

HOVE ROAD MAINTENANCE CORPORATION

"A non-profit community service"

P.O. Box 6227
Captain Cook, HI 96704
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SECOND QUARTER NEWSLETTER JUNE 1988

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MAHALO

Our many thanks go to those members who have shown their support and cooperation in our assessment program. The response has been very positive, with twice as many lot owners sending their contribution compared to last year. We need to have the full participation of all lot owners to effectively repair over one hundred fifty miles of roads in Hawaiian Ocean View Estates.

Since our March newsletter, the road crew has patched 57 blocks, or about 14 miles of roadway. Good going, guys!

BY-LAWS

The By-Laws Committee has reviewed the existing by-laws and have thoroughly discussed many changes that improve the entire document. Their proposals for change will be submitted to the Board in the near future for eventual vote by the members (those who have paid membership dues in 1988) later this year.

MEMBERSHIP DUES

According to our current by-laws, only "dues paying members" can vote on issues directing corporation policy. The property owners are urged to join and take an active part in corporation policy.

TAX INCREMENT FINANCING

At present, no County monies are used for our road repair. The Board is working with the County of Hawaii in exploring ways that tax revenue can be used to improve our roadways. One possibility is to have roads dedicated to the County so they will maintain these roads in the future. The talks are in their infancy.

PROJECTED 1988 BUDGET

At this time there is no way of knowing exactly how much money will be available. It will take approximately \$200,000 to continue patching full time.

1. Available funds up to \$200,000:
 - A. Administrative * (12%) \$ 24,000
 - B. Roadwork at existing levels (88%) \$176,000
2. Additional funds above \$200,000 up to \$300,000:
 - A. Administration (3%) \$ 3,000
 - B. Expanded roadwork ** (97%) \$ 97,000
3. Funds above \$300,000:
 - A. Administration (3%) \$ 3,000
 - B. Expanded roadwork (77%) \$ 77,000
 - C. Outside contracting (20%) \$ 20,000

* With the new assessment program our administrative costs have greatly increased. There is more paper-work and mailing expense.

** Expanded roadwork includes many possibilities including but not limited to:

1. Seal coating existing and recently repaired roads.
2. Exploration of mixing our own asphalt emulsion and crushing rock.
3. Full time operation of a larger crew.
4. Equipment to operate a second crew, possibly part time.

This is a list of preliminary considerations. A committee is working to establish priorities.

- A. Repair roadways that are in good condition and seal these roads to save the surface before it is lost.
- B. As soon as possible, place a seal coat on the main boulevards with a thin layer of cinders as a dust coat.
- C. Survey all roads regularly to ascertain road repair priority.
- D. Create a plan for repair of streets other than the main boulevards. This should take into account the number of homes serviced and length of road to repair.
- E. Upgrade existing crew to full time when financially feasible.
- F. Repair roadways with relatively few holes to save a larger area with the least work and expense.
- G. Purchase of a used oil boot truck (minimum capacity 1,000 gallons), consider larger grader for rebuilding and resurfacing program.
- H. Research into the lease or purchase of an adequate rock crushing plant and applicable support facilities to resurface roadways by the HOVE Road Maintenance Corporation.
- I. No road repair expansion until monies are in hand.
- J. Establish a second road maintenance crew when assessments are over \$300,000.
- K. Pug mill into operation to premix oil and aggregate.
- L. Hire a road supervisor to direct crew and inspect work; advise crew on board recommendations.
- M. With assessment program in operation; increased mailings of notices and newsletters along with

Preliminary Considerations- Continued

- M. a large increase in lot owner information will require consideration of a computerized system to handle this information.
- N. Continue to explore all methods in upgrading roadways.
- O. Increase office staff as needed.
- P. Have an equipment mechanic available to repair and maintain road equipment.
- Q. Securing and upgrading of base yard and cinder cone facilities. Build equipment garage for repair and office. Need electricity.
- R. Consider a part time worker to replace, refurbish and upgrade all road signs and markers.

HOVE Road Maintenance Corporation
P.O. Box 6227
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H.O.V.E. Road Maintenance Corporation

NEWSLETTER

November 1st, 1988

Presidents Message November 1988

This has been a very productive year. With monies collected from the assessments fifty two miles of roadway have been repaired. Road repair cost estimates and recommendations were prepared by the Road Maintenance Committee. Major Bylaws revisions proposed would give more representation to all property owners in Hawaiian Ocean View Estates. Passage of the proposed Bylaws this year will insure continued progress in roadway maintenance and allow one vote for each parcel owned.

The Road Maintenance Corporation is following a projected budget, adopting recommendations from the Road Maintenance Committee on road repair methods, and embracing a five-year plan for road repair with its success dependant upon full compliance to the assessment program.

This newsletter contains general and specific information regarding road repair costs and recommendations that we are pursuing. Also enclosed are the proposed Bylaw revisions for 1989.

I sincerely thank the Officers, Board of Directors, committee members and all who have volunteered their time and effort this year to help the Road Maintenance Corporation grow in many ways.

Sincerely,

Walter B. Fisher
President

Introduction to the Report from the Road Maintenance Committee November 1988

As a H.O.V.E. property owner the correspondence you have received about the condition of H.O.V.E. roads has been pleas for money and flat statements that the roads are in poor shape: how poor cannot be appreciated unless you see them. How did we get where we are? All manmade items wear out: your car, refrigerator, TV--and the H.O.V.E. roads. What makes them wear out? Your car, refrigerator, and TV simple use; the roads--use and weather. We all know that heavy rains can wash out and undercut a road surface, even causing it to collapse, but the sun also damages the road surfaces by baking the oils out of it (just like skin); then rain seeps into little cracks; then the sun expands the little cracks making them a little bigger. Then with use, parts of the road surface break apart at the weather cracks. Also, excessive weight combined with repeated use causes surface breakup. But with enough time, weather alone will deteriorate the road surface.

What determines how soon the roads will wear out? (1) QUALITY (how well they were built), (2) USAGE (amount of traffic), (3) MAINTENANCE (frequency and level of repair), and (4) WEATHER (its severity).

QUALITY: H.O.V.E. roads were not built like a Mercedes (8-in.-thick concrete), nor even a midrange car but more like a skateboard; these roads will not meet county standards for rural roads. In some places, the road surface coating is only 1/4 inch thick.

USAGE: When H.O.V.E. was first developed, there was very little traffic, but traffic has increased with the increase in residents.

MAINTENANCE: When a car is new, very little maintenance is required. As it gets older, depending on how well it was built and how many miles have been put on it, more maintenance is required, some of which can be major and expensive. Roads and cars have a lot in common, and these roads are now over 25 years old. Consider the quality of construction, the increased usage, the maintenance (how often holes had to be patched) and the weather these roads have experienced. Now you have an idea of why our roads are in such sad shape.

Professional road builders have told us that our roads (composed of a cinder base and an asphalt emulsion sprayed on top) can be built and made serviceable and long lasting, but a seal coating of chips (3/8 in crushed rock) and oil must be applied to the surface to seal it from rain and to give it a wear surface (the crushed rock). This very critical step was omitted by the original road builder and accounts for the lower quality and consequent deterioration of the surface.

The Road Maintenance Committee has evaluated this advice and found it valid. Next, we must verify lifetime with cost per mile; that is, not just cost per mile but that cost in combination with serviceability of the surface. We estimate that the cinder and oil (asphalt emulsion) alone is too costly on a per-mile per-year basis.

To further magnify the problems of aging roads, when HOVECA (H.O.V.E. Community Association) filed a class action suit against the developers for performance, the road maintenance fund was frozen and no funds were available for road repair for two years. You know how rapidly potholes expand if they are not promptly filled. At the conclusion of the suit, the court ordered the creation of the H.O.V.E. Road Maintenance Corporation (RMC) and gave them control of the trust fund. (This court order has been the source of confusion concerning the role of HOVECA and HOVERMC. They are separate entities and by court order cannot be merged.)

The income from the trust fund is approximately \$50,000 per year. The RMC consulted knowledgeable people from this area and from the mainland. Their unanimous advice was that because it was impossible to repair all 150 miles of road with the available money, repair activity should be concentrated on five main roads (about 20 miles). This policy was pursued for over two years but the effort was futile. Even the reduced mileage could not be maintained. Requests were made for voluntary contributions. Many of you generously responded and an extra \$100,000 was made available. The problem was that new holes appeared in the crumbling asphalt faster than we could fill them. From July 1987 through June 1988 we spent over \$12,000 PER MILE on one of the roads just patching holes. Another round of extensive patching is in progress at this writing. It has become obvious that only a complete resurfacing of the roads will solve the problem. But this enormous task is beyond the scope of the RMC charter. To embark on this project, two things are needed: the first is a revision of the RMC bylaws and the second is money. The bylaws revision is necessary to bring the RMC structure in line with requirements placed on another subdivision by the Hawaii Supreme Court. In this decision, the Court confirmed the legality of assessments for road repair even though the property deeds did

not mention the possibility of assessments. In reaching this decision, the Court stated that the owners have a legal duty to contribute to the maintenance of their roads.

The bylaws included in this package are completely revised. We urge you to read them carefully. Two major changes are the provisions for mandatory assessments and the change from one vote per paid member to one vote per parcel owned.

Several owners object to the provision for placing a lien on the property of those who do not pay the assessment. We acknowledge their misgivings but argue that a "mandatory" assessment without penalty is not mandatory but voluntary. It would be grossly unfair to expect those who are willing to pay the assessment to support the rest.

We are often asked why we don't turn the roads over to the County. The answer is simple: the County won't accept them. The County has informed us that before they would even consider accepting them, the roads would have to be brought up to County standards at a cost of \$800,000 per mile. That translates to an assessment of \$10,500 per lot.

The RMC appointed the Road Maintenance Committee to investigate the cost, recommend a method and create a schedule for road repair. The committee presented its finding to the Board. Although the entire report is too bulky, we include the most interesting sections here. To receive a copy of the entire report, please send \$2.50 for shipping and handling.

EXCERPTS FROM THE ROAD MAINTENANCE MANAGEMENT COMMITTEE REPORT

RECOMMENDATIONS

We believe that the chip-seal (see Repair Methods for definition) method of resurfacing should be the basic repair procedure for H.O.V.E. roads.

For 1988

- (a) Regrade and stabilize a half-mile section of class 3 or 4 road using RMC personnel and equipment. A section of upper Aloha is suggested.
- (b) Contract for the application of the chip seal.
- (c) Carefully monitor and record the amount of material used and the manhours of labor involved in these operations. Use these data to verify or modify the cost estimates of this document.

When Assessments Are Implemented

1. Activate the pug mill. The primary function of the pug mill would be to provide material for smoothing class 2 roads. It could also provide cold patch for road patching if the operation is performed properly: we emphasize proper procedure.
2. After pug mill activation, repair a half-mile section of class 2 road to evaluate cost estimates and effectiveness.
3. Require use of the roller for all road patching operations to prevent creation of more class 2 roads.

4. Stop patching class 4 roads because of high cost and poor results.
5. If the evaluation of RMC regrading performance is positive, all regrading and stabilizing should be done in-house. A negative evaluation will force recalculating repair costs based on contracted rates.
6. If a contracted cost for chip-seal application does not exceed 125% of estimated in-house cost, contracting the work should be considered. The advantages of contracted work are professional expertise and some possibility of redress in case of errors in application. The disadvantage is increased cost thereby requiring a longer time for repairs.
7. If it is decided that the RMC will do the chip-seal in-house, an asphalt distributor truck should be purchased. The cost of a reasonably good used truck is approximately \$15,000. We recommend this price range rather than a "cheapie" because of the increased maintenance problems of cheap equipment. A chip spreader would also be required.
8. Provide the membership with a summary of this report.
9. Provide the membership with a yearly update specifying the amount of work accomplished, the deviation from the estimate, and the projected work schedule for the coming year.
10. If assessments are implemented and this plan is adopted, we strongly recommend that an executive officer be appointed. A half-time position should be sufficient, but the EO must be empowered to conduct all phases of RMC operations except authorizing expenditures. A volunteer should be sought but if necessary, make it a paid position. A 10-member board cannot conduct day-to-day operations.

RECOMMENDED ROAD REPAIR PLAN

Phase 1

Year 1

1. Expand the present five priority boulevards to seven by adding Kailua and Marlin. This addition would provide access to the upper areas of the subdivision.
2. Using the chip-seal method, repair the seven boulevards, starting with class 3 and 4 sections. (See table 3)

Year 2

1. Complete any sections of the boulevards not finished on year 1.
2. Allocate 25% of available funds to patch and seal (chip seal) class 1 roads and 75% to rebuild other class roads. Select roads for repair based on population density by running spur segments from the seven boulevards to the areas of habitation. (See table 4.)
3. Post a list of roads to be repaired at the start of the year.

Years 3 through 5

1. Continue to construct spur roads to areas of habitation until all residents have a reasonable access to their dwellings.
2. Start repair on a road basis; that is, repair the entire length of individual roads. Selection of roads would be based on the amount of chip seal previously done. The roads with the least area remaining to be sealed would be done first.

3. Post a list of roads to be repaired each year.

Phase II

With membership approval, Phase II would place a second chip-seal layer on all roads over a 3-year period. This action is vital if long-term repair is the goal. Without the second seal, the effectiveness of the first seal is seriously degraded.

NOTE: A grievance committee should mediate any resident complaints concerning the selection of roads each year.

The only class 2 roads contemplated for repair are sections of the seven boulevards.

REPAIR METHODS

CLASS 1 ROADS

The road surface will be power-broomed to remove all loose material. The surface will then be sprayed with CRS 2 asphalt. Immediately after the spray, chips (gravel) will be spread over the asphalt and rolled into the surface with a roller. This procedure is termed a "chip-seal."

CLASS 2 ROADS

These roads have an intact surface like that of the class 1 roads but are extremely rough. The roughness is caused by multiple patching operations without rolling the patch after filling the hole. This practice produced multiple "plugs" of patching material varying in thickness as much as 5 or 6 inches. Two methods of repair seem feasible: one would be to break up the surface, roll it smooth, and stabilize the surface with oil. A chip-seal would then be applied. The second method would be to spray a tack coat on the surface after power brooming and then to spread a thin layer of premixed asphalt on the surface and roll it smooth. Again, a chip seal would follow. There is little difference in the cost of either method. The problem with the first method would be to break up the large plugs of patch material so that it could be rolled smooth. The thick plugs do not break easily and much of this material would be wasted by being graded off the road surface. The second method seems to offer more promise. Either cinder or gravel could be used as an aggregate. Because gravel does not compress, it would produce a smoother surface, but its use depends on its cost and availability.

CLASS 3 ROADS

The existing pavement will be broken and mixed with the base material by grading. The surface will then be rolled and stabilized with an asphalt spray. The composite base material must be wet at the time of asphalt application or the desired penetration will not be achieved. A chip seal will follow this operation.

CLASS 4 ROADS

The procedure is essentially the same as for class 3 roads, except we anticipate that as much as 2000 cubic yards of additional cinder may be required for regrading.

TABLE 1**EXPENDITURES FROM 7/87 THROUGH 6/88**

Road	Class	Cost per Mile
Aloha	1	\$ 1,955
Aloha	4	10,240
Tradewinds	4	12,100
King Kamehameha	1&4	7,490
Princess Kaiulani	1&4	6,440
Hawaii	1	300
Coconut	1	535
Tiki	4	8,500
Tiki test section	4	40,000

TABLE 2**COST ESTIMATE FOR VARIOUS AG MIXTURES**

AG Aggregate	VOLUME Aggregate	VOL.OIL (gallons)	LABOR (manhr)	TOTAL Mile
Chip seal (.4 gal/yd ²)	145 ³	4,200	168	\$12,650
Cinder/CSS 1	1 yd ²	17	***	\$25/yd ²
Gravel/CSS 1	1 yd ²	19	***	\$61/yd ²
Cinder/CSS1 smoothing of class 2 roads	293 yd ³	2,000	100	\$11,000
Regrade and stabilize class 4 roads	2,000 yd ³	8,100	485	\$16,000
Regrade and stabilize class 3 roads	***	8,100	142	\$11,600

TABLE 3**BOULEVARD REPAIR COST ESTIMATE**

Boulevard	Class (Miles)				Total	Cost
	1	2	3	4		
Hawaii	2.25	***	***	***	2.25	\$ 28,460
Aloha	1.50	2.25	0.50	1.00	5.25	\$113,560
Princess Kaiulani	1.00	1.50	0.25	***	2.75	\$ 54,340
King Kamehameha	1.50	2.75	0.25	***	4.50	\$ 90,225
Tradewinds	1.75	3.25	***	***	5.00	\$ 99,000
Kailua	3.00	0.25	1.00	0.25	4.50	\$ 75,950
Marlin	1.00	***	0.75	0.75	2.50	\$ 53,000
Total	12.0	10.0	2.75	2.00	26.75	\$514,535

TABLE 4

BUDGET ESTIMATE

11,500 Lots at \$60 per lot = \$690,000	
assume 66% compliance	\$455,400
<u>Return from Trust fund</u>	<u>50,000</u>
Total	505,400/year
25% split for class 1 roads	126,350
75% split for class 4 roads	379,050
Miles of class 1 road at \$12,650/mile	10 per year
Miles of other road at \$25,000/mile	15 per year

TABLE 5

ESTIMATED COST OF HOVE ROAD REPAIR IN 1988 DOLLARS

Total miles of road	150
Miles surveyed	88
Miles remaining to be surveyed	62
Percent of remaining road estimated to be class 1	10% (6 miles)
Miles surveyed as class 1	42
Total class 1	48 miles
Total class 2,3, and 4	102 miles
Cost of repairing class 1 roads	\$ 607,000
Cost of repairing other roads	\$2,550,000
Total estimated cost of repair	\$3,157,000
Funds required per year for 5-year program	\$ 632,000
Required compliance with \$60 assessment to assure 5-year completion	90%

NOTE: An estimated average of \$25,000 per mile was used for class 2,3,and 4 roads.

H. O. V. E. Road Maintenance Corporation

Proposed Bylaws

ARTICLE I. CORPORATION NAME

This nonprofit organization is named H.O.V.E. Road Maintenance Corporation and in this document is called the Corporation.

ARTICLE II. OFFICE LOCATION

The principal office and place of meetings of the Corporation shall be wherever on the Island of Hawaii the Board of Directors (in this document called the Board) determines.

ARTICLE III. MEMBERSHIP

A. Qualification/Definition

1. To be a member, a person must own land within the legal boundaries of Hawaiian Ocean View Estates (H.O.V.E.), District of Ka'u. Recognized methods of ownership include
 - . joint tenancy
 - . tenancy in severalty
 - . tenancy by the entirety
 - . tenancy in common
 - . tenancy in partnership
 - . equitable title under Agreement of Sale or similar land sale contract.
2. One vote is allowed for each parcel owned; consolidated parcels constitute one parcel and are so assessed.
3. Members have the rights to vote and to receive the Corporation newsletter. Members whose assessments are in arrears may not hold office. Members whose assessments are current may hold office if they are qualified under Article VI., paragraphs B.2, 3, and 4.
4. Membership in the Corporation is nontransferable.

B. Road Maintenance Assessments

1. No fee is charged to join the Corporation.
2. Mandatory assessments, set at \$60 per parcel in 1988, must be reevaluated and approved by the membership at least every 5 years. If and when mandatory assessments are repealed, nominal dues will be charged for administrative costs.
3. The Supreme Court of the State of Hawaii, on April 25, 1983, stated that
"Where a subdivision is created consisting of lots and private roadways servicing them, and the deeds to the lots are silent as to any duty to contribute to the maintenance of the roads, owners of lots abutting the roads have a legal duty to contribute to necessary road maintenance."
Every annual assessment shall be borne by the owners of lots in Hawaiian Ocean View Estates subdivision and shall affect each and every lot not otherwise exempted whether improved or not in the same manner regardless of the location of the lot within the subdivision. Any lot owner who believes his lot has been assessed unfairly shall have a right to petition the Board and/or the grievance committee for an adjustment and to present evidence at the next scheduled Board meeting in support of the petition. The Board's decision as to whether or not to adjust the petitioning lot owner's assessment shall be final, subject only to judicial review.
4. Assessments are due in January of each year and delinquent if not received by March 1. Any recommendations for changes in road assessments will be originated by the Board and supported by budgetary documentation as specified in Section C below. These recommendations must be approved at least 60 days before the mailing of the annual road maintenance statements. Increases of 10% or less in one year will require no further validation by the lot owners and will become effective immediately. Any recommended increase of more than 10% in one year will be placed on the ballot enclosed with the annual road maintenance statements for approval by lot owners. An affirmative vote of more than half the ballots received is required for approval. If approved by the lot owners, the new assessment will become effective immediately and all lot owners will be so informed.
5. Each assessment constitutes a lien on each parcel against which it is imposed. When a lot owner becomes delinquent for more than 60 days after the due date for payment, the Board can record a "Claim of Lien" or other similar document with the Board of Conveyances. The claim must list the name of the delinquent owner, the property affected, and the amount claimed at the time of filing. The Board may pursue all available remedies at law for collection of delinquent assessments, including all costs and charges incurred in taking legal action against the delinquent lot owner. In addition, all costs incurred by the Corporation to prepare, record, and release the lien may be added to the amount delinquent. Delinquent assessments shall accrue interest at the rate of 12% per year.

6. Five percent of the annual road maintenance receipts will be set aside for buying major road equipment necessary for maintenance of the roads. Equipment repair and maintenance costs will not be taken from this fund. Annual sums, if unused, may accumulate. The annual allocation may be deferred when a reserve of \$25,000 is reached.

C. Responsibilities of the Board

The Board is responsible for

1. maintaining all roads in a passable condition within the financial limits authorized by Corporation members (lot owners);
2. ensuring that all road maintenance equipment is kept in good operating condition;
3. obtaining maintenance materials and supplies and soliciting bids for approved capital equipment projects and equipment;
4. selecting and supervising all personnel;
5. seeing that an annual audit is carried out by professional auditors;
6. preparing an annual budget that includes maintenance expenditures, long-range recommended capital expenditures, cost estimates covering replacement and acquisition of new equipment, and expenditures for all administrative purposes;
7. evaluating road maintenance assessments;
8. adhering to the approved budget;
9. writing a job description for each paid position available with the Corporation;
10. notifying the proper authorities regarding derelict and abandoned vehicles, subject to state law;
11. performing other tasks that may be required to carry out the above responsibilities;
12. publishing a semiannual newsletter.

ARTICLE IV. MEMBERSHIP MEETINGS

A. Annual and Quarterly Membership Meetings

1. The Corporation operates on a calendar year.
2. Quarterly Membership Meetings will convene on the second Monday of March, June, September, and December. Officers and Directors will be elected during the December Meeting, which is also the Annual Membership Meeting. The newly elected Board will assume office in January.

B. Notice of Membership Meeting

1. Quarterly Membership Meetings. Notice of the place, time, and day of each Quarterly Membership Meeting will be posted at the Corporation Office and on the Community bulletin board and will appear in Kona and Hilo newspaper before the meeting. Mailed notice is not required except for the Annual Membership Meeting.
2. Annual Membership Meeting. Written notice of the place, time, and day of the meeting, along with a ballot and assessment notice, will be mailed not less than 30 days before the date of the meeting to each member of record. Notice is deemed to be delivered when stamped and deposited in the U.S. mail and addressed to the member(s) at the address(es) appearing in the membership records.
3. Waiver of Notice. A Board Member's attendance at a meeting constitutes waiver of notice of the meeting, except when the Member's purpose is to object to the transaction of Corporation business because the meeting is not lawfully convened; however, note that the President or any 3 Board Members can declare an emergency meeting with no advance notice if as many Board Members as possible are given actual notice and only if circumstances demand that immediate action be taken.

C. Meeting Location is governed by Article II of these Bylaws.

D. Special Meetings

1. Special meetings can be called by the President on his own.
2. The President is required to call a special meeting at the request of a majority of the Board.
3. The President is required to call a special meeting on presentation of a petition stating the purpose of the meeting and containing signatures of 25 members.
 - a. Notice of Special Meetings. Notice of the place, time, and day of a special meeting will be posted at the Corporation office and on the community bulletin board and will appear in Kona and Hilo newspapers before the meeting. Mailed notice is not required.

E. Order of Business

All meetings will be conducted in accordance with Roberts Rules of Order and these Bylaws. Order of business at these meetings will be

- (1) Roll call, (2) Proof of notice or waiver of notice of meeting, (3) Reading of minutes of preceding meeting, (4) Officers' reports, (5) Committee reports, (6) Unfinished business, (7) New business.

ARTICLE V. VOTING

Each member entitled to vote in accordance with the terms and provisions of the Charter of Incorporation and with these Bylaws is entitled to vote as explained in Article III.A. In any vote requiring written ballots, votes will be placed in an envelope plainly marked "BALLOT" and returned to the Corporation office on or before the meeting date. Ballots received after the meeting will not be counted. Any motion passed during any Membership meeting that, in the opinion of the Board, may be detrimental to the operation of the Road Corporation, will be submitted to the entire membership for vote on ballot within 45 days. All issues will be decided by largest number of votes, except as otherwise provided by the Charter of Incorporation and/or State law.

A. Closing of Membership Records or Fixing of Record Date

To determine who is entitled to vote at the Annual Membership Meeting and to verify each member's maximum number of votes, the membership records will be closed on October 30 (see Article III.A.).

B. Voting Lists

The person in charge of the membership records will make a complete list, before each regular Membership meeting, of the members entitled to vote, including only the member's name and address, maximum numbers of votes and plat and parcel numbers owned. The list will be kept at the Corporation office and will be made available for inspection by any member. A copy will be provided with a 2-week notice for the cost of copying and labor involved in making the copy. The original membership records will be plain evidence of those members who are entitled to examine the membership list and/or to vote at the meeting.

C. Voting by Proxy

A voting member may vote by written proxy. The proxy must be dated, must state the issue(s) being voted on, must be filed at the Corporation office or with a Board Member 48 hours before meeting time, and must be signed by the member.

ARTICLE VI. BOARD OF DIRECTORS

A. General Powers

All business of the Corporation will be managed by its Board of Directors. The Board may adopt rules and regulations for conducting meetings and managing the Corporation, as long as they are consistent with these Bylaws, the Charter of Incorporation, and State law. The Board will comply with the settlement agreement in Civil No. 4102, filed in the Circuit Court of the Third Circuit of the State of Hawaii, dated August 8, 1983, and the Charter of Incorporation, approved by the State of Hawaii.

B. Board of Directors

1. Composition, Number, and Tenure

The Board comprises 5 corporation Officers and 5 Directors. Officers are elected annually. Three Directors are elected on even-numbered years for a 2-year term; the other 2 are elected on odd-numbered years for a 2-year term.

2. Qualifications

a. Each Board Member will be a full-time resident of the County and State of Hawaii.

b. Each Board Member will be a member of the Corporation.

c. Each Board Member will sign (1) a conflict-of-interest disclosure form and (2) the following statement:

"I am a full-time resident of the County and State of Hawaii. I have read the Charter of Incorporation and the Bylaws of this Corporation and I will do my best to abide by them. I intend to attend all regular, special, and emergency Board meetings and to serve the Board and the Community to the best of my ability in the capacity of my office."

d. Each Board Member candidate must read the specific qualifications pertaining to the office sought and agree to perform the duties required to the best of his/her ability.

3. Responsibilities

a. Each Board Member will keep accurate records of work performed and will turn over all records to her/his successor at the Annual Meeting.

b. Written reports of all Board Members will be given to the Secretary for inclusion in the Corporation's permanent records.

4. Officers. Corporation Officers to be elected annually are President, Vice President, Recording Secretary, Corresponding Secretary, and Treasurer. All Officers must be members in good standing. If required by the Board, the Officers will be bonded for faithful discharge of duties in an amount specified by the Board. Cost of bonding will be paid by the Corporation.

a. Specific Qualifications and Definitions

- i. President. The President is the principal executive Officer of the Corporation and will supervise and control the business of the Corporation; the President is subject to control by the Board. The President appoints all committees and is an ex officio member without the power to vote on all committees. The President reports on the affairs and activities of the Corporation to the membership at general meetings. The President signs, along with any other Officer authorized by the Board, any deed, mortgage, bond, contract, or other instrument authorized by the Board to be executed (unless the Board has designated some other person to sign). The President performs all duties incident to the Office and any others that may be assigned by the Board. The President is responsible for ensuring compliance with the provisions of these Bylaws concerning records.

- ii. Vice President. If the President is absent, unwilling, or unable to act, the Vice President will assume the duties of President and will have the power of and be subject to all the restrictions pertaining to the Office. The Vice President is an ex officio member of all committees without the power to vote. The Vice President will perform those duties assigned by the President, the Board, these Bylaws or law. The Vice President is responsible for approving each Corporation newsletter before it is mailed to the membership.
 - iii. Recording Secretary. The Recording Secretary will keep minutes of all meetings; will see that all notices are given in accordance with these Bylaws; will be custodian of the corporate records and of the seal of the Corporation; and will ensure that the Secretary's records are kept open during business hours for inspection by any member of the Corporation.
 - iv. Corresponding Secretary. The Corresponding Secretary will be in charge of a register of the mailing address of each member; will be in charge of the membership records; and will answer correspondence.
 - v. Treasurer. The Treasurer will have charge and custody of all funds and securities of the Corporation (except for those being invested by the agent appointed by the Board for the Trust Fund). The Treasurer will receive all money due the Corporation and will deposit all money in the name of the Corporation in those depositories authorized by the Board. The Treasurer will perform all duties normal to the Office and other duties that may be assigned by the President or the Board, including
 - keeping full and accurate account books of all Corporation business and transactions, noting that all books remain at all times the property of the Corporation;
 - paying and disbursing Corporation funds under authority and approval of the Board;
 - receiving all money, all receipts and vouchers, and endorsing for collection all commercial instruments payable to the Corporation;
 - preparing and rendering to all proper officials all exhibits, returns, and reports required by law, including those requested by the Board;
 - preparing an annual report for the Annual Meeting;
 - turning over all Corporation property in her/his possession to the newly elected Treasurer on January 1 on a listed receipt, which will be signed by the new Treasurer; and
 - serving as an ex officio member without the power to vote on all committees.
 - vi. Subordinate Officers, Agents, and Employees. The Board may appoint or employ subordinate officers, agents, and employees as necessary. Such positions will have powers and duties as assigned by the Board and will be terminated by the Board.
- C. Regular Board Meetings
The newly elected Board will determine at their first meeting the day, time, and place for regular monthly Board meetings.
- D. Special Board Meetings
The President or 3 Board Members can call a special Board meeting. The President will determine the location of such a meeting.
1. Notice of Meeting to Directors. Notice of any special meeting will be given to each Board Member at least 7 days before the meeting either orally or in writing. The attendance of a Board Member at a meeting constitutes waiver of notice of the meeting, except where the Board Member attends to object to the transaction of business because the meeting is not lawfully convened. However, the President or 3 Board Members may declare an emergency meeting with no advance notice if as many Board Members as possible are given actual notice and if and only if circumstances demand immediate action. Note that an attempt must be made to contact each Board Member.
- E. Quorum
At any meeting, 6 Board Members constitute a quorum for transacting business, but if fewer than 6 are present, no meeting can convene (exception: see Article VI.G.1.).
- F. Manner of Acting
At a Board meeting where a quorum is present, any act passed by the majority of the Board constitutes an act of the Board. Vacancies in the membership of the Board do not affect the validity of any act of the Board, provided a quorum is present.
- G. Board Member Appointments
1. Newly Created or Vacant Board Memberships. Permanent vacancies occurring on the Board may be filled by a vote of a majority of the Board even though less than a quorum exists. Any Board Member appointed in this manner will serve for the unexpired term of his/her predecessor.
 2. Temporary Appointments. When a Board Member gives notice of a temporary absence, the President will appoint a Member to serve in the absentee's place for each regular Board meeting until the absentee returns.
- H. Removal of a Board Member
1. Any Board Member may be removed for cause by vote of the membership or by action of the Board.
 2. Any Board Member who is absent from any 3 regular Board meetings during a 12-month term without just cause will be automatically removed from office. A successor will be appointed by the President and approved by the Board to serve for the unexpired term.
- I. Resignation of a Board Member
A Board Member may resign at any time by giving written notice to the Board, the President, or the Corporation office. Unless otherwise specified in the notice, resignation will take effect on receipt of the notice. Formal acceptance is not necessary.
- J. Compensation of Board Members

No compensation will be paid to Board Members for their services as Board Members; however, the Board may resolve to pay for actual expenses incurred while the Board Member is performing assigned duties.

K. Committees

The Board may form by resolution committees composed of 3 or more members. The committee members may or may not be Board Members but they must be Corporation members. Standing committees are (1) financial, (2) road maintenance management, (3) legal, (4) newsletter, (5) nomination, and (6) grievance committee..

ARTICLE VII. ELECTIONS

A. Candidate Notification

Any eligible Corporation member who wants to become a candidate for Office or for Directorship must state candidacy in writing to the Nominating Committee or to the Secretary of the Corporation. The President will call for nominations from the floor at the General Membership Meeting in September and will ask each nominee's consent to be placed on the ballot. The Recording Secretary will record the names of the nominees.

B. Ballot

Candidates' names will be placed on the ballot in alphabetical order.

C. Tellers

Tellers will be appointed by the Ballot Chairman to count regular and unopened absentee ballots and proxies. Ballots will be counted and results announced immediately at the Annual Meeting. Election will be determined by largest number of votes and a copy of the verified results will be filed with the Recording Secretary.

D. Tie Vote

In case of tied vote, the Board will cast a tie-breaking vote.

E. Notice of Elections

Notice of elections will be posted at the subdivision Post Office and at the Corporation office 60 days before an election can be held, with a 14-day period after posting so that anyone who wants to run for office can submit written notice to the Corporation office.

ARTICLE VIII. AUDITOR

A. Appointment

The Board will appoint a professional auditor for the Corporation. No Board Member may serve as the Corporation's auditor.

B. Duties

The auditor will examine all facets of the Corporation required to make a complete audit at least once a year, and more often if required by the Board. A formal report will be given to the Corporation and to Federal, State, or local agencies as required by law.

CHECKS, AND DEPOSITS

ARTICLE IX. CONTRACTS, LOANS,

The Board can authorize any person to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation; such authority may be general or specific. Note that no contract, loan, check, or deposit may be negotiated or contracted on behalf of the Corporation unless signed by the authorized person(s). If no resolution is passed by the Board for authorizing signatures, these instruments will be signed by the President and the Treasurer.

ARTICLE X. SEAL

The Board will provide a circular corporate seal inscribed with the name of the Corporation, the state of incorporation, the year of incorporation, and the words "Corporate Seal."

ARTICLE XI. AMENDMENTS

These Bylaws can be changed or rewritten and new Bylaws adopted by a vote of at least two-thirds of all ballots received at any general membership meeting. Written notice of the proposed changes must be given 30 days before the meeting. All changes or new Bylaws must conform with the Charter of Incorporation and State law.

HOVE ROAD MAINTENANCE CORPORATION
STATEMENT OF INCOME AND EXPENSES
August 31st, 1988

INCOME	AUGUST	YEAR TO DATE
Sale of Investments	0.00	17,178.42
Interest/Dividends	4,125.22	31,151.66
Assessments	6,940.00	153,437.35
Charge Card Edxpense	-9.00	-168.00
Membership Dues	260.00	12,770.00
General Fund	25.00	5.00
Bank Interest	0.00	1,624.16
Total Income	11,341.22	215,998.59
EXPENSES	AUGUST	YEAR TO DATE
Direct Cost Road Repair		
Labor	3,503.46	24,337.98
Material Oil	9,834.40	60,249.31
Mat/Gravel/Water	55.00	648.28
Delivery	1,128.91	4,127.97
Fuel	758.90	3,107.87
Equipment Repair	747.52	3,431.80
Equipment Maintenance	0.00	1,800.37
TDI/WC Insurance	0.00	3,536.00
Payroll Expense	263.10	2,081.86
HMSA	0.00	210.00
Tools	48.16	148.14
Sub Total	16,393.45	103,679.58
Indirect Cost		
Truck Lease	330.83	2,646.64
Investment Service	0.00	3,208.15
Interest Note Payment	201.39	1,588.50
Property Taxes	0.00	49.00
Sub Total	532.22	7,492.29
Total Road Fund	16,925.67	111,171.87
Administrative		
Legal	187.20	1,592.40
Printing/Postage/Paper	35.22	3,642.77
Office	126.24	1,056.53
Accounting	0.00	1,960.00
Contract Labor	54.00	846.00
Miscellaneous	18.77	191.21
Sub Total	421.43	9,288.91
Total Expenses	17,347.10	120,460.78
Total Income	11,341.22	215,998.59
Net Income/Loss	-6,005.88	95,537.81

HOVE ROAD MAINTENANCE CORPORATION
BALANCE SHEET
August 31st, 1988

ASSETS

	August	
Current Assets:		
General Fund	11,017.76	
Legal Fund	6,619.97	
Road Fund	74,377.03	
Petty Cash	15.03	
Deposits	41.60	
Prepaid Insurance	2,782.61	
<hr/>		
Total Current Assets		94,854.00
Fixed Assets:		
Real Estate	68,120.00	
Road Equipment	38,159.85	
Accumulated Depreciation	-6,046.77	
Office Equipment	795.92	
Accumulated Depreciation	-190.05	
<hr/>		
Total Fixed Assets		100,838.95
Other Assets:		
Investment Stock/Bonds	678,584.78	
Cash Reserve Management	18,346.73	
<hr/>		
Total Other Assets		696,932.51
<hr/>		
Total Assets		892,624.46

LIABILITIES AND MEMBERS EQUITY

Current Liabilities:		
Accounts Payable	2,810.22	
Federal WH Taxes Payable	221.00	
F.I.C.A. Taxes Payable	527.09	
State WH Taxes Payable	144.20	
FUTA Prepaid	-56.28	
<hr/>		
Total Current Liabilities		3,646.23
Fixed Liabilities:		
Note Payable	18,901.42	
Prepaid Dues	180.00	
Prepaid Assessments	320.00	
<hr/>		
Total Fixed Liabilities		19,401.42
Members Equity	774,039.00	
Net Income/Loss	95,537.81	
<hr/>		
Total Members Equity		869,576.81
<hr/>		
Total Liabilities and Members Equity		892,624.46

Aloha voting member,

This letter is to explain the enclosed ballot. You are asked to vote for officers and directors for the 1989 Board of Directors. Officers terms are for one year. Two directors will be instated for two years. Two director positions open for one year were vacated by directors wishing to run for office. The nominating committee found most people in HOVE too busy or not willing to serve the community by running for the board. The committee felt fortunate to find one qualified candidate for each position, and wishes to let the members know that the remaining one year director seat will be filled by board appointment. Interested parties should call the Road Corporation office at 929-9595.

The other issue on this ballot is a new set of bylaws. If approved, these will allow the Road Maintenance Corporation means to implement long term road repair and restoration.

Elections will be held at the Annual Meeting on December 12, 1988 at the HOVE Community Center on Leilani Circle in HOVE. The meeting will commence at 7:00 pm in the buildings lower level. The completed ballot must be mailed in time to be received prior to the day of the annual meeting, in a sealed envelope (enclosed) marked "ballot" or delivered in person at the meeting.

Mahalo to all Officers and Directors who have volunteered their time and energy for this community organization in 1988.

.....
Please Detach and Return in Envelope Provided.

1989 BALLOT

President:

Tom Stanlick *

Treasurer:

David Hughes **

Vice-President:

Richard Flint

Directors:

(Four positions, pick 1, 2, or 3.)

Recording Secretary:

Elaine Stanlick

Lyn McKinney

Ted Whip

Cliff Hiatt

Corresponding Secretary:

Irene Hughes **


Proposed Bylaws:

For adoption of new bylaws

Against adoption of new bylaws

* Note: Elaine and Tom Stanlick are married.

** Note: Irene and David Hughes are not related.



HOVE Road Maintenance Corporation
P.O. Box 6227
Captain Cook, HI 96704
(808) 929-9595

H.O.V.E. Road Maintenance Corporation
NEWSLETTER

June 30, 1989

1989 -- #1

H.O.V.E. ROAD MAINTENANCE CORP. TO HOLD HEARINGS

As money from the property assessment accumulates in its special account, the Board of Directors of the HOVE Road Maintenance Corp. faces the question of how, when and where to schedule the actual work of permanent re-building and re-surfacing of the roads.

The Board will hold three hearings at the HOVECA Community Center on the following dates:

Saturday, July 22, 1989 at 10 a.m.

Thursday, August 24, 1989 at 7 p.m.

Saturday, September 23, 1989 at 10 a.m.

Property owners who live on the mainland are asked to attend, if possible, or to send their suggestions or testimony to the HOVERMC office at P.O. Box 6227, Capt. Cook, Hi. 96704, in time to be considered before one of these meetings.

In 1988 the Board of Directors asked Tom Stanlick to organize a Road Maintenance Committee to survey the roads in HOVE, estimate the cost of repair and come up with a plan.

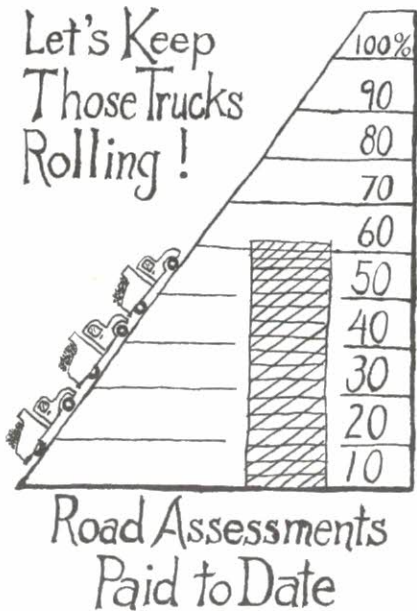
The committee proposed a five year plan which the Board of Directors adopted. This plan included bringing in professional road contractors to re-surface the roads. Based on \$60 per lot per year and 1988 prices, the Road Maintenance Committee planned to have all of the roads in HOVE brought up to an acceptable standard within five years.

(cont'd. p. 2)

Part of the plan included keeping aside the assessment money until there was enough to hire a contractor to do a sufficient amount of road repair to make the cost of moving his equipment economically feasible for him, so that he can give HOVERMC a better price.

In January 1989, the Board of Directors voted accordingly.

Critical decisions are ahead and the Board of Directors is asking for guidance from residents and mainlanders alike.



SITUATION UP-DATE

UNION - In April of this year the three men of the HOVE road crew voted to join the Operating Engineers Union, Local 3. Negotiations between the union representatives and HOVERMC have not yet begun. The Board of Directors has joined the Hawaii Employers Council which will handle the early stages of negotiations.

LEGAL - The attorney retained by the Board of Directors has drawn up the complaint for the class action suit which he is expected to file on June 30. We have not yet been assigned a date on the Court calendar.

ASSESSMENT COLLECTION - As of June 30, approximately 3,872 property owners have paid the assessment. This does not mean that we have collected 3,872 times \$60, because several owners of large numbers of parcels have not yet paid. Also, because of the \$20 per parcel credit given to property owners who paid in 1988, the collections in 1989, 1990 and 1991 will be somewhat diminished.

GENERAL MEMBERSHIP MEETING

The second quarterly General Membership Meeting of the HOVE Road Maintenance Corp. was held on June 12 at 7 p.m. at the Community Center, President Richard Flint presiding.*

After the minutes of the March meeting were read and approved, Treasurer Merle Martin gave the following report:

1. the bookkeeping methods of the HOVERMC are being revised according to up-to-date corporate accounting standards.

2. the assessment funds are clearly identified as such and deposited into a separate, interest bearing account targeted for permanent road repairs.

3. 2% of the assessment funds should be authorized for administrative costs of same.

4. the liability policies of the HOVERMC have been established with Continental Insurance Co., as the previous carrier failed to provide the required insurance coverage.

Treasurer Martin made a motion that his recommendation regarding 2% of the assessment fund be adopted. The motion was seconded and passed unanimously.

The second principal presentation of the evening was made by Neal Stone as Chairman of the Road Maintenance Committee. He showed a map of the subdivision with different colored lines indicating the condition of the

* Richard Flint became president upon the resignation of Tom Stanlick on April 9, 1989. Elaine Stanlick and Lynn McKinney also resigned at that time. New members of the Board of Directors are: Merle Martin, Treasurer; Francis Self, Director; Dr. Robert Abel, Director; Nedra Wiley, Director and Neal Stone, Director.

(cont'd. p. 4)

GENERAL MEMBERSHIP MEETING...

roads and where the road crew was currently working near the top of Tradewinds Blvd. He said that working on one road coming up the hill was saving time and labor and therefore a savings in money. The method of repair being used is oil and cinders; the mix of oil is 50/50 oil and water. According to Stone, these roads should receive a coat of chip seal to smooth, seal and preserve the surface. This is to be done by an outside contractor.

On the selection of roads to be repaired, Stone asked that requests be made in writing and that the stretch of road be clearly identified. Individual requests will have to wait until the road crew is working in that area, as it is not efficient to move equipment and crew to a point distant from the scheduled work.

There are two letters before the Road Selection Committee which Stone thought should be acted upon as soon as possible. One letter contained a map of the roads immediately around the Fire Station on Orchid Circle, and pointed out that when the volunteer firemen approach the station, the bad roads can hinder their getting to the fire quickly and safely. The second letter concerned the roads leading to St. Jude's Episcopal Church which are in a very poor condition. The letter pointed out that there had recently been a case of car damage on that road and the writer was concerned that there might be some liability for St. Jude's and for HOVERMC.

Richard Flint, on behalf of the Legal Committee, stated that he had recently met with the HOVERMC attorney, who said that he expects to file the class action suit soon, possibly within the next week. The process of placing a lien on property and the removal of the lien when the assessment had been paid was outlined.

One property owner asked how long the suit would take once it was filed. Flint replied that cases like this one involving a whole community, are generally given priority.

(cont'd. p. 5)

GENERAL MEMBERSHIP MEETING...

The subject of abandoned vehicles was raised. Tex Self, a Director of HOVERMC and President of the Neighborhood Watch has been working with the police on this matter.

The meeting was adjourned at 8:45 p.m.

BASIC PROBLEMS

Letters coming in from property owners in Hawaiian Ocean View Estates contain questions which make it evident that many owners know very little about this subdivision, its road system or, in some cases, even its location.

This is entirely understandable when one considers how many owners bought sight unseen, how many must have inherited the property and the probability that many owners have paid scant attention to previous notices and newsletters.

To bring such owners up-to-date, the following facts are presented:

1. The roads are about 25 years old.
2. The original developer put in sub-standard roads consisting mainly of a mixture of cinder and oil.
3. Sufficient funds for maintaining these roads were not provided by the developer. At present we have a trust fund of about \$600,000 which provides about \$55,000 per year in interest.
4. This subdivision is one of the three largest

(cont'd. p.8)

HOVE ROAD MAINTENANCE CORPORATION
STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 1988

INCOME

Membership dues and donations	180,422.00
Interest on savings and temporary cash investments	3,337.00
Dividends and interest from securities	57,054.00
Gain on sale of securities	<u>12,612.00</u>
Total income	253,425.00

EXPENSES

Road maintenance materials	86,113.00
Road equipment fuel and oil	5,640.00
Delivery of materials	6,331.00
Salaries and wages	37,551.00
Contract labor	8,000.00
Equipment rental and maintenance	14,085.00
Legal Fees	2,129.00
Insurance	6,269.00
Investment management fees	4,369.00
Office expense and telephone	3,109.00
Postage and mailing costs	4,390.00
Payroll taxes	4,101.00
Tools	323.00
Officer manager wages	6,508.00
Depreciation	4,447.00
Accounting fees	1,960.00
Interest	<u>2,418.00</u>
Total expenses	197,743.00

FUND BALANCES:

Excess for year	55,682.00
Balances at beginning of year	689,542.00
Net unrealized loss on investment securities	<u>[16,514.00]</u>
Fund balances at end of year	<u><u>728,710.00</u></u>

HOVE ROAD MAINTENANCE CORPORATION
BALANCE SHEET
DECEMBER 31, 1988

ASSETS

Cash- non-interest bearing	15.00
Savings and temporary cash investments	53,575.00
Accrued interest receivable	3,520.00
Prepaid expenses	1,686.00
Investments and restricted cash	596,305.00
Refundable deposit	62.00
Real Estate	68,120.00
Fixed assets	38,956.00
less accumulated depreciation	[10,684.00]
Total assets	<u>751,555.00</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	4,164.00
Owner prepayments	1,220.00
Note payable	17,461.00
Total Liabilities	<u>22,845.00</u>
Fund balances	<u>728,710.00</u>
Total liabilities and fund balances	<u>751,555.00</u>

The accounts were audited by William F. Abell, CPA, and found to present fairly the financial position, results of operations and changes in fund balance of the Corporation in accordance with generally accepted accounting principles applied on a basis consistent with the previous year.

BASIC PROBLEMS...

in the world. We have about 156 miles of roads to maintain.

5. Because of the age of the roads and the lack of maintenance over the years, our roads are falling apart faster than they can be repaired.

6. The County of Hawaii has been approached to take over our roads. They are NOT interested unless we bring the roads up to County standards. This would cost about \$800,000 per mile, which works out to about \$10,000 per parcel.

7. The reality is that property values will decline if there is not a decent way to reach your property. About 25% of the roads are reaching a point where a four-wheel-drive vehicle will soon be needed to drive on them. The rest of the roads will continue to deteriorate unless we have the financing to re-surface them.

Whether you live here, plan to move here someday or hold the property for investment, your property is at risk.

CURRENT COST ESTIMATES

There are about 156 miles of roads in Hawaiian Ocean View Estates. For the purpose of these estimates, we have rounded the figure to 150 miles.

In a survey done in 1988, the roads were classified according to their surface condition, block by block.

Class 1 - surface essentially intact; may be small cracks or a few pot holes. A driver can go 25 mi. per hour without undue shaking.

Class 2 - surface may be intact, but the road is very bumpy, a "washboard" surface. A person driving 25 mi. per hour would get a real shake-up.

(cont'd. p. 9)

COST ESTIMATES...

Class 3 - surface pitted with many big and/or deep pot holes. Road can be negotiated, but slowly and with some risk to the car.

Class 4 - more than 50% of the road surface is gone. In some cases the road can be negotiated on in a four-wheel-drive vehicle.

That same 1988 survey showed that there are an estimated 48 miles of Class 1 roads. These roads require a seal coat to stop deterioration.

Roads classified as Class 2, 3 and 4 total about 102 miles. These roads require re-building.

To seal coat a Class 1 road requires:
 145 cubic yards of gravel per mile
 4,200 gal. of oil per mile
 167 man hours per mile

To re-build a road bed before chip seal requires:

1,999 cubic yards of gravel per mile
 8,000 gal. of oil per mile
 483 man hours per mile

In June the road crew repaired roads in the upper part of the subdivision. Cost estimates based on this work, plus the chip seal to be applied by an outside contractor will be used to provide an accurate estimate of future over-all costs.



A SHORT HISTORY OF THE HOVERMC

The HOVE Road Maintenance Corporation was organized in 1983 as part of the settlement of a suit by the Hawaiian OceanView Estates Community Association (HOVECA) against the developers of HOVE.

One thing that should be clearly understood: HOVECA and the HOVE Road Maintenance Corp. (HOVERMC) are two separate organizations, with separate charters, by-laws and Boards of Directors. The membership of both is composed of property owners in HOVE, but membership in HOVERMC, under the 1988 by-laws, is automatic for all property owners.

In the 1960's, the original developer, Crawford Petroleum Company, set up a trust fund for the repair and maintenance of the roads. It is our understanding that this step was required by the County of Hawaii in return for the County allowing a lowering of the County road specifications. The developer agreed to place \$60 per lot sold in the fund. This came to a total of \$640,000

In the early days, before HOVERMC, a Committee of Three was set up at the suggestion of the then current developer, Grayco Land Co. This committee was composed of one representative from the county, one from the developer and one HOVE property owner. The Committee of Three had the duty to supervise the maintenance of the roads. The trust fund was in the hands of Bishop Trust as depository. At that time the trust fund was valued at \$654,240.

In 1975, HOVECA filed suit against Exeter Equities, the present developer, charging Exeter with failure to provide the yacht club that had been promised to purchasers of property in HOVE.

One of the terms of the settlement was the organization of the HOVE Road Maintenance Corp. as a non-profit corporation to oversee the repair of the roads

(cont'd. p. 11)

SHORT HISTORY ...

and to manage the trust fund, the Committee of Three having become inoperative in 1982 when the representatives of both the developer and the County of Hawaii resigned. Another term included in the settlement was to exempt the County and the developer from any further liability for the roads.

At that time the trust fund was dwindling due to fluctuations in the market and lack of management while it was still in the hands of Bishop Trust. In mid-1982 legal action was taken to get control of the trust fund away from Bishop Trust. The fund amounted to about \$430,000 when HOVERMC took it over. It was then invested with E. F. Hutton. Since then the fund has been changed to investment with Charles Schwab, and Greig and Assoc. was retained to manage the investments.

The terms of the settlement of HOVECA vs. Exeter Equities also included Exeter's conveying to HOVERMC the four parcels now used as a base yard and two cinder cone lots, plus certain payments made to HOVECA by Exeter Equities.

The suit was not actually settled until 1985, but HOVERMC was formed in April 1983 and incorporated in October of that year. By its charter it is mandated to use the interest from the trust fund for the maintenance of the roads.

So how do you know your Board of Directors isn't just using the funds to fix the roads in front of their own houses? Well, as President, I sometimes wish it were true, but the roads in front of my house is as bad as any.

Your Board members have not only paid their assessments, but they are donating as much time as possible to the effort. Hopefully many of you will join us in the near future as the work load is much larger than we can reasonably handle.

(cont'd. p 12)

THE PRESIDENT'S MESSAGE

Our five year plan is subject to continual scrutiny and updating. The irrefutable fact is that we inherited substandard roads and TIME has taken its toll. No mention was made in the original road fund documents about how soon resurfacing would be necessary, but constant patching is clearly futile.

HOVE land owners contribute a huge tax base annually to the County, but our small number of registered voters fails to qualify us for our fair share in return. We must fund our own road repairs!

I can guarantee that in the remaining months of 1989 this Board will be doing its utmost to justify your trust and preserve and rebuild our roads. We feel that resealing and saving the existing good roads is by far our most cost effective short term approach. This will free us up for large scale road rebuilding and resurfacing in the next four years as the assessments come in stronger.

Richard Flint, President

HOVE Road Maintenance Corporation
Hawaiian Ocean View Estates
P.O. Box 6227
Captain Cook, HI 96704
(808) 929-9595

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