandy asked for any communications, none were offered.

Minutes from the March meeting were next presented. Vernon moved to accept the minutes as written, Bill 2nd, the vote was unanimous.

Jeri asked what happen to the Vogels, who were interested in joining the board. Sandy said that they seemed to have lost interest.

TREASURER'S REPORT

Bob distributed budgets from 1997-2004, and the proposed 2005 budget. He would like it reviewed and issues to be brought up at the next meeting. Merle wanted to know if an engineering study had been included in the budget. Bob thought it could be included in the professional services portion of the budget.

Bob reviewed spending: we have spent about \$232,000 this first quarter with \$70,000 being in payroll. Bob stated that income from the billing was \$752,000 this quarter with \$544,000 being in 2004 collections, and \$164,000 being from prior year's billing. We have approximately \$862,000 in the Merrill Lynch Operating Fund, \$815,000 in the Merrill Lynch Trust Fund. We have \$202,000 in the Bank of Hawaii fund, and \$7,000 in the Ka'u Credit Union fund. Sandy moved for the acceptance of the report as read. Merle 2nd, the vote was unanimous.

FOREMAN'S REPORT

The foreman's report was read by Bill Lucas. A copy is on file in the office with the signed minutes. Bill explained why the report says "waiting for oil" so often. The map of the road work will be updated periodically, as road work progresses.

**HOVE ROAD MAINTENANCE
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A new product for patching the roads was discussed. There is none available in Hawaii, so it is being ordered from the mainland. It should be available in a month. As of this time shoulder widening has been stopped.

Sandy stated that the State is now paying attention to our situation with abandoned vehicles. We need to gather the names of lot owners who have 25 cars or more on their lots. Names, addresses, TMKs and photos should be provided to the State.

The Health department has expressed some concern with environmental hazards. MSDS sheets are being kept at the yard. Mele stated that we will need permits, grading from the county for \$50, and environmental permits for \$500 - \$1000. Merle thinks we can challenge the permits, because we are a private subdivision. Sandy suggested reviewing this with the attorney. Sandy would like something in writing to review and distribute.

Bill stated that there were some concerns with OSHA, safety and EPA requirements. There was a discussion regarding the storage container at the yard. Gary from the membership said he had been in contact with a place in Long Beach regarding containers that had been converted to office/storage space. He will look for the number. Complaints about pot holes, signs and line of sight are being addressed.

A listing of abandoned vehicles was collected and given to Officer Doar. We are coordinating with the Neighborhood Watch. There is a Bill #2015, in the Senate, which we need to support. Merle moved that Bill write a letter to the Senate, representing the road corporation and our membership, supporting the Bill #2015. Vernon 2nd, unanimously accepted.

ROAD DIRECTOR'S REPORT

Bill read his report to the Board. A copy is on file in the office with the signed minutes. To meet with OSHA guidelines, an Adult CPR and First Aid Training course will be conducted on Thursday, April 29, 2004. Bill will look into having it at the Community Center instead of at the HOVE RMC office. Merle moved to comply with OSHA for the minimum number of people to receive CPR/First Aid training. Bob 2nd, Discussion took place about the cost of having the employees doing this on company time. Bob amended the motion to include all employees who wish to attend. Merle and Sandy voted no. Vernon amended the motion to have the training for all employees who wish to attend, at the Community Center to include anyone else in the community who pays their own way. Bill 2nd, vote unanimous to accept.

Labor laws require security of time clocks. Only the office manager and road director should have keys.

Sandy stated that we need to hire someone to do the Road Advisor duties, instead of Bill. Frank Carvelli wrote up the job responsibilities for Sandy. Sandy presented a resume

**HOVE ROAD MAINTENANCE
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from Ernie Williamson, he would be interested in being the Supervisor of the Roads. Merle commended Bill for the work he has been doing. The Chairman of the Road/Safety Committee would delegate the appropriate work and the supervisor would then act upon the instructions. Merle moved that we advertise the position for Director of Operations. The Road Committee will write up a job description, and discuss before the next Board meeting.

OFFICE MANAGER'S REPORT

MAS90 expert Cliff Koanui came over and did an assessment of the system. He suggested that we close modules and then begin making the adjustments. Mele will be doing this next week. Research of change of ownership, liens and bad addresses is still being worked on.

Teddi passed her notary exam, she will receive her certification next month. The loader was sold and a bill of sale needs to be signed before a notary; the machine has already been picked up. The aged invoice report has been printed and needs to be gone through so we can send out past due statements with intent to lien letters. The computers have viruses in them, which has caused us to lose a week's worth of work. We are currently catching up on our work.

Teddi needs her CPU replaced at a cost of \$500, which includes an upgrade to Windows XP Professional. Mele would also like to get Windows XP Professional for the other two machines at \$155 each. Bob motioned we get the CPU replacement, update the software and get a backup program. Bill 2nd, vote unanimous.

Mele requested we hire someone to stuff envelopes for the past dues. Geri moved that we hire someone to stuff envelopes, Merle 2nd, all approved.

Mele requested that she be allowed to purchase a used desk from Kona Coast Office Supply.

LEGAL COMMITTEE

Merle called a new attorney, James Sogi, to discuss the pending Stutheit lawsuit and to get a report on the statute of limitations. He reported that the statute of limitations is 20 years,. He suggested that we file a class action lawsuit; he would need the names, addresses and TMKs of the people in the arrears. Merle will talk further with the lawyer and get a letter regarding the lawsuit, he will also get a letter regarding the details of the class action suit. What if we falsely accuse? Vernon would like it all spelled out, flow time, bankruptcy, foreclosure and tax sales. Merle moved that we engage Mr. Sogi to proceed against all delinquent accounts. Bill 2nd, vote unanimous in favor.

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OTHER REPORTS

Bill asked that at the next board meeting the mission statement that Elizabeth Hardy created be reviewed.

UNFINISHED BUSINESS

The surveyor was discussed. Merle feels that the surveyors misled us. Vernon stated that they did what they were suppose to do: mark center of intersections and some center lines. Bill stated that they were suppose to provide maps and calculations. He is in touch with McIntosh and will let the board know the results. Merle moved to table the surveyor issue, Bob 2nd, all in favor.

The CPA issue was next. Mr. Rodgers proposal was presented to the board, along with two other CPA resumes. Sandy would like this resolved at the next meeting.

The insurance issue was brought up. Merle stated that the insurance policies are being reviewed and the research should be completed by the next board meeting.

ITEMS FOR THE NEXT BOARD MEETING

1. CPA
2. DIRECTOR OF OPERATIONS
3. MISSION STATEMENT
4. INSURANCE BUSINESS

Any other items should be submitted to Sandy for review.

Motion to adjourn by Bob, second by Maggie, unanimously approved.

Office staff and public were dismissed. An Executive session was held.

Next board meeting will be May 4, 2004 at 4 PM in the HOVE Road Maintenance Office.

Respectfully submitted by Nancy Koerner.

Approved by: Sandra Shaw McDaniel Date: 4-19-04

HOVERMC Board of Directors

Minutes of the Monthly Board Meeting

Held May 4, 2004 at the HOVERMC office

The May meeting of the HOVERMC Board of Directors was called to order at 4:00 pm. Present were President Sandra Shaw-McDaniel, Vice-President Merle Martin, Treasurer Bob Armstrong, members Jeri Dickson, Vernon Dicke and Maggie Arbo. Also present were Sita Peacock of Merrill-Lynch, office staff Meleana Smith and Teddi Stransky, road crew foreman Mac Kaupu, and Operator Rudy Kaupu. Property owners present were Frank Carvelli, Stew Dawson, Gary Golding and Corinne Kaupu, and resident Ralph. As a quorum was present, the meeting proceeded.

Announcements:

Sandra announced the resignation of Secretary Bill Lucas and requested a motion to accept it; Jeri so moved and Merle seconded. Dr. Dicke asked the reason for Bill's resignation; Sandy replied that the letter stated only that he wished to resign. A vote was called, which was unanimously accepted.

The CPR and First Aid classes scheduled for May 11th will be held at St. Jude's Church starting at 8:00 am.

Merrill-Lynch Report:

Sita Peacock of Merrill-Lynch was introduced and provided the Board with information regarding the current accounts with M-L. Overall April was a difficult month for the market and only small gains were achieved in the last quarter. The current cash flow account stands at \$825,260, which should be sufficient for the rest of the year. We currently have \$530,669 in the Money Market and \$330,000 in issues. Sita suggested that we do a reserve study to ladder the reserves for availability. She then handed out documentation on the accounts and went over them with the Board.

Budget Report:

Bob said he had nothing to report on the 2005 budget, but that there should be information available by next meeting.

Appointment of New Secretary:

Because new signature cards were needed for Sita to return to Merrill-Lynch, this item was moved up on the Agenda. Sandy announced that Jeri Dickson had agreed to accept the position of Secretary; Bob moved that the Board accept the appointment, Merle seconded; the vote was unanimous.

Foreman's Report:

Mac reported that April was a slow month due to a shortage of patching materials and breakdowns in large equipment. The crew has been working on baseyard cleanup and improvements per Bill Lucas' instructions, to comply with OSHA requirements. A 24-foot storage container has been found to replace the old one, which is too badly rusted out to suffice; it is to be used for storage of perishable and hazardous materials. The cost will be \$2,600. Merle moved that the Board approve the purchase of the container; Bob seconded; the vote was unanimous.

Mac reported that several items of equipment were in for repairs, which will be completed soon. Merle asked why there had been so many recent machinery breakdowns. Mac and Rudy explained that the equipment was aging, and that the trucks, in particular, had been constantly on the road for 13 or 14 years. The big dump truck is over 15 years old and needs to be replaced. All equipment will be online within a week.

Dr. Dicke asked if any progress had been made in methods to keep the hot oil on hand; Mac said that it was a problem, due to the perishability of the oil. Special systems would be required to keep the oil warm and prevent evaporation. Currently the oil is brought in one tankload at a time, and all prep must be completed in advance as the oil must be used within 24 hours of delivery.

Sandy asked the crew if Aloha and King Kamehameha Boulevards were scheduled for resurfacing. Mac said that the problem with the roads was that the last time they were re-done the Board at the time voted to use cinder as the road base, in an attempt to save money. The cinder base has deteriorated, making the surface uneven and unstable. To repair these two main boulevards will require the surface to be stripped down to its base and re-built using the proper base-coarse rock.

Sandy asked Frank Carvelli if, in his opinion, these roads should be rebuilt. He said definitely yes, and that it might require two crews to complete it. Special budgeting might have to be done to allow for the expenses. Bob said that \$207,000 had been budgeted for road oil in 2005; Frank said an additional \$60,000 might be required if resurfacing was planned. Sandra requested that proposals be written as to what could be done by the end of this year, the time factor, and the expense. Dr. Dicke asked whether, if we had two crews, the roads could be broken down, relaid and oiled faster than it is now being done. Mac said no, the time factor would be about the same, as we do not have sufficient equipment for two resurfacing projects.

Office Manager's Report:

Nancy is no longer with us; Mele and Teddi are picking up the slack as much as possible. More than 3,000 past-due notices were sent out, which included letters of intent to lien. We have had considerable response; many people very angry, but also many payments and arrangements to pay. We will begin the processing of liens after May 31st.

The permits which the County requested after a property owner reported that we were using toxic materials are not needed; the County examined our materials and procedures and found them to be correct.

The F450 truck and the 928G Caterpillar are repaired; Mele requested authorization to pay the bills. Sandra requested a motion to approve the payment; Bob moved that the bill for \$2600.00 for the F450 be paid, Jeri seconded, approval was unanimous. Dr. Dicke moved that the bill for \$3939.35 for the 928G be paid, Maggie seconded, approval was unanimous.

Mele requested that Kristen Haina be approved as a part-time office employee, to help with filing and research 2.5 to 3 days a week. Merle moved that her hiring be approved; Bob seconded, the vote was unanimous.

Committee Reports:

Insurance: Merle reported that the committee is still investigating possible ways to reduce our insurance bills, but that they have to date found no significant improvements.

Office Building: Merle recommends that we hire an architect to draft plans for our office building; regardless of where we decide to place it, we will need to have approved plans.

Merle then presented a motion “to conduct a legal review of the recent surveyor contract to determine if misrepresentation occurred and if any other violations were committed.” Considerable discussion ensued and it was generally agreed that the contract as signed was ambiguous and poorly defined. In the end there was no second to the motion.

Merle then moved that Wes Thomas be hired to accurately pin the centers of the Boulevard intersections only. Maggie seconded the motion and there was a mixed vote; Merle requested a roll call vote with the following results:

Dr Dicke	abstain
Jeri Dickson	against
Maggie Arbo	for
Bob Armstrong	against
Merle Martin	for

As President, Sandy was called upon to break the tie vote; her vote was “for” and the motion passed.

Unfinished Business:

Bob, as Treasurer and head of the Finance Committee, presented an out-of-committee motion that David B. Ramos, CPA, be hired to handle payroll, monthly financial reports and taxes. The motion was approved unanimously.

Bob also reported that Ron Gouveia, a Honolulu CPA who is also a MAS90 expert, has given him an estimate of between \$5,000 and \$15,000 for a complete audit, based on a \$175.00 hourly rate and a 15% discount for non-profits. Merle moved that Mr. Gouveia’s proposal be accepted, Dr. Dicke seconded, and acceptance was unanimously approved.

Discussion was then opened on the subject of hiring a part-time Director of Operations to handle scheduling, purchasing and planning for the Road Crew. Sandy said we appeared to have three options:

1. Do nothing
2. Return Frank Carvelli to the Board
3. Hire Frank Carvelli as Director of Operations.

Objections were immediately raised to the second possibility, and Mr. Carvelli announced that this was not a job he would do for free. It was also pointed out that there could be other qualified people who would be interested in the position. Mr. Carvelli then discussed his plans and ideas with the Board.

It appears that, due to Mr. Carvelli's status as a past Board Member, it might not be allowable for the Board to hire him until one year after he last served on the Board. Merle stated that he would call our lawyer for his opinion on this matter, and whether or not a suspension of the rules might be advisable in this instance. Bob moved that Merle be allowed to contact the lawyer; Jeri seconded, all approved.

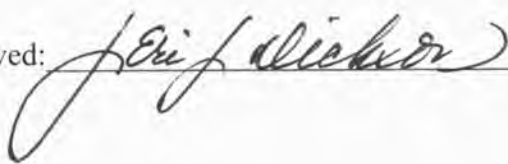
Sandra then asked if a rule previously approved could be amended to fit the existing circumstances. She stated that it was impractical for only one person to be allowed to contact the lawyer, and then only with the approval of the Board, which could delay contact for up to a month. Several issues have recently arisen where it was imperative that the lawyer be consulted immediately, without waiting for approval at the next Board Meeting. Sandra proposed that the President of the Board be allowed to contact the lawyer if it was deemed necessary, and be required to report on the results of the consultation at the next meeting. It was so moved and seconded, and the motion passed with three in favor and two opposed.

The meeting was adjourned at 6:35pm.

The next meeting of the Board of Directors will be on June 1, 2004.

Respectfully submitted by Teddi Stransky

Approved:



Date:

5-17-04

HOVE ROAD MAINTENANCE CORPORATION

Minutes of the June 1, 2004 Board Meeting

The meeting was called to order at 4:00 pm on June 1, 2004. Present were Sandra Shaw McDaniel, Jeri Dickson, Merle Martin, Bob Armstrong and Vernon Dicke. Marguerite Arbo could not attend. Also present were property owners Ralph "Ron" Ferrell, Gabriele Lucas, William Lucas, Mika Pratt, Gary Golding, Corrine Kaupu and Loren Heck, as well as visitor Christy Logan.

Discussion was opened about the upcoming 4th of July Parade. It was generally agreed that due to insurance issues and property owner objections, the RMC would not participate; no vote was taken.

Christy Logan reported on her progress in providing "cluster unit" mailboxes at the foot of each highway-intersecting road. She said she had been in contact with the DOT and the Postmaster in Captain Cook, who both agreed it was feasible; however, the boxes would have to be located on private land, not on the County roadway. Permission would have to be acquired from each corner lot owner along the highway. Sandra mentioned the proposed Post Office in the proposed Shopping Center on the makai side of the highway; however, we don't know if or when that will be built.

Sandy announced that Maggie Arbo needed to resign for personal reasons. She introduced Loren Heck, a past president of the Board, who would be willing to return to the Board as a member. Merle Martin moved that the Board accept Loren as a Board Member; Bob Armstrong seconded, and approval was unanimous.

The minutes of the last meeting were reviewed; Jeri Dickson moved that the minutes be accepted, Loren Heck seconded; the minutes were unanimously approved.

Budget Report:

The current version of the 2005 budget was submitted for review, subject to change; some items are based on the best figures available at this time. Bob Armstrong, Treasurer, expressed some concern that past due monies currently being recovered through the efforts of the office staff could result in a budget excess at the end of the year; he recommends we keep to an \$85.00 assessment for next year, even though the current proposed cost for 2005 is \$106.00 per lot. However, rebuilding both Aloha and King Kamehameha Boulevards could absorb some of those funds; it was therefore suggested that we wait on any decisions until October, which is the scheduled date for determining assessments according to the By-laws.

Sandy reported that the rebuilding of Aloha Boulevard, which will require reconstruction of the road bed, is predicted to take no more than six months. Discussion of current projects resulted in Loren Heck moving that the Board give approval to begin the reconstruction of Aloha Boulevard; Bob Armstrong seconded and all approved.

Office Report:

Teddi Stransky is now a licensed Notary Public, available at the RMC office during office hours. She is researching and beginning to process liens on delinquent accounts, proceeding first on those properties likely to be auctioned at the November 2004 Delinquent Tax sale. Teddi explained the concept of 'continuing lien' as it is outlined in the RMC Bylaws, specifically in section 5.8. According to this section, and to Alma at the Tax Office, each assessment is in effect a lien on the property. However, the placing of formal liens through the Bureau of Conveyances is more of a "sure thing" since we have no control over whether or not a copy of section 5.8 is provided to the lot owners with their deeds.

CPA and MAS90 expert Ron Gouveia recommends that the office begin correction of the books for 2002 from scratch, using the actual records and bank statements, as the MAS90 system was used incorrectly by undertrained personnel in 2002 and the existing data is corrupted. This will primarily be a data entry project, and will result in the elimination of errors made in data entry during 2002, the books for which can then be audited correctly.

Mele requested that our part-time office person, Kristyn Haina, be approved for more hours to help with research and filing, and reported that David Ramos will be taking over the payroll processing starting at the end of this week. She also reported that the only properties the RMC owns are the Base Yard and the 4-acre cinder pit; no other lots have ever belonged to the RMC.

Mele suggested that the Board open a credit account with Costco for purchase of office supplies, as their prices are 1/2 to 2/3 lower than those of our current vendor, Stationers. The Corporation could set up a will-call account; signers on the Card would be the President, Treasurer, and Office Manager.

Loren moved that Mele be allowed to correct the books for 2002 in MAS90, and set up a Costco account; Sandy amended the motion to include more hours for Kristyn Haina. Bob seconded, all voted in favor.

Crew Report:

All machinery is currently on-line; the 707 was sold to Bob Taylor. Fog sealing starts on June 2nd, we have an order in for more oil. Painting of yellow lines continues on Boulevards and Parkways. Patching is underway in several locations, and mowing continues to cycle through the subdivision due to the unusual but welcome rains.

Sandy asked why all the items on the Work Schedule are not 50% complete, since this is June. Rudy cited the major storms early this year, which required a lot of cleanup and repair work; material shortages and delays in delivery; and the rescheduling required due to shoulder-widening projects. He added that rebuilding Aloha and King Kamehameha will require much grader time, and due to a new mixer at the oil plant, we can only purchase oil 2,000 gallons at a time. Bob asked about storing oil on-site; Rudy explained that the oil must be stored in sealed tanks and kept at a specific temperature to prevent rapid deterioration, and we do not have the necessary specialized storage tanks. Sandy asked Bill Lucas about his research on storage tanks currently in use in the State of Idaho; he recapped the information he had provided at a prior meeting, but since no one had been interested, he had stopped pursuing it. As far as he knows, the tanks are still available.

Legal Committee Report:

Merle stressed that safety and legal issues are closely connected, and that safety requires keeping the roads clear. He requested that the Board place on the next agenda a discussion of establishing fines for encroachments, in accordance with item four on page three of the 1999 Court Order. Encroachments continue to be a thorny issue and much discussion ensued. Merle noted that there is currently no list of encroachments; this needs to be developed. The President halted the discussion, stating that encroachment issues had been tabled about three months back, until such time as survey questions have been resolved.

It was proposed that an Office Procedure should be established for the acceptance of sealed bids only, on equipment or machinery put up for sale. Vernon Dicke so moved, Loren seconded, the motion was approved unanimously.

Road Planning was then discussed. Mele pointed out that an excellent job-costing plan had been found in the old Minutes, and that it was very well done and would be very useful in planning future projects. Under query, Dr. Dicke admitted that he had developed the plan, but said he had had a lot of help. Merle said it would be interesting to find out what it could be done for if we put it out to bid. Mele noted that Glover had given her a cost analysis that provided an approximate cost of \$2.75 per square yard; Bill Lucas suggested that Frank Harper had done an excellent analysis of cost per square yard as well; this could be updated with current material prices. He also said that we could probably get lower prices on materials other than oil. Loren moved that materials be put out for new quotes, which would then be reviewed and approved by the Board. Merle seconded and it was unanimously approved.

Sandy announced we have five applicants for the position of Operations Manager; Merle suggested that applicants should be interviewed by the Board during an executive session. It was agreed that a committee would meet on Thursday, June 3 to review resumes, finalize the job description and select candidates for interviews. The results of this meeting will be announced at the July Board Meeting.

The June meeting of the HOVERMC Board of Directors was adjourned at 6:55 pm.

The next meeting will be held on July 6th, 2004, at 4:00 pm at the RMC office.

Respectfully submitted,

Teddi Stransky

Approved: _____

Sandra Dawn McDaniel
President

HOVE ROAD MAINTENANCE CORPORATION

Minutes of the July 6, 2004 Board Meeting

The meeting was called to order at 4:04 pm on July 6, 2004. Present were Sandra Shaw McDaniel, Merle Martin, Bob Armstrong, Loren Heck and Vernon Dicke.

Sandra requested that anyone who wished to add an item to the agenda come in and fill out the appropriate form; agenda items need to be submitted at least 8-10 days before the meeting.

The minutes of the last meeting were reviewed; Merle Martin moved that the minutes be accepted, Loren Heck seconded; the minutes were unanimously approved.

There were no announcements or communications and no guest speakers; property owners attending were Corinne Kaupu, Sharon Smith, Cliff Savage, and Ron Ferrell.

Treasurer's Report:

Bob reported that there was roughly 1.5 million available in the Operating Fund; sufficient for the rest of the year's work. Due to the ongoing audit of 2002, the finalized Budget Report will be delayed; therefore a firm figure has not been established for the 2005 assessment.

Merle requested that item XI-1 on the agenda, Review of Equipment quotes and Purchase, be included in item VI, the Foreman's Report. It was so agreed.

Foreman's Report:

Work is being completed at the top of the subdivision, including patching and fog-seal. The crew will begin prepping areas for striping and lettering. Initial work on Aloha Boulevard will commence soon, the re-building of the road base and shoulders. Traffic will be redirected with appropriate signage.

Abandoned cars continue to be a problem. Known perpetrators are being investigated.

It was suggested that an ad hoc committee meet to go over the literature we have received on new equipment and determine what would be the best to purchase. It was noted that much of our large equipment is 30+ years old, and newer machines would improve the efficiency of operations. Bob moved that a committee be formed; Merle seconded. Loren agreed to chair the committee, and a meeting was scheduled for Tuesday, July 13th at 8:00 am. Mele will provide all the information received on prospective equipment, and Dr. Dicke will bring a TV/VCR so that tapes of the equipment in operation can be reviewed.

Office Report:

The office staff continues researching old accounts and making corrections as needed. Reminder billing scheduled for the first week in July has not been sent due to the immense amount of research still to be done. A restricted reminder billing, set up for 2003 and 2004 balances only will be sent out at the end of July.

Mele has begun the re-entry of the 2002 General Ledger; she has been somewhat hampered by the fact that a proper Chart of Accounts was never created in the past, and the vendor list needs to be completely restructured.

Teddi has compiled a list of existing liens by combing through online records at the Bureau of Conveyances and collating that information with the incomplete records and boxes of paper left by the former office staff. We have found that some properties with liens apparently still in effect have been

auctioned or otherwise changed owners without satisfaction of the liens; in other cases, past due assessments have been paid off and the liens never released. These situations are being reviewed and corrected, along with the ongoing placement of liens against past-due properties which will be eligible for tax auction this year.

David B. Ramos, of Ramos Consulting and David B. Ramos CPA & Associates, has been selected as the new accountant for the Corporation effective May 4, 2004. Mr. Ramos has been affiliated with Parker Ranch for over 25 years.

Ron Gouveia of Carr, Gouveia and Matsumoto, Inc of Honolulu was selected as our corporate CPA in May, 2004, and has been assisting the Corporation with development of internal controls and audits for year ending 2002 and all subsequent years.

It was requested that the Office be authorized to purchase a new tape recorder for use at Board Meetings, as the existing one has become undependable. Bob moved we replace the machine, Loren seconded, all approved.

A suggestion was made that we contact the PUC and compile a list of list all commercial haulers allowed within the subdivision, and begin to assess road use fees for cinder, chip and water hauling. It has long been known that the big trucks are the ones doing the most damage to the roads. Routing and weight restrictions should also be established, so that the community does not have to bear the burden of repairs made necessary by commercial haulers.

Legal Committee Report:

Merle reports that encroachments are occurring faster than they are being removed. This is a continuing problem which can only get worse over time. Sandy mentioned that one subdivision in Kona recently went to court to force the County to take over its roads; the County's first action was to exercise its right of eminent domain and summarily clear all encroachments without further discussion. If we do not want to have to do this at some point in the future, issues need to be resolved now. A public relations campaign to educate property owners as to WHY encroachments are a problem was suggested. Merle mentioned that Mac kept a list, and suggested that we initiate contact with those property owners first.

Safety Committee Report:


The Civil Engineer who toured the subdivision with several Board Members earlier on the day of the meeting will be submitting a proposal and a report on major safety issues such as guard rails, striping, and line of sight.

The July meeting of the HOVERMC Board of Directors was adjourned at 5:08 pm.

The next meeting will be held on August 3, 2004, at 4:00 pm at the RMC office.

Respectfully submitted,

Teddi Stransky

Approved: 

HOVE ROAD MAINTENANCE CORPORATION

Minutes of the August 3, 2004 Board Meeting

The meeting was called to order at 4:04 pm on August 3, 2004. Board Members present were Sandra Shaw McDaniel, Merle Martin, Bob Armstrong, and Vernon Dicke. Office personnel present were Office Manager Meleana Smith and Secretary Teddi Stransky.

Expected guest Sita Peacock of Merrill-Lynch was unable to attend due to flooded roads; Guest Lloyd Lee, Civil Engineer, of M&E Engineering, was introduced.

Property owners attending were Corinne Kaupu and Joe McDaniel.

The results of the Executive meeting were announced: It was unanimously decided that the two full-time office employees would be given raises.

The minutes of the July meeting were reviewed and one amendment was made by Treasurer Bob Armstrong, who stated that available funds in the Operating Account were roughly one million, not 1.62 million as stated in the July minutes. Bob Armstrong then moved that the minutes be accepted as amended, Dr. Dicke seconded, and the minutes were approved by unanimous vote.

Discussion with M&E Engineer Lloyd Lee was opened; the Board asked many questions concerning his opinions on our current operations and how they could be improved. Mr. Lee stressed that, although as a substandard subdivision we are not required by law to conform to County, State or nationwide Standards, we could be at liability risk if we do not conform as closely as possible. The most important issues we need to address are signage and road markings. Mr. Lee said that we were doing an excellent job of rebuilding on Aloha, and that the new equipment we plan to purchase would make the work effort much more efficient.

Mr. Lee's contract proposal to determine a solution for the encroachment issues existing on Hawaii Boulevard near Coral was discussed. It was generally agreed that this situation is serious enough to justify interruption of the Aloha Boulevard reconstruction to implement the correction once a settlement is reached. Mr. Lee outlined several possible solutions to the situation and the pros and cons of each. He hopes to deal directly with the property owners involved to come to an equitable agreement. Merle moved that we accept his contract; Bob seconded and agreement was unanimous.

Mr. Lee's second contract proposal was reviewed, and it was agreed to change the contract from Aloha Boulevard (rebuilding of which is already underway) to King Kamehameha Boulevard, which will be the next reconstruction project. The only item on the proposal which will be altered with this change is the surveying charge. Merle moved that we accept the time and material consultancy contract; Bob seconded and all approved.

The other two contracts under consideration were tabled until the next meeting; Dr. Dicke so moved, Merle seconded and all approved.

Treasurer's Report:

Copies of the new Budget, previously distributed by e-mail, were handed around. Bob and Meleana went over the figures and details for the Board. It was mentioned that the monies set aside for the new office building were included in the 2005 budget, as an appropriate location has not yet been selected.

Based on the new budget, the proposed assessment for 2005 would remain at \$85.00.

Merle moved that the proposed 2005 budget and assessment be approved; Dr. Dicke seconded and approval was unanimous.

Foreman's Report:

Rebuilding of Aloha Boulevard began on July 19th and is progressing well. Currently they are ripping and rebuilding the lower part of the road, working on two blocks at a time. Two pallets of yellow road paint have been ordered to do the striping and marking on the completed roadway. Current reconstruction costs are running around \$10,000.00 per block.

Drivers on Aloha Boulevard are asked to use caution in the construction area, and to observe Detour signs for the safety of both drivers and crew.

Mechanic Jeff Anderson quit the road crew on July 19th; crew members are handling minor nuts-and-bolts repairs. As most of the major repairs have been farmed out for the last couple of years, it has not yet been determined whether there is a need to fill the open position with a full-time mechanic.

Office Report:

A call for articles for the upcoming newsletter was sent to the Board Members by e-mail on July 28th. Bob will handle the information for the 2005 budget report; Merle has offered to produce an opinion column. Mele will be preparing an Office Manager's report with the help of Teddi and Kristyn; Sandra will have the front page for her Letter from the President. Proposed 'community information' articles include the Abandoned Vehicle issue and reprints of recent Press Releases from the Corporation. Teddi has written an article about the History of the RMC and brief introductions for each of the office staff. Deadline for submissions is August 13th.

It was requested that a water cooler for the office be purchased at Costco. Bob moved that the cooler be purchased, Vernon seconded and the vote was unanimous. Sandy has agreed to make the purchase next time she goes to town.

The staff requested that the office be professionally cleaned and the floors stripped and re-waxed after the Ranchos RMC completes their new office building and moves their office equipment out. The floors are badly rust stained and soiled beyond the remedy of the normal sweeping and mopping which is done by the staff. Bob moved that professional cleaners be hired for a one-time scrubbing; Vernon seconded and all approved.

Approval was requested for the purchase of a repair and maintenance kit for the HP Laserjet 4050; although the price is above the normal office allowance of \$100 per month, it would be less expensive and more practical than taking the printer to town for service, and trying to function without it for a week or more. Merle moved that the kit be purchased; Bob seconded, approval was unanimous.

Equipment Committee Report:

The committee reported on their meeting to view the different equipment options. As a result of the investigations of the Equipment Committee, Bob Armstrong moved that the Board approve the purchases of the self-propelled 4WD variable-width chip spreader for \$180,000, the Etnyre 3500-gallon oil tanker at \$152,000, and authorize an expenditure of up to \$40,000 for the acquisition of a forklift to be used at the baseyard. Vernon seconded the motion and it was approved unanimously.

Legal Committee Report:

Merle suggested that, as Sandra will be talking to Mr. Sogi about the Jean Redman issues, she also consult with him about libel / slander issues, and about the subdivision going in above Ocean View and whether they will be using our roads.

Safety Committee Report:

Merle requested that a study be undertaken on the implementation of road and traffic control. He advised that Article 7 of the Articles of Incorporation (Powers Created by Further Court Order - Section 3) assigns to the Road Corporation the power to control, "through tariffs, charges or other means" the use of heavy

and/or commercial vehicles, and Section 4 further assigns the right to "levy fines or other sanctions against those who abuse and damage the road system."

We have had numerous reports and verified instances of large haulers abusing the road system, with offenses ranging from speeding and running stop signs to hazardous spills of cinder and diesel fuel. Although we are frequently called out to clean up their messes, no actions have yet been taken by the Corporation to curb them. It was suggested that a distinction should be made between those who are providing services to the community (water haulers, etc.) and the mining operators and those who use the roads strictly for commercial profit without benefit to the community.

Merle then moved that the study be undertaken; Dr. Dicke seconded and the motion was unanimously approved.

New Business:

Security at the baseyard was discussed, and it was determined that, with the acquisition of new equipment coming up, security must be improved. Dr. Dicke moved that we investigate available security measures and systems to improve security at the baseyard. Merle seconded the motion and all approved.

The August meeting of the HOVERMC Board of Directors was adjourned at 6:45 pm.

The next meeting will be held on September 7, 2004, at 4:00 pm at the RMC office.

Respectfully submitted,

Teddi Stransky

Approved:



HOVE ROAD MAINTENANCE CORPORATION

Minutes of the September 7, 2004 Board Meeting

The meeting was called to order at 3:56 pm on September, 2004. Board Members present were Sandra Shaw McDaniel, Merle Martin, Bob Armstrong, Vernon Dicke, Loren Heck and Jeri Dickson. Office personnel present were Office Manager Meleana Smith and Secretary Teddi Stransky.

Property owner attending was Corinne Kaupu.

The minutes of the August meeting were reviewed and Bob Armstrong moved that the minutes be accepted. Merle Martin seconded, and the minutes were approved by unanimous vote.

Treasurer's Report:

Bob Armstrong, Treasurer, reported that we are within budget and the Corporation is in good shape. Vernon Dicke moved that the report be accepted, Bob seconded, and all approved.

Foreman's Report:

Rebuilding of Aloha Boulevard continues and is now completed as far as Lehua Lane. At this time construction is delayed as the Big Island Asphalt plant is down, and acquisition of oil has become a problem. The last load had water in it, and B.I. Asphalt has agreed to credit the load and replace it as soon as they are up and running again. Current reconstruction costs remain at around \$10 to \$11 thousand per block.

While awaiting oil, the crew is continuing to address patching, mowing, and the other usual maintenance issues.

Drivers on Aloha Boulevard are again asked to use caution in the construction area, be aware of loose chip, and to observe Detour signs for the safety of both drivers and crew.

Office Report:

Enforcement of traffic laws within the subdivision is becoming an important issue again. It was reported to us by the HPD that a recent case, in which an officer witnessed a driver running three consecutive stop signs, was dismissed by the judge as the prosecuting attorney did not know whether stop signs in the subdivision met County standards. All of our new stop signs are ordered from the same supplier who makes signs for the County, and are identical to the ones used on County roadways; however, there are still some older ones which need to be replaced. Merle Martin, as head of the Legal Committee, was asked to contact our lawyer, to discover what needs to be done to assure the courts that our signage is County standard.

The newsletter came back from the printer this morning, and the office staff will proceed with labeling and posting. We should have all the newsletters mailed by the end of the week.

The 2002 audit is still in process, as well as completion of the 2002 tax return; both should be done by October.

Legal Committee Report:

Merle presented his thoughts on the increasing need for road use regulation and enforcement. He will be talking to the lawyer about the development of a permitting system for large haulers, with consideration of the differences between those haulers providing services to the community, as opposed to those who are simply mining cinder and hauling it away. As all haulers are registered with the P.U.C., we should be able to identify the vehicles involved in each process by their tag numbers. Once the permitting system is established, we can begin to enforce conformity with State and County laws. Merle will be undertaking further research with the help of Joe McDaniel and others to determine what standards apply to private subdivisions.

Safety Committee Report:

No report.

Equipment Committee Report:

The new Chip Spreader is schedule to ship from the mainland on September 27th; it should arrive the first half of October. The oil spreader should ship sometime after the end of October. Meleana is monitoring shipping and insurance costs. Loren Heck agreed to chair the Equipment Committee in the future.

Unfinished Business:

M&E Engineering reported that the intersection survey had been delayed due to an injury on the crew; a new crew had to be brought in. They are trying to use the datapoints from the Macintosh survey, and will re-survey as necessary. At the next regular meeting they should be able to make recommendations as to how to proceed in the area of Coral and Hawaii. Vernon Dicke reported that he had discussed safety issues with property owner Ted Whip, on whose property lies one of the openings to the lava tube which runs under the road; Mr. Whip told him there is a crack in the roof of the tube which is getting wider.

Discussion was opened on the acceptance of M&E's proposed contract for King Kamehameha Blvd. It was decided that, since we should know within a month how their current contract works out, we should wait to sign the new contract. Bob Armstrong moved that the decision be tabled until the next regular meeting; Loren Heck seconded & agreement was unanimous.

Security at the shop was discussed. Gas has recently been stolen from one of the big trucks, and a few months ago several batteries were stolen. The proposal from Walt Fisher, which includes a motion detector and alarm system was reviewed. Merle stated that a camera system to identify thieves would be a good idea, and Jeri suggested that heat sensors in the shop for the fire alarm system also be added. Bob requested Mele contact fence companies and send out a Request for Proposals, with information on cameras and fire sensors. Dr. Dicke so moved, Loren seconded, all agreed, and the item was tabled until the next meeting. It was pointed out that a special meeting could be called if the information was collected sooner.

New Business:

The office staff has made some investigations concerning the upper subdivision; it appears that several of their roads are connecting to ours, although they do not appear to be heavily used and no damage has been done to our roads as yet. Teddi drove up there and took some photos, and chatted with an individual who was there. Information she got led to the discovery of the TMKs of the land involved, and TMK maps were then downloaded from the County website.

The land belongs to Pi'ikoi Kawanakoa, who also owns other land in this area and around the island. As previously reported, the subdivision consists of ten 20-acre parcels, and according to the EIS they

cannot be further subdivided, so traffic in and out should not be extreme. Merle noted that the only approved entrances to HOVE are the ones on the highway; Bob Armstrong moved that we turn the road use issue over to the lawyer and let him work out an agreement for usage and assessments, as required. Merle seconded and the vote was unanimous.

There is an old truck up at the yard the crew would like to get rid of; a 1981 F150 pickup with about 125,000 miles. It runs, but the fuel lines were cut when vandals stole gas from it. It was agreed that we would advertise the truck in the paper "as-is, where-is" and accept sealed bids. Loren so moved and Bob seconded, all agreed.

Items for the Annual Meeting Agenda:

Announcement of voting results


HVNP has requested that we call for volunteers to assist in eradicating the Fountain Grass in Ocean View, which is a serious fire hazard in those areas it has infested.

Loren moved that the meeting be adjourned, Bob seconded. The September meeting of the HOVERMC Board of Directors was adjourned at 5:45 pm.

The next meeting will be the **Annual Meeting**, to be held on Saturday, October 9, 2004. It will begin at 10:00 am at the OVCA Community Center on Leilani Circle.

Respectfully submitted,

Teddi Stransky

Approved: 

MINUTES OF THE OCTOBER ANNUAL MEMBERSHIP MEETING

of the HOVE Road Maintenance Corporation

October 9, 2004

The Annual Meeting of the HOVE Road Maintenance Corporation was held on Saturday, October 9, 2004 at the Ocean View Community Association Center. The meeting was called to order at 10:00 am. Present were Board President Sandra Shaw-McDaniel, Vice President Merle Martin, Treasurer Bob Armstrong, Secretary Jeri Dickson, and member Loren Heck. New member Gary Hughes was unable to attend due to work scheduling. Guest speakers were Rhonda Lowe, botanist for Hawaii Volcanoes National Park, and Sita Peacock, the Corporations Account Manager at Merrill-Lynch. There were seventeen members present were Edwina Copeland, Stew Dawson, Billie & Vernon Dicke, Jimmie Duncan, John Garner, Bob & Frankie Hodgson, Mark Keigley, Robin Lamson, Joe McDaniel, Madalyn McWhite-Lamson, Jean Metz, Diane Neufeld-Heck, Ken Wicks, and Anna Young.

Guest Speakers

After a brief introductory statement, the President introduced Rhonda Lowe, of Volcanoes National Park, who spoke on the subject of the hazardous fountain grass which is invading areas of Ocean View and HVNP-Kahuku. As fountain grass is one of the few plants which become a problem even on open lava flow areas, it should be of great concern to property owners in HOVE.

Lava flow areas serve as natural firebreaks, but dried fountain grass, with its waxy coating, is highly flammable. The area north of Kailua which is infested with fountaingrass burns regularly, which causes much damage. HOVE, with its ribands of forest and open areas, could be at great danger if this noxious invasive continues to spread.

For those who like the look of fountain grass, there is a possibility of a sterile variety, much used in California, which may soon be available on an exchange basis.

Information on fountain grass control is available from the Park, and from John Replogle of the Nature Conservancy.

Our next guest was Sita Peacock, who manages the Merrill-Lynch investment accounts for HOVERMC. She explained that she is trying to maintain a conservative position with RMC accounts as the market has been so unstable; while the profits on our accounts are moderate, serious losses are more easily avoided. The new investment proposals currently under discussion should bring an average yield of 2.4%.

Sita then answered questions from the membership, which concerned both the HOVE accounts and private investment issues.

Voting Results:

The announcement of the voting results was then made. The official tallys from the League of Women Voters were as follows:

Total Ballots received: 509
Total Lots represented: 766

	YES	NO	non votes	void votes	total votes
2005 Budget and Road Plan:	682	60	13	11	766

	Loren Heck	Jeri Dickson	Gary Hughes	non votes	void votes	total votes*
Election of Directors:	749	664	664	187	34	2,298

* at 1 vote per candidate, per ballot [2,298 ÷ 766 = 3]

A motion was made by Merle Martin that these tallies be accepted as presented; it was seconded by Bob Armstrong, and unanimously approved.

General Discussion:

Such information as was available was discussed on the "Upper Subdivision" issue. At this time our lawyer is endeavoring to find out if there has been any agreement made in the past with the owners of the land in question, pertaining to their usage of our roads. As far as we are aware at this time, there is no such arrangement. It was agreed by all that if resident, builders and service people from the upper subdivision are planning to use our roadways, they must pay assessments for the usage; the lot owners of HOVE will not be expected to cover the costs of wear and tear on the roads caused by consistent use of persons outside of our own subdivision.

The control of commercial traffic in general was then discussed. The RMC is considering a permitting system for large haulers, particularly those who do not provide goods or services to residents of the community.

It was announced that there will be a Road Inventory conducted the first week in November. All 157 miles of road will be inventoried; the information collected will include such items as potholes, berms, line of sight, abandoned vehicles, signage, striping, blind hills and other safety and surface-maintenance issues. The resulting information will be made available at the December meeting.

Several useful suggestions were made, including the creation of zebra crossings for the established school bus loading areas and double striping on blind hills, of which there are many in HOVE. It was also pointed out that the entire subdivision is a No Passing Zone.

We will be double-striping all boulevards as quickly as possible, but even on smaller roads, passing is and has always been illegal.

HOVERMC requests, as always, that we be notified of any problems with the roads. Although the crew is on the roads forty hours a week, there is no way they can examine each block of the subdivision on a regular basis. If you are aware of potholes, line-of-sight obstructions, blockages of the road, cracks, sinkholes, or other dangers, PLEASE call us at 929-9910, and tell us of the problem and location. If you're down by the office, we have a form you can fill out. Requests will be prioritized by the danger/severity of the situation, but even the small stuff will be addressed as quickly as possible.

Anna Young announced the revival of a committee on recycling, which was suspended a couple of years ago pending information from or action by the County. Some indications of progress by the County have now been received and she is hoping that a recycling effort can now be started. Interested parties can contact Anna at P.O. Box 6748, HOVE.

Questions addressed by the Members to the Board included:

Purchasing of materials: We do solicit bids for all large-ticket items, and every type of material or supply is purchased on the bases of both quality and price.

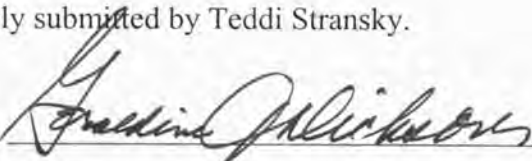
Website not always up to date: There is only one person in the office who knows how to do website construction and maintenance, and she is usually very busy. The website was not perceived as a priority; however, since it is being used, she will allocate time to keep it updated with current minutes and upcoming agendas. We also hope to expand the website as things settle down, to include more information and photos of the HOVE area, particularly for those who live elsewhere and don't get to see it much.

Increased Budget for Consultants and Outside Contractors: Because we are addressing issues that have been avoided or incompletely dealt with in the past, it has been necessary to procure the services of Lawyers, Engineers, Bookkeepers and CPAs more often than previously done. Many of these expenses will be one-time consultancies and not a part of the regular annual budget. As these issues are resolved, we expect to see the end of this transitional period by the close of 2005.

As no further questions were received, it was moved by Loren Heck that the meeting be adjourned. Merle Martin seconded, and approval was unanimous. The meeting adjourned at 12:22 pm

Respectfully submitted by Teddi Stransky.

Approved: _____



HOVE ROAD MAINTENANCE CORPORATION

Minutes of the October 12, 2004 Board Meeting

The meeting was called to order at 4:08 pm on October 12, 2004. Board Members present were Sandra Shaw McDaniel, Merle Martin, Loren Heck and Jeri Dickson. Office personnel present were Office Manager Meleana Smith and Secretary Teddi Stransky.

Property owner attending was Corinne Kaupu.

The minutes of the September meeting were reviewed and Jeri Dickson moved that the minutes be accepted. Loren Heck seconded, and the minutes were approved by unanimous vote.

Treasurer's Report:

No treasurer's report as the Treasurer could not attend.

Foreman's Report:

Construction of Aloha Boulevard is now complete as far up as King Kamehameha Blvd. The crew will be concentrating on fog sealing and striping the new pavement and placing speed limit signs, as well as shoulder work required before paving on up to Tradewinds. They will also be catching up on mowing, patching and other details over the next few weeks. After delivery of the new equipment and training, Aloha Blvd. will be rebuilt as far up as Tradewind Blvd.

Office Report:

The Annual Road Inventory will begin on November 1. Every roadway in HOVE will be examined, and an inventory created which will include such issues as encroachments, signage, patching, painting, abandoned vehicles, line of sight problems (blind hills and corners) and other items worth noting.

The new Chip Spreader should arrive in the next few weeks. Shipping costs are estimated at \$16,000.00 and transporting the machine from the port to Ocean View should cost \$2,000.

Loren Heck moved that \$18,000 be approved for shipping and transportation; Sandy seconded and all approved.

Legal Committee Report:

Merle stated that he thought it was time we review and update our liability insurance. He will be looking into our existing liability coverage, and requested that the item be added to next month's agenda under New Business.

Safety Committee Report:

No report.

Equipment Committee Report:

No report.

Unfinished Business:

Discussion was continued on shop security, and it was pointed out that there is no actual budget item for security expenditures. Loren moved that the cost of the fencing be taken from the \$100,000 set aside for the new office building; some discussion ensued and it was agreed to table the item until the next meeting, when more Board Members would be present.

New Business:

Items for Next Month's Agenda:

Old Business: Fencing and Alarm System, discussion of budgetary adjustments

New Business: Increasing the liability coverage for the Corporation

Respectfully submitted,

Teddi Stransky

Approved: 

HOVE ROAD MAINTENANCE CORPORATION

Minutes of the November 2nd, 2004 Board Meeting

The meeting was called to order at 4:03 pm on November 2, 2004. Board Members present were Sandra Shaw McDaniel, Merle Martin, Bob Armstrong and Loren Heck. Office personnel present were Office Manager Meleana Smith and Secretary Teddi Stransky.

No property owners attended.

The minutes of the October meeting were reviewed and Merle Martin moved that the minutes be accepted. Sandra seconded, and the minutes were approved by unanimous vote.

Treasurer's Report:

Bob Armstrong reported that the Corporation was in good shape for the end of the year, and that five to six hundred thousand would be carried over into 2005. Loren moved that the Treasurer's report be accepted; Sandra seconded and all approved.

Foreman's Report:

The crew has been clearing shoulders and addressing line-of-sight problems on the upper part of Aloha, while waiting for the arrival of the new chip spreader. It is scheduled to arrive on the 15th or 16th of this month, however the person providing training will not be here until December 6th.

The heavy roller (Rex Vibrating Roller) is down and in need of shims and a new roller drum. The machine is so old we are having difficulty finding parts, but Mele has located a set of shims. However, the cost of the roller drum may be prohibitive. Investigation has shown that a new, better roller can be purchased for \$20-45 thousand dollars; parts for the existing roller (which is over 30 years old) could cost as much as \$15-25 thousand.

Mele is currently gathering information on new machines; there are many types available. We need a vibratory compactor with a 60" or wider roller. We will need this machine to finish Aloha Blvd, which work is scheduled to begin on December 6th with arrival of the trainer for the new chip spreader.

After considerable discussion, Bob Armstrong moved that Mele be authorized to gather a list of bids and provide them to the equipment committee for a decision, and to order the item as quickly as possible. Merle seconded the motion, and the purchase of a new roller was approved.

Fog Sealing has been completed on Kona and Aloha up to King Kamehameha Blvd. Painting is in progress. It was noted that any newly-surfaced roads would have to be fog sealed before they were painted, so scheduling should go accordingly.

Loren Heck requested that Mackinley Kaupu, the Crew Foreman attend the Board Meetings and assist in developing a long-range plan for equipment and construction. It was suggested that Mac might be able to attend a meeting at the first of each quarter to provide a report and input to the

Board. The Board discussed holding a planning meeting in January, in addition to the regular meeting.

Office Report:

The Annual Road Inventory will begin on November 8. Every roadway in HOVE will be examined, and an inventory spreadsheet created. The information gathered will include encroachments, signage, patching, painting, abandoned vehicles, line of sight problems (blind hills and corners) and more. This information will provide the basis for next year's scheduling.

Past due billings were mailed last week, and we have had some response already to the offer to write off finance charges if the balances due are paid before December 31st.

The 2002 books should be finished by the end of this week and will go to David Ramos. 2003 is with Ramos now for filing, along with an extension for 2003 if needed. The books for 2004 are up to date. Once Ramos has finished with the books for 2002 and 2003, they will go to the CPA in Honolulu for audit.

Mele reported to the Board that there are still over 1500 delinquent accounts. She asked that the Board consider a foreclosure auction for next year, as we are compelled to follow the By-laws in this matter. Several accounts appropriate for foreclosure have already been identified. We need to talk with an attorney as to whether this action is feasible.

Legal Committee Report:

Merle and other Legal Committee members have been working on a Commercial Vehicle Permitting system, as the Articles and By-Laws require the Corporation to control commercial traffic as it affects the roads. We will need professional assistance to get the program into action, but once in effect it should provide information necessary to be sure all commercial vehicles are registered in a fair and equitable manner. Merle is currently gathering information from the PUC, and moved that we consult with M&E Engineering about a draft proposal. Loren seconded. After some discussion the motion was amended by Bob Armstrong, who moved that we ask M&E for advice on how to implement a permitting system. Merle seconded and all approved.

Unfinished Business:

Loren moved that Mele have Board approval to sign the best bid on the fencing of the Baseyard. Merle seconded and all approved.

New Business:

Merle met with our insurance agents to discuss the adequacy of our liability insurance. He is still gathering information and will have more to report at the December meeting.

In dealing with the theft of cinder from one of our cinder lots, Loren moved that Lawyer Sogi produce a Cease and Desist order and have it served on the individual involved. Merle seconded and all approved.

Items for Next Month's Agenda:

Old Business – have Adam from Aloha Broadband present information on a computerized TV security system.

An executive meeting will be scheduled to follow the December meeting.

The meeting was adjourned at 5:48pm.

Respectfully submitted,

Teddi Stransky

Approved: *Sandra Shaw-McDaniel*