

December 1991

TO: ALL LOT OWNERS IN THE HAWAIIAN OCEAN VIEW ESTATES

Re: Settlement of H.O.V.E. Road Maintenance Corporation vs. Pettingill, et al., Civil No. 89-232

Dear H.O.V.E. Lot Owner:

On December 28, 1989, pursuant to a duly noticed hearing on November 28, 1989, the Circuit Court of the Third Circuit, State of Hawaii, ruled that the above referenced lawsuit proceed as a class action with respect to H.O.V.E. Road Maintenance Corporation's claims regarding payments, and methods of collecting yearly assessments for maintenance of Hawaiian Ocean View Estates roads. Pursuant to the Court's Order, the class of defendants is defined as:

"All persons and their successors in interest who own property in the Hawaiian Ocean View Estates Subdivision."

This letter serves as notice to you, as a lot owner in the Hawaiian Ocean View Estates Subdivision, a member of the H.O.V.E. Road Maintenance Corporation, and a member of the Defendant Class in the above-referenced matter, of the tentative settlement reached as a result of court recommended mediation between H.O.V.E. Road Maintenance Corporation, the Plaintiff in the above referenced matter, and the Defendant Class of lot owners.

As recommended to the Court by the mediators, the proposed settlement terms, as set forth more fully in the enclosed Exhibits, calls for: 1) The amendment of H.O.V.E. Road Maintenance Corporation's Articles of Incorporation; 2) The adoption of new H.O.V.E. Road Maintenance Corporation By-Laws; and, 3) A formula for the equalization of assessments made heretofore. If the Articles of Incorporation are amended, the new By-Laws adopted, and the collection procedures and payment formulas approved, the Court will enter an appropriate Stipulated Judgment in accord with the settlement terms.

A special meeting of the H.O.V.E. Road Maintenance Corporation Membership will be held on March 7, 1992, at 1:30 o'clock p.m. at the H.O.V.E. Community Center. All members will be given the opportunity to vote for or against the approval of the settlement terms. Therefore, this letter also serves as notice of a special meeting of the H.O.V.E. Road Maintenance Corporation Membership.

A. SETTLEMENT TERMS

On August 14, 1991, at the suggestion of Judge Ernest Kubota, attorneys for the Plaintiff and the Defendant Class entered into a "Stipulation to Continue Trial Date and to Proceed with Mediation." Pursuant to that Stipulation, representatives of the Plaintiff and the Defendant Class participated in mediation sessions under the direction of the Ku'ikahi YMCA Mediation Center. The Mediation was a success and an agreement was reached regarding settlement terms. A copy of the mediation agreement is attached hereto as Exhibit "A", and outlines the settlement terms.

The mediated settlement is divided into three separate sections: 1) Amendment of the Articles of Incorporation of the corporation; 2) Adoption of the new By-Laws of the corporation; and, 3) Creation of a formula equalizing past assessments.

Enclosed as Exhibit "B" is a draft of the proposed Amended Articles of Incorporation. The amended articles, among other things, give the Corporation the power to assess lot owners for necessary road maintenance. This document shall be filed with the State Department of Commerce and Consumer Affairs, Business Registration Division.

A full copy of the new By-Laws to be adopted is attached hereto as Exhibit "C". These By-Laws, among other things, establish procedures for the assessment of lot owners for road maintenance.

The proposed formula for equalization of past assessments is as follows:

As to the 1989 and 1990 assessments, those owners who paid their 1989 or their 1990 assessments will be entitled to credits of thirty-five dollars (\$35.00) against their 1993 and 1994 assessments (for a total credit of seventy dollars (\$70.00)). Those owners who paid both their 1989 and 1990 assessments will be entitled to credits of thirty-five dollars (\$35.00) against their 1993, 1994, 1995 and 1996 assessments (for a total credit of one hundred and forty dollars (\$140.00)).

As to the 1991 assessments, those owners who failed to pay their 1991 assessments will be offered the option of: 1) Paying their one hundred twenty-nine dollar (\$129.00) assessment in full by January 1, 1992 (Due to difficulties regarding scheduling of printing of this Notice and obtaining court approval, the January 1, 1992 deadline shall be extended to May 1, 1992); or 2) Paying one installment of seventy-five dollars (\$75.00) as an addition to their 1992 assessment and one installment of seventy-five dollars (\$75.00) as an addition to their 1993 assessment.

Collection procedures for the 1991 assessment options will be as set forth in the proposed By-Laws.

The 1992 assessments, which have been overwhelmingly approved by the membership by a vote of 1,416 in favor to 164 opposed, will be subject to the collection procedures set forth in the proposed By-Laws.

Please review and consider all Exhibits and the assessment formula carefully. If the settlement is approved by the parties and by the Court, it will be binding on all Defendant Class members and the Court will enter an appropriate Stipulate Judgment in accord with the settlement terms.

B. COURT APPROVAL OF THE SETTLEMENT

Final settlement of this matter requires approval of the Court. The Court will be asked to approve the settlement after all members of the Defendant Class have been given the opportunity to voice their objections, if any, to the settlement terms, and a hearing on the settlement has been held. The Court will hold a formal fairness hearing regarding the settlement, scheduled for March 9, 1992, at 8:00 a.m., before the Honorable Ernest Kubota, in his courtroom at 75 Aupuni Street, Hilo, Hawaii, 96720. The Court will be hearing and considering whether the proposed settlement in this matter should be granted final approval as fair, adequate and reasonable and in the best interests of the members of the above-defined Defendant Class. You may attend this hearing if you wish, but are not required to do so in order to participate in the settlement.

If you wish to comment in support of, or in opposition to the proposed settlement, you may do so by submitting your comments in writing to Steven A. Kornberg, Esq. by no later than March 6, 1992. Address your correspondence to Mr. Kornberg at 75-5722 Kuakini Hwy., Suite 203, Kailua-Kona, Hawaii 96740.

C. ALL SECTIONS MUST BE APPROVED IN ORDER TO SETTLE THIS MATTER

The Corporation's Board of Directors has approved the settlement. The proposed settlement shall only be effective if approved by the membership and subsequently, the Court. In other words, the amendments to the Articles of Incorporation, the new By-Laws, and the payment formula provisions must be first approved by the membership, and then the Court, in order to be effective. To determine the will of the Defendant Class Members, and assist the Court in its decision making, the Membership will be asked to vote on approval of the settlement by ballot or in person at the March 7, 1992 meeting.

D. MEMBERSHIP VOTE APPROVING THE SETTLEMENT

At the March 7, 1992 meeting, you may vote for or against the settlement by registering your vote in person or by ballot. If you vote for the settlement, you will be voting in favor of each of the following four (4) statements:

1. Approval and acceptance of, and consent to the Articles of Incorporation, as amended;
2. Adoption, approval and acceptance of, and agreement to be bound by the new By-Laws;
3. Approval and acceptance of, and agreement to be bound by the past assessment formula;
4. Approval and acceptance of, and consent to the settlement of the lawsuit upon the terms described in this letter and the Exhibits attached hereto.

If you vote against, you will be opposing the settlement in total, which, if the Court agrees, will mean that the litigation shall continue.

E. VOTING PROCEDURES

You may personally attend the meeting on March 7, 1992 to register your vote as set forth above. You may also vote as set forth above by ballot. If you vote in person at the meeting, you may not vote by ballot.

A ballot is attached hereto. If you wish to vote by ballot, your ballot must be post-marked no later

than February 29, 1992, and/or received no later than March 6, 1992, and must be mailed to the League of Women Voters as follows:

BALLOT
League of Women Voters
c/o Marge Mulhall
78-7253 Puupee Road
Kailua-Kona, Hawaii 96740

If you vote in person and submit a ballot, your ballot will not be counted as part of the vote.

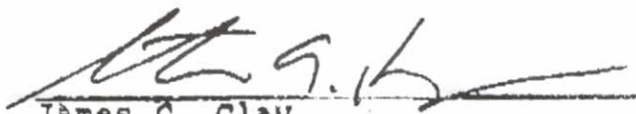
F: RECOMMENDATION OF COUSEL PARTIES

The settlement terms described above will resolve and culminate three years of litigation between the Plaintiff and the Defendant Class. It is the belief of Mr. James C. Clay and Mr. Steven A. Kornberg, attorneys for the Defendant Class, and the representatives of the Defendant Class who participated in the mediation, that the settlement is a fair and just compromise of this matter. It is also the belief of the H.O.V.E. Board of Directors that the settlement is a fair and just compromise of this matter.

If the settlement is accepted by the membership, the Plaintiff will dismiss its lawsuit and accept the terms and procedures set forth in the settlement. It is the recommendation of counsel for the Defendant Class, the Defendant Class Representatives, and the H.O.V.E. Board of Directors that the settlement be approved and accepted by the membership and that each member vote in favor of general approval of the settlement.


Very truly yours,

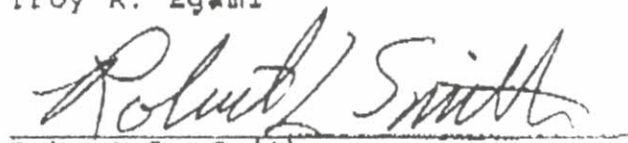
LAW OFFICES OF JAMES C. CLAY


James C. Clay
Steven A. Kornberg

Attorneys for the Defendant Class

DAMON KEY BOCKEN LEONG KUPCHAK


Kenneth R. Kupchak
Troy R. Egami


Robert L. Smith

Attorneys for Plaintiff
H.O.V.E. Road Maintenance Corporation

CORPORATE MEETING DATES

APRIL 11, 1992 10:00 AM

JULY 11, 1992 1:30 PM

OCTOBER 10, 1992 10:AM

LOCATION: H.O.V.E.C.A COMMUNITY CENTER



**KU'IKAHI
YMCA Mediation
Center**

300 W. Lanikaula St.
Hilo, Hawaii 96720

Telephone
(808) 935-7844
(808) 935-3721 (messages)

H.O.V.E. Maintenance Corp.
1st Party Robert Abel, M.D., Clifford Hiatt
Defendant Class
2nd Party Ann Pettingill, Ray Heimburger Case No. _____

Civil Case # 89-232
AGREEMENT

October 16, 1991

We, the undersigned, having participated in a mediation session on (date) _____ and being satisfied that the provisions of the resolution of our dispute are fair and reasonable, hereby agree to abide by and fulfill the following:

1. The disputants in this case agree that a copy of this agreement will be provided to the courts if requested.
2. The disputants agree that the provisions of this agreement will be revealed to their respective legal representatives, when a request is made to Ku'ikahi.

All four parties endorse the enclosed document (By-laws) and agree to submit this document to the Court (Judge Kubota) and ask that he review and approve it. (see A)

All four parties jointly agree to attached modifications of the Articles of Incorporation and request that the Court suggest the best way to implement the changes. (see B)

All four parties agree that the appropriate ways to deal with the 1989, 1990, 1991 and 1992 assessments are described in the attached document. (see C)

All four parties jointly agree of those issues presented for mediation (by-laws, assessments), all have been resolved.

Shirley Gulchaga
Mediator/Witness

[Signature]
Mediator/Witness

Robert Abel MD

Clifford Hiatt
First Party,

Ann P. Pettingill

Ray Heimburger
Second Party

EXHIBIT "B"

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, the undersigned Director of the Department of Commerce and Consumer Affairs of the State of Hawaii, send Greeting:

WHEREAS, JOHN WALKER, LORAIN BARTHOLOMEW and ANNE SHILZONY, a majority of whom are residents of the State of Hawaii, have filed with me as Director of the Department of Commerce and Consumer Affairs a verified petition to grant to them and their associates a charter of incorporation as a nonprofit corporation, in accordance with the provisions of Section 416-20, Hawaii Revised Statutes, and

WHEREAS, the directors and members of said corporation have elected to amend the Articles of Incorporation in accordance with Hawaii Revised Statutes 415(b)-37 in the form hereinafter set forth,

NOW, THEREFORE, KNOW YE, that I, the said Director, in the exercise and execution of every power and authority in anywise enabling be in this behalf, do hereby constitute the said petitioners and their associates a corporation under the laws of the State of Hawaii for the purposed and in the form hereinafter set forth.

ARTICLE I

The name of the corporation shall be:
H.O.V.E. ROAD MAINTENANCE CORPORATION

ARTICLE II

The location of the principal office of the corporation shall be in the District of Ka'u, County and State of Hawaii, and the address of its initial office shall be located in the Hawaiian Ocean View Estates Subdivision, District of Ka'u, County and State of Hawaii, with its mailing address as S.R. Box 6227, Captain Cook, Hawaii 96704 (due to its geographically rural location a more definite address is unavailable).

ARTICLE III

The Purposes of the corporation are:

(a) To maintain, repair, restore or cause to be maintained, repaired and restored, roads within the Hawaiian Ocean View Estates subdivision located in the District of Ka'u, County and State of Hawaii. The corporation may make improvements to the roadways within said subdivision which by their nature tend to reduce expenses to maintain and/or promote safety.

(b) The corporation shall assume and perform the obligations and duties of the "Sub Divider" under that certain road maintenance escrow agree-

ment dated December 12, 1962 by and between Hawaiian Ocean View Estates, a Nevada corporation as subdivider, and the First Trust Company of Hilo, Limited, as depository, as amended, as it may be amended from time to time.

(c) The corporation shall receive the property and funds set forth in that certain "Settlement Agreement, Released and Covenant Not to Sue" dated August 3, 1983, pertaining to that certain class action suit in the Circuit Court of the Third Circuit, State of Hawaii, being Civil No. 4102, Hawaiian Ocean View Estates Community Association, et al, vs. Exeter Equities, et al, and shall perform the obligations required of it as set forth in said settlement agreement.

ARTICLE IV

The duration of the corporation shall be perpetual.

ARTICLE V

The officers shall consist of a President; Vice President; Secretary and Treasurer.

ARTICLE VI

There shall be a board of directors consisting of not less than three (3) members. The following persons shall be the initial officers and directors, and shall hold office for the first year or until their successors are duly elected pursuant to the by-laws of the corporation:

Director DON SWANGEL
S.R. Box 603 Capt. Cook, HI 96704

Director LUCIEN R. HOWSLEY
S.R. Box 6114 Capt. Cook, HI 96704

President JOHN WALKER
S.R BOX 6008 Capt. Cook, HI 96704

Vice-President ELINOR MCKINNEY
S.R. Box 6225 Capt. Cook, HI 96704

Secretary ANNE SHILZONY
S.R. Box 6029 Capt. Cook, HI 96704

Treasurer LORAIN BARTHOLOMEW
S.R. Box 6020 Capt. Cook, HI 96704

Due to our geographically rural location, residence addresses are unavailable.

ARTICLE VII

The corporation shall have the following powers:

(1) To receive, retain, invest and reinvest all funds and property in income-producing investments in a manner that preserves principal as a perpetual, non-diminishing fund, and produces income

commensurate with such a fund.

(2) To take title to Lots 16, 18, 20 and 22 of Block 47 of the subdivision; and to sell, lease or otherwise convert such lots to income-producing funds.

(3) To take title to Lots 3 and 4, Block 279 of the Subdivision (the cinder cone lots) and to hold, manage and use the cinders thereon or income therefrom for the purposes for which the corporation is organized.

(4) To pay out such sums as are available from earnings on the corporation's assets to individuals, persons, firms or corporations to:

(a) Maintain and repair roads within the Subdivision, including, without limiting the generality of the foregoing, improvements which by their nature tend to reduce expenses of maintenance and/or promote safety, including comprehensive general liability insurance for the corporation which names Exeter Equities, Inc., as additional insured.

(b) Protect, preserve and manage the corporation and the assets of the corporation.

(c) Pay reasonable costs and fees in connection with the management, investment and distribution of the corporation's principal and income.

(d) Maintain road equipment and machinery and hire and employ maintenance workers and award contracts for maintenance and repairs to the roadways.

(5) To use principal to the extent necessary to purchase road equipment and machinery and make emergency repairs or restoration or resurfacing of roads within and appurtenant to the Subdivision when such repairs are made necessary by extraordinary circumstances, provided, however, that the amount of the principal used in any one year shall not exceed five percent (5%) of the principal value of the corporation's assets as of the first day of each calendar year. Assets shall include funds held in escrow accounts pursuant to said Road Maintenance Escrow Agreement.

(6) To use principal and income to pay any taxes, penalties or interest as may now or hereafter be determined to be due on account of the operation of the corporation and the funds held in trust under the Road Maintenance Escrow Agreement.

(7) To amend, from time to time, the Road Maintenance Escrow Agreement, including provisions changing the depository or responsibility for investment management of funds held by the Depository are used, to invade principal, or to divert funds for any purpose not presently authorized under the Road Maintenance Escrow Agreement shall not be valid without approval of a court having jurisdiction in an action to which all owners are parties or are duly represented.

(8) To have and exercise solely in furtherance

of, but not in addition to the purposes set forth herein, all powers granted to non-profit corporations in Chapter 416, Hawaii Revised Statutes (1968) as now or hereafter amended.

Powers Created by Further Court Order:

In addition to the powers and purposes set forth above, the Corporation may exercise all of the powers and privileges and perform all the duties and obligations of the Corporation as set forth in court orders in the case filed in the Circuit Court of the Third Circuit known as H.O.V.E. Road Maintenance Corporation, a Hawaii non-profit corporation v. Ann D. Pettingill, et al., Civil No 89-232, and which are related to the use, operation, safety, upkeep, maintenance, repair and improvement of the H.O.V.E. road system, including without limitation: 1) the power to implement and enforce assessments, as provided in the Amended Bylaws and the Court Order, to generate income to satisfy the purposes and obligations of the Corporation under the Articles of Incorporation and the Bylaws; 2) to make improvements to promote safety of the H.O.V.E. road system, including the installation of traffic signs and other necessary road markings; 3) the authority to control through tariff, charges or other means, the use of heavy and/or commercial vessels on the H.O.V.E. road system; and 4) to levy fines and other sanctions against those who abuse and damage the road system.

The corporation shall utilize the assessments as follows:

(1) To repave, repair, maintain, upkeep and improve the H.O.V.E. road system (such repaving, repair, maintenance, upkeep and improvement will hereinafter be referred to "road maintenance") or to provide for the road maintenance by agreements with independent contractors;

(2) To make improvements to promote the safety of the H.O.V.E. road system, including without limitation, the installation of traffic signs, signals, signals and other necessary road markings;

(3) To control through tariff, charges or other means the use of heavy and/or commercial vessels on the H.O.V.E. road system;

(4) To levy fines or other sanctions against those who abuse and damage the road system;

(5) To perform any of the other acts, duties and obligations required and permitted under these Articles of Incorporation and the amended Bylaws;

(6) To provide for the care, operation, management, maintenance, repair and replacement of its property. Without limiting the generality of the foregoing, said obligation shall include keeping the property in good, clean, attractive and sanitary condition, order and repair; repairing wind and other damage caused by the elements;

(7) To pay for the services of any person to

manage its affairs or any part thereof, to the extent it deems advisable, as well as the services of such other personnel, including independent contractors, as the corporation shall determine to be necessary or desirable for the proper operation of its property and performance of its duties, whether such personnel are furnished or employed directly by the corporation or by any person with whom or which it contracts;

(8) To undertake or contract for any lawful activity, function or service for the benefit of its members, provided that such activity, function or service is within the scope of the purposes of the corporation as set forth in these Articles and amended Bylaws. The corporation shall obtain from any governmental authority any licences necessary or appropriate to carry out its functions hereunder. The activities, functions or services undertaken or contracted for by the corporation shall include, without limitation, the providing of legal and accounting services necessary or desirable in connection with the enforcement of the Bylaws; the granting or conveying of easements or rights of way over, across, along or under any real property of the corporation; and the enforcement of all rights granted to the corporation in any lease, sublease, easement or other instrument;

9. To acquire and hold tangible and intangible personal property and to dispose of the same by sale or otherwise;

10. To acquire fee simple title or leasehold or subleasehold interest in, or any easement or right of use in, real property reasonably necessary for the corporation's use in carrying out its purposes and powers as set forth herein.

ARTICLE VIII

Membership:

All owners of lots within the Hawaiian Ocean View Estates subdivision shall be entitled to be members upon payment of such reasonable dues, or none, as set by the Board of Directors from time to time.

ARTICLE IX

These articles may be amended by a vote of not less than 75% of those members of the corporation who vote by ballot, proxy or in person at a meeting duly called and held for that purpose.

(1) No shares of stock shall be issued and no dividends shall be paid and no part of the net earnings of the corporation shall enure to the benefit of, or be distributed to any member, director, or officer of the corporation, or any private individual.

(2) No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publication or distribution of state-

ments) any political campaign on behalf of any candidate for public office.

(3) The corporation shall not make any loans to its officers or directors. Any directors who vote for or assent to the making of a loan to a director or officer of the corporation, and any officers participating in the making of such a loan shall be jointly and severally liable to the corporation of the amount of the loan until repayment.

(4) No compensation shall be paid to members of the Board of Directors, for serving as directors, but this provision shall not prevent the corporation from reimbursing directors for actual expenses incurred while attending meetings and performing duties assigned to individual directors.

ARTICLE X

The corporation may be dissolved in the event the roads within the subdivision shall be dedicated to or maintained by the County of Hawaii.

ARTICLE XI

The corporation is not organized for profit, it will not issue any stock, and no part of its assets, income, or earnings shall be distributed to its members, directors, or officers, except for services actually rendered to the corporation and except upon liquidation of its property in case of corporate dissolution.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the Department of Commerce and Consumer Affairs at Honolulu, Hawaii, this _____ day of December, 1991.

Department of Commerce and
Consumer Affairs

By _____
Corporation & Securities
Administrator

EXHIBIT "C"

BY-LAWS OF HAWAIIAN OCEAN VIEW ESTATES ROAD MAINTENANCE CORPORATION

ARTICLE I. DEFINITIONS

1.1 "Corporation property" means any real or personal property interest owned, leased, licensed, or otherwise held by the Corporation.

1.2 "H.O.V.E. lots" means all of the land described as the Hawaiian Ocean View Estates designated and shown on the map of the Hawaiian Ocean View Estates, duly recorded in the Bureau of Conveyances of the State of Hawaii as File Plan Nos. 692, 738, 787, and 1011 in Liber 4255, Pages 474-476.

1.3 "Lot" means each of the subdivided lots designated and shown on the map of the Hawaiian Ocean View Estates, duly recorded in the Bureau of Conveyances of the State of Hawaii as File Plan Nos. 692, 738, 787, and 1011 in Liber 4255, Pages 474-476, except that contiguous lots that have been consolidated as one tax map key number shall be considered one lot.

1.4 "Owner" means any person who is the record owner of a fee simple interest in any lot; provided, however, that the lessee (or if there is a sublease, then the sublessee), under a recorded lease or sublease of any lot for an original term of more than thirty (30) years, and the purchaser under a recorded agreement of sale for any lot shall be deemed to be the owner of such lot, to the extent provided in such lease or agreement of sale. In the event of a dispute or conflict between the fee simple owner and any such lessee, sublessee, or purchaser (under a recorded document), as to who shall be the owner for purposes of these By-laws, then such lessee, sublessee or purchaser under a recorded document shall be deemed to be the owner until such dispute or conflict is resolved. Any person who holds any interest in a lot merely as security for the performance of any obligation shall not be deemed an owner. A trustee, personal representative, or receiver shall be deemed an owner of lots held or administered in that capacity.

1.5 "Person" means a natural individual, corporation, partnership, or any other legal entity.

1.6 "H.O.V.E. road system" means those certain roadways designated and shown on the map of the Hawaiian Ocean View Estates, duly recorded in the Bureau of Conveyances of the State of Hawaii as File Plan Nos. 692, 738, 787, and 1011 in Liber 4255, Pages 474-476, and shall be all roadways located within the above-mentioned subdivision; provided, however, that any portion or portions of the roadways which may be dedicated or conveyed to the County of Hawaii, State of Hawaii, or other governmental authority shall cease to be part of the

H.O.V.E. road system immediately upon such dedication or conveyance and the acceptance thereof by said governmental authority.

1.7 "Primary Road System" means the road system defined as the main thoroughfares running east and west and north and south in the H.O.V.E. road system and includes the roads as designated on Exhibit A attached hereto.

1.8 "Corporation Board" means the Board of Directors of the Corporation. ("Corporation officers" means the officers created under these By-laws being president, vice-president, secretary, and treasurer.)

1.9 "Majority of members" means the members owning in the aggregate more than fifty percent (50%) of the lots in the subdivision. Any specified percentage of the members means members owning the specified percentage of lots of the subdivision.

1.10 "Fiscal year" shall be the calendar year commencing January 1st of each and every year.

1.11 "Master" means an individual or mediation service, appointed by the Circuit Court for the Third Circuit, Island of Hawaii, to settle possible issues of the proposed budget as set forth in section 6.3

ARTICLE II. MEMBERSHIP

2.1 Membership. Each owner of a lot within the H.O.V.E. Subdivision, by virtue of being such an owner, and for so long as he is an owner, shall be a member of the Corporation.

2.2 Transfer of Membership. Membership in the Corporation is appurtenant to the ownership of an interest in a lot and cannot be granted separately from ownership of a lot. Any attempted assignment, pledge, mortgage, conveyance, or other transferred disposition of membership separately from the interest in a lot shall be void. The transfer of title to a lot shall simultaneously transfer the membership appurtenant to the lot to the grantee, whether or not such transfer is mentioned in the deed. The lot owner and any purchaser shall do all things necessary to inform and provide evidence to the Road Maintenance Corporation immediately of the change of ownership with the name and address of the new owner.

2.3 Proof of Status. Upon challenge by the corporation, no person shall exercise the rights of membership in the Corporation until satisfactory proof has been furnished to the secretary of the Corporation that he is an owner of a lot. Such proof may consist of a copy of a duly executed, acknowledged and recorded deed, an agreement of sale, or a lease for an original term of not less than thirty (30) years, or a title insurance policy, or certificate of title from a licensed abstractor, or as shown by county records, showing the person to be the owner of a lot. Any such deed, agreement, lease, policy, or certificate shall be deemed conclusive in the absence of a conflicting claim based upon a later deed, agree-

ment of sale, lease, policy, or certificate. In the event of a dispute as to ownership, the Corporation shall treat the previously recognized owner as the owner entitled to exercise the rights of membership in the Corporation and all owners shall indemnify and hold the Corporation harmless from any such dispute.

2.4 Record Date. The Board of Directors may fix a time as a record date for the determination of members entitled to notice of any meeting of the members. The record date so fixed shall not be more than sixty (60) days prior to the date of the meeting. When a record date is so fixed, only members of record on that date shall be entitled to notice of the meeting. Proof of ownership of a lot for voting purposes may be made at any time up to and including the time of any vote of the members and proof of ownership as set forth in these By-Laws may be attached to any ballot or proxy assigned for the purposes of a vote.

2.5 Membership Records. The Board of Directors shall do all things necessary to maintain a reasonably up-to-date membership list. Such membership list should accurately reflect changes of ownership within ninety (90) days of any actual change of ownership. All ballots, notices of meetings and assessment notices shall contain a change of ownership form and language notifying the recipient that if the recipient is no longer the owner of a H.O.V.E. lot, he should so notify the Corporation Board and such recipient should forward the notice and agenda to the new owner if known. The Board may adopt such other procedures in its discretion necessary to maintain this updated membership list.

2.6 Voting Rights; Ballots; Proxies. At annual, semi-annual, or special meetings of the members of the Corporation, each member shall be entitled to one vote for each lot owned. Votes may be cast in person, by ballot or by proxy. If more than one person holds ownership interest in any lot, the vote for such lot may be exercised by any one of them present at any meeting in the absence of protest by the other co-owner or co-owners, and in case of protest, each co-owner shall be entitled to only a share of such vote in proportion to its share of ownership in such lot. Cumulative voting is permitted as provided in Section 416-74 Hawaii Revised Statutes, as the same now exist or is hereafter amended. A majority of the votes cast at any meeting in person, by ballot, or by proxy shall determine all issues to be voted on by the membership; except as specified in section 4.1.

2.7 Ballots. Each member entitled to vote in accordance with the terms and provisions of these By-Laws may vote by written ballots. Votes shall 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. The Board shall enclose with the

notice of the annual meeting or any special meeting a ballot to be used for voting on all of the issues on the agenda for such annual meeting or special meeting. Such issues shall include, without limitation, the paving plan, budget, election of directors and officers, and other matters to be voted on by the membership. In addition, the Board will cause to be sent to any owner a ballot upon request by that owner. All ballots, proxies, etc. will be sent to, and counted by, the League of Women Voters or other independent, impartial organization.

2.8 Proxies. Any member may attend and vote at meetings in person, or by a proxy holder duly appointed by a written proxy signed by the member and filed with the secretary of the Corporation, on or before the date of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution. A proxy shall be deemed revoked when the secretary shall receive actual notice of cancellation of the proxy from the member or upon the death or judicially declared incompetence of the member, or upon termination of the member's status as an owner, or upon the appearance at the meeting of the member giving the proxy.

2.9 Annual, Semi-Annual and Quarterly Meetings. There shall be an annual meeting of the members held on the second Saturday in October of each year. The semi-annual meeting shall be held on the second Saturday of April. Quarterly meetings shall be held on the second Saturdays of January and July.

All dates are subject to change by the Board as a result of a natural disaster.

2.10 Special Meetings. Special meetings of the members of the Corporation may be held at such time and at such place as may be designated by the Board of Directors and for such purposes as shall be specified in a call for any such meeting made by resolution of the Board of Directors or by a writing filed with the secretary, signed by the president, or by a majority of the directors, or by petition by 100 members.

2.11 Notice of Meetings. Except as otherwise required by law, notice of each meeting of the members of the Corporation, specifying the day, time and place of the meeting and the purposes for which the meeting is called, and specifying whether it is an annual, semi-annual, or special meeting, shall be given by or under the direction of the secretary to each member of the Corporation by newsletter at least thirty (30) days before the date fixed for such meeting. Such notice shall be in writing and shall be sent to the owner at his residence address or his usual place of business, as it appears on the books of the Corporation, by mail, first class, postage prepaid, addressed to him at such address. If notice is given pursuant to the provisions of these By-laws, non-receipt of the actual notice of any meeting by any member of the Corporation shall in no way invalidate the meeting or any proceedings taken or

any business done at the meeting. Any legal requirement of a quorum shall be deemed to have been met if notice is given pursuant to the provisions of these Bylaws to at least two thirds (2/3) of the membership. Any member of the Corporation may waive notice of any meeting either prior to or after the meeting, with the same effect as though notice of the meeting had been given him. The presence of any member of the Corporation at a meeting shall be the equivalent of a waiver by him of notice of the meeting. Along with the notice of the meeting the Board shall cause to be sent to each Owner an agenda of the issues to be decided at such meeting and a ballot providing a space for the Owner to vote on all such issues as are set forth in the agenda. No issues or votes which are not described in the agenda may be voted on at any membership meeting. In addition to the right of the Board to set the agenda or place items on the ballot, issues shall be added to the agenda or ballot in the following manner: a signed petition of at least 100 lot owners delivered to the Corporation office or any Director at least twenty five (25) days prior to the notice of any annual, semi-annual, or any special meeting called pursuant to paragraph 2.10 for that purpose shall cause that issue to be added to the agenda or ballot.

2.12 Financial Report and Newsletter. A newsletter shall be sent to the members thirty (30) days prior to the annual and semi-annual meetings. The newsletter prior to the annual meeting shall include statements (on a cash basis) of the income and expenses of the budget for the previous year, the current year covering the period January 1 to August 1, and next year's proposed budget. The February newsletter shall contain a full accounting (on a cash basis) of the prior year's budget.

ARTICLE III. BOARD OF DIRECTORS

3.1 Number of Directors. There shall be a Board of Directors of the Corporation of not less than five (5) nor more than eleven (11) members. Subject to the foregoing limitations, the number of directors shall be not less than the number of members of the Corporation willing to so serve. One-third (1/3) of the directors shall be elected each year by the members of the Corporation at their annual meeting to hold office until their successors shall have been elected, provided that the number of directors may be decreased or increased subject to the foregoing limitations, and if increased, the additional directors may be elected by the members at any special meeting called for such purpose to hold office until their successors have been elected. All members of the Board of Directors must be members of the Corporation.

3.2 Nomination of Directors. Any group of members representing ownership of ten (10) lots may nominate another member to be on the Board of Directors. Such nomination shall be accomplished

by the lot owner submitting the nomination in writing, signed by the nominating members, to the Board of Directors at least thirty (30) days prior to the date for notice of the annual meeting. Any such person so nominated shall be placed on the ballot for election of directors, to be mailed with the notice of meeting to all members.

3.3 Election and Tenure. Directors shall be elected to serve a term of three (3) years beginning January 1st of the year following the election. Each director shall continue to exercise the powers and duties of the office until his successor shall have been installed by the Corporation. Any director elected before the adoption of these By-Laws shall continue to serve until his term expires.

3.4 Removal of Directors. The entire Board of Directors or any individual director may be removed from office without cause by vote of a majority of members voting by proxy, ballot, or in person at any annual, semi-annual, or special membership meeting. Any director may be subject to removal if a petition signed by 100 or more lot owners is delivered to the Corporation or any Director at least twenty five (25) days prior to the notice of any annual, semi-annual or any special meeting called pursuant to paragraph 2.10 for that purpose.

3.5 Vacancies. Vacancies on the Board of Directors may be filled by the vote of a majority of the remaining directors though less than a quorum, or by the sole remaining director, and each director so elected shall hold office for the unexpired term of the Director he replaces subject to the ratification by the members at the next annual or semi-annual meeting.

3.6 Compensation. No director shall receive compensation for the services he may render to the Corporation. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

3.7 Meetings, Notice, Quorum. An open annual meeting of the Board of Directors shall be held each year immediately after the adjournment of the annual meeting of the members of the Corporation and at the place of such annual meeting, without call or formal notice for the purpose of electing officers of the corporation for the following year. Newly elected board members shall be able to run and vote for officers of the corporation. Special meetings may be called by the president of the Corporation or by any two (2) members of the Board of Directors, and any such meeting shall be held on such day, at such time and such place in the community as shall be specified by the person or persons calling the meeting. The Board shall meet regularly once a month on a regular schedule as determined by the Corporation Board. Interim Board meetings may be by telephone, however, such telephonic Board meetings shall comply with the requirements

for a quorum present at one time. Board business shall not be conducted by telephonic means unless a quorum of the directors are present on the telephone at the same time. Interim Board of Directors meetings may be called at any time by the President or Vice President to deal with financial matters requiring immediate attention (matters that must be acted upon in a time that does not permit notice of a regular board meeting), so long as the action does not alter the Corporation's approved budget or paving plan, without fulfilling the notice requirements set forth in Paragraph 3.8 below.

3.8 Notices. Notice of each regular meeting of the Corporation Board specifying the day, time and place of the meeting and the proposed agenda shall be given at least seven (7) days prior to the meeting by or under the direction of the secretary, or by a person calling the meeting, to each member of the Board of Directors, by advising him in writing of the meeting, or by leaving written notice of the meeting at his residence or usual place of business as shown on the Corporation's books, or by mailing written notice of the meeting, postage prepaid, addressed to him at such residence or usual place of business or by telephone communication. Non-receipt of written notice actually mailed of any meeting by any member of the Board of Directors shall not invalidate the meeting or any proceedings taken or any business done at the meeting. Any member of the Board of Directors may waive notice of any meeting either prior to or after the meeting, with the same effect as though notice of the meeting had been given him. The presence of any member of the Board of Directors at a meeting shall be the equivalent of a waiver by him of notice of the meeting.

3.9 Agenda for Regular Board Meetings. The notice required for the regular meetings of the Board of Directors shall include an agenda of the matters to be decided upon at such meeting. No matter not on the agenda shall be decided at that meeting except as to financial matters requiring immediate attention (matters that must be acted upon in a time that does not permit notice or agenda to be published), so long as the action does not alter the Corporation's approved budget or paving plan.

3.10 Quorum. A majority of the members of the Corporation Board shall constitute a quorum for the conduct of business and any decision of a majority of such quorum within the scope of the authority of the Corporation Board shall be valid and binding on the Corporation unless a greater number is required by law.

3.11 Notice of Board of Directors' Meetings to Membership. In addition to the notice required above, at least seven (7) days before any regular Corporation Board meeting, the notice of such meeting and the agenda shall be posted at the H.O.V.E. community center, the Corporation of-

fices, on bulletin boards that are conspicuous in the H.O.V.E. community and as determined by the Board and the Board shall cause the notice and agenda to be published in at least two (2) newspapers or aired on any radio station, that do not charge for such publication or airing.

3.12 Attendance by Members. Any member may attend any meeting of the Corporation Board, save that the Board, in its discretion, may declare an executive session to discuss and make decisions concerning the following issues provided that such resolved decisions are announced at the next membership meeting:

- (a) labor contracts;
- (b) litigation involving the Corporation;
- (c) the hiring, firing and disciplinary action concerning employees.

3.13 Officers and Agents; Designation of Duties. The officers of the Corporation shall be a president, one or more vice-presidents, a secretary and a treasurer, who shall be appointed by the Board of Directors and who shall hold office until their successors are installed and qualified. The Corporation may have such other officers, agents, and factors as may be deemed necessary, who shall be appointed in such manner and hold their offices for such terms and have such authority and duties as may be determined by the Board of Directors. As far as is permitted by law, directors may be appointed officers. In addition to the duties and powers set forth herein, each officer shall have such duties and powers as are commonly instant to his office and such duties and powers as the Board of Directors shall from time to time designate. In all cases where the duties of any officer, agent or employee are not specifically prescribed by these By-laws, or by the Board of Directors, such officer, agent or employee shall obey the orders and instructions of the president.

3.14 President. Subject to the control of the Board of Directors, the president shall be the chief executive officer of the Corporation and shall exercise general supervision and direction over the management and conduct of affairs and business of the Corporation. Unless the Board of Directors otherwise directs, he shall preside at all meetings of the members and of the Board of Directors at which he is present.

3.15 Vice-President. The vice-president, or if more than one shall have been appointed the vice-president in order of priority of appointment, shall assume and perform the duties of the president in the absence or disability of the president or whenever the office of president is vacate. Each vice-president shall have such other powers and duties as may be given to him by law or in these By-laws or as may be assigned to him from time to time by the Board of Directors or by the president.

3.16 Secretary. The secretary shall be responsible

for the membership records, all documents pertaining to the title to all real property owned or held by the Corporation, and all rules regulations, and other documents required to be filed with the Corporation or in the office of the Corporation by these By-laws. The secretary shall cause to be recorded all proceedings of the meetings of the members and directors in a book which shall be the property of the Corporation, with the original or duplicate copy to be kept for that purpose at the office of the Corporation in Hawaii and perform such other duties as shall be assigned to him.

3.17 Treasurer. Subject to the direction and under the supervision of the Board of Directors and the provision of these By-laws, the treasurer shall oversee the care and custody of the funds and valuable papers of the Corporation, shall have power to endorse for deposit or collection all notes, checks, drafts, and other obligations for the payment of money to the Corporation or its order, and shall keep or cause to be kept accurate financial books and accounts of the Corporation and to render reports of the same on a cash basis as often as required by the Board of Directors.

3.18 Removals, Resignations, Vacancies. The Board of Directors may, at any meeting called for the purpose by a vote of the majority of their entire number, remove from office any officer of the Corporation for or without cause. The Board of Directors, at any meeting by vote of a majority of the directors present at such meeting, may accept the resignation of any officer or director of the Corporation, or remove or accept the resignation of any agent or any member of any committee appointed by the Board of Directors, or by any committee appointed by the Board of Directors or by any officer or agent of the Corporation. Any vacancy occurring in the office of president, vice-president, secretary, or treasurer, or any other office, shall be filled by the Board of Directors and the officers so chosen shall hold office for the unexpired term in respect of which the vacancy occurred and until their successors shall be duly elected and qualified. A Director shall be removed for absence of more than three (3) consecutive regular Board meetings unless the absence is waived by the Board.

3.19 Bonding. All officers and directors with the authority to handle funds of the Corporation shall be adequately bonded by standard fidelity bonds, provided, however, that in all cases the president, treasurer, and office manager shall be bonded. Adequate bonding as required hereunder shall mean a bond of sufficient size to adequately protect the Corporation from any acts of malfeasance or misfeasance of corporate personnel commensurate with the amount of money being handled by such person or persons.

ARTICLE IV. AMENDMENTS

4.1 These By-Laws may be altered, amended, added to or repealed by an affirmative vote of two-thirds (2/3) of the members voting by ballot, proxy or in person at any annual, semi-annual or special meeting called for that purpose. Notice of the proposed amendments shall have been given in the notice of annual, semi-annual or special meeting and such proposed amendments included on the ballot sent with the notice to the members. However, such amendments shall not change or alter the powers and purposes as set forth in the Articles of Incorporation and these By-Laws. Sections 5.8, 5.9, 5.10, 6.1, 6.2, 6.3 and 6.4 can only be changed by a vote of two-thirds (2/3) of all members of the Corporation.

ARTICLE V. ASSESSMENTS

5.1 Definition of Road Maintenance Expenses. Road maintenance expenses means all costs and expenses of operating and administering the Corporation during a fiscal year. Road maintenance expenses shall include, without limiting the generality of the foregoing, all costs and expenses of repairing, maintaining, and improving the H.O.V.E. road system, all expenses for salaries, taxes, assessments, utilities, equipment purchases, operating expenses, insurance and bond premiums, accounting and legal fees, management fees, deficits and income from prior years, the establishment of operating and other reserves, and all other charges and outgoings of every description to which the Corporation or its property may be assessed or become liable.

5.2 Purpose. It is the intent of these By-laws that each owner of a H.O.V.E. lot will be responsible for and pay a proportionate share of the road maintenance expenses. Each lot owner's share of such road maintenance expenses shall be due and payable in annual, semi-annual, quarterly or monthly installments, as determined by the Board and shall be due within sixty (60) days after mailing notice of assessment by the Corporation. The Board may determine that semi-annual, quarterly or monthly installments may be assessed interest as set forth in Paragraph 5.9.

5.3 Assessment for Road Maintenance Expenses. Each owner of a H.O.V.E. lot, or in the event of multiple owners, such multiple owners jointly and severally, shall be responsible for and shall pay to the Corporation a proportionate share of the annual road maintenance expenses by way of assessment as set out in these By-Laws.

5.4 Apportionment of Road Maintenance Assessments and Supplemental Assessments. The assessment payable by each H.O.V.E. lot owner shall be equal to a fraction of such total expenses, the numerator of which fraction shall be the total number of H.O.V.E. lots owned by such owner, and the denominator of which shall be the total number of all the H.O.V.E. lots.

5.5 Determination of Assessment. Subject to the provisions of these By-laws and the Articles of Incorporation, the Corporation Board shall have the power and authority to determine all matters in connection with the respective assessments payable to it, including, without limitation, power and authority to determine where, when, and how such assessments shall be paid, and each owner shall comply with all such determinations.

5.6 Supplemental Assessments. Subject to the provisions of these By-laws and the Articles of Incorporation, in addition to the road maintenance assessments, the Corporation Board may levy supplemental assessments as a result of natural disasters, payable over such period as the Corporation may determine for the purpose of defraying any expense incurred as a direct result of actual material or labor cost increases from those set forth in the approved budget. Such increase must be approved by a majority of those members voting by ballot, proxy or in person at an annual, semi-annual or special membership meeting.

5.7 Special Assessments. In addition to road maintenance assessments and supplemental assessments, the Corporation may levy special assessments against individual lot owners for expenses which are incurred or to be incurred by the Corporation as provided in these By-laws, as a result of any owner's act or failure or refusal to act or otherwise comply with the provisions of these By-laws or regulations adopted thereto. Specific actions which may call for a special assessment are: 1) Damage by construction equipment, 2) Damage by delivery vehicles, 3) Misuse of vehicles entering or leaving a driveway, 4) Any misuse of roads which causes damage to them resulting in expenses to the Corporation, 5) Driveways built in such a way that they cause rocks to enter the right of way.

5.8 Lien for Assessments and Other Amounts. All road maintenance assessments, supplemental assessments, and special assessments, together with late charges, interest, cost and reasonable attorneys' fees, shall be a charge on the land and the Corporation shall have a continuing lien against the owner's interest in such lot to secure payment of any assessments, charges or other amount due and owing to the Corporation, plus late charges and interest as provided in paragraph 5.9, from the date due and payable until paid, plus all cost and expenses of collecting the unpaid amount, including attorneys fees.

5.9 Effect of Nonpayment of Assessment; Remedies of Corporation. Any assessment which is not paid within sixty (60) days of its due date shall be delinquent. In the event that an assessment becomes delinquent, the Corporation, in its sole discretion, may take any or all of the following actions:

- a) Assess a late charge of \$10.00 per delinquency;
- b) Assess interest thereon in the amount of 12% per annum;
- c) Bring an action at law against any owner personally obligated to pay assessments;
- d) File a Notice of Delinquency and statement of Lien with respect to the lot, and foreclose on the lien as more fully set forth in 5.10 hereof. Any such

action shall be in addition to any other remedies provided by law for the enforcement of such obligations.

5.10 Foreclosure of Lien. In the event that any assessment is delinquent, the Corporation may file a Notice of Delinquency and Statement of Lien by recording in the Bureau of Conveyances of the State of Hawaii a written statement with respect to the lot, setting forth the name of the lot owner, the legal description of the lot, the name of the Corporation and the amount of delinquent assessment then owing, which statement shall be duly signed and acknowledged by an officer, director or legal agent of the Corporation. A copy of such statement shall be mailed by certified mail, return receipt requested, to the owner at the address of the lot or at such other address as the Corporation may have in its records for such owner. If no return receipt or other proof of acceptance results from such mailing, then the notice of default shall be posted on the property and published in the West Hawaii Today and the Hilo Tribune newspapers. At any time after one year after the mailing of such notice, or publication and posting, the Corporation may proceed to foreclose the lien in the manner for foreclosure of mortgages in the State of Hawaii. The foregoing remedies shall be in addition to any other remedies provided by law for the enforcement of such obligations.

5.11 Foreclosure Restrictions. The Corporation or board members may not purchase any property foreclosed by the Corporation. Former board members may not purchase said properties for a period of three years after leaving the board.

ARTICLE VI. BUDGET AND ROAD MAINTENANCE PLAN

6.1 Determination of Budget for Road Maintenance Assessments. The fiscal year of the Corporation shall be the calendar year. Prior to sending the notice of the annual membership meeting, as set forth in Paragraph 2.11, the Corporation Board shall determine the total amount to be raised by road maintenance assessments during that fiscal year and prepare a proposed budget as set forth below. The amount to be raised by the assessments for any fiscal year shall be determined in the following manner. The Corporation shall prepare, or cause to be prepared, and approve a budget for the fiscal year showing, in reasonable detail, the estimated road maintenance expenses which will be payable in that fiscal year to fulfill the regular operating functions and obligations of the Corporation in that fiscal year, including amounts necessary to cover obligations made in connection with, or contemplated under, any previously approved budgets, plus an amount sufficient to provide a reasonable carry over reserve for the next fiscal year (the "operating budget") including any amounts necessary to pay for improvements of the H.O.V.E. road system. The Corporation Board shall subtract from the operating budget the amount equal to the anticipated surplus attributable to Corporate income received and assessments collected but not disbursed in the fiscal

year immediately preceding the fiscal year for which the operating budget has been prepared. If the Corporation Board fails to determine or cause to be determined the total amount to be raised by its assessments in any fiscal year, and/or fails to notify the owners of the amount of such assessments for any fiscal year, then the amounts of assessments shall be deemed to be either the amount assessed in the previous fiscal year or a maximum of \$60.00 per lot whichever is lower.

6.2 Determination for Road Maintenance Plan. Prior to giving notice of the annual meeting, as set forth in Paragraph 2.11, the Corporation Board shall determine a plan for maintenance, repair, and improvement of the H.O.V.E. road system to be completed for that fiscal year.

The road maintenance plan will specifically identify an estimated schedule for completion, and the nature of the maintenance, repair and/or improvement of the various roads and their costs. In developing the road maintenance plan, the Corporation Board shall endeavor to utilize equitable principles in allocating the resources fairly among lot owners, with priority given to the primary road system.

6.3 Approval of Budget and Road Maintenance Plan at Annual Meeting. At each annual meeting of the members, the proposed budget and road maintenance plan will be submitted to the membership for voting. The proposed budget and paving plan and ballot for approval or disapproval shall be submitted to the membership with the notice of annual meeting and agenda at least thirty (30) days prior to the annual meeting. The budget and road maintenance plan must be approved by a majority of the lot owners voting in person, by ballot, or by proxy at the annual membership meeting. In the event that a majority of the voting members do not approve either the budget or the road maintenance plan, a budget and/or road maintenance plan, proposed by the Corporation Board shall be submitted to the Circuit Court for the Third Circuit, Island of Hawaii, for approval. Any such proposed budget and paving plan submitted to the Circuit Court for approval hereunder may not exceed the previous year's budget or paving plan by ten percent (10%). The Circuit Court and/or a master appointed by the Circuit Court, which master may be a mediation service, will review the proposed budget and/or proposed road maintenance plan, provide an opportunity for comment and input on such plan by the membership, and then, prior to the beginning of the next fiscal year, adopt a budget and/or road maintenance plan for that fiscal year as such Court and/or master deems equitable. All costs of such procedure shall be paid by the Corporation.

6.4 Designation of Road Building and Survey Officer: On a yearly basis for a period of no more than seven years, or until the master road program is finished, whichever is the lesser, there shall be appointed a Committee of Three, one member by the Board of Directors, one member by HOVECA Board of Directors and one member by the League of Women Voters, if available (or, if not, then by a willing similar community-minded, non-profit or-

ganization). Said Committee of Three will annually select an independent road engineer or specialist who will have, and apply, in addition to other types of road construction, knowledge of the specific terrain conditions of H.O.V.E. and, for the immediate past year, make a survey of the H.O.V.E. roads which will reveal the substance and quality of road construction by the Road Maintenance Corporation over the previous year and who will give opinions and recommendations regarding the subsequent year. Such survey or essence thereof, shall be reported to the Board of Directors, published and delivered to all property owners in the next occurring newsletter. The expense of said road survey will be borne by the Road Maintenance Corporation. In making its selection of an independent road engineer or specialist, the Committee of Three will keep in mind the wider availability and technical knowledge of a prospective appointee from the mainland United States.

ARTICLE VII. USE OF H.O.V.E. ROAD SYSTEM

7.1 Use by Owners. All owners of H.O.V.E. lots shall utilize the H.O.V.E. road system in a reasonable manner.

7.2 Road Use Regulations. The Corporation Board may adopt reasonable regulations controlling the use of the H.O.V.E. road system, including without limitation speed limits, placement of stop signs and other road signs, and use of and parking on road rights of way. Such regulations may require permits for vehicles in excess of certain weights or reasonable charges for special road usage as determined by the Corporation Board. No track vehicles shall be allowed on the H.O.V.E. road system.

ARTICLE VIII. CONTRACTS, LOANS, CHECKS AND DEPOSITS

8.1 Contracts. All notes, acceptances, conveyances, contracts, and other instruments shall be signed by the president and vice-president or the president or vice-president and the treasurer or secretary on behalf of the Corporation, only after resolution by the Board of Directors.

8.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless specifically authorized by a resolution of the Board of Directors. General authority will not be permitted. Such loans shall be executed by the president and vice-president or the president or vice-president and treasurer or secretary pursuant to such resolution.

8.3 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation under the amount of \$1,000.00 shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness in excess of \$1,000.00 shall only be executed upon specific

resolution by the Board of Directors and executed by the president and vice-president or the president or vice-president and the treasurer or secretary. The Board may authorize in advance, by resolution, the payment of certain items that are over \$1,000. These are:

1. Purchase of oil or blue chip.
2. Two week salary checks.
3. Payments of Social Security, SUTA, FUTA & FICA.
4. Major equipment repair up to a limit of \$3,000.
5. Medical insurance payments.
6. Regular insurance payments, (workers compensation, liability, equipment insurance, etc.), provided that these payments are no more than 10% above the previous year's payments.
7. Postage and printing for two newsletters as called for in the bylaws. Items 2 through 7 may be authorized in a general resolution of the Board at the beginning of each fiscal year. Item 1 will be authorized when each contract or purchase order for oil or chip is passed by the Board.

8.4 Deposits. All funds of the Corporation, not otherwise employed, shall be deposited to the credit of the Corporation in such banks, trust companies, or other depositories in the State of Hawaii, the deposits of which are insured by an agency of the United States government for the full amount of the balance of the account as the Board of Directors may select. The Corporation Board in its discretion subject to the advice and counsel of the Corporation accountant may deposit a portion of corporate funds in non-insured investments and accounts for purposes of obtaining higher interest on investments. However, such investments shall be conservative and prudent.

ARTICLE IX. GENERAL PROVISIONS

9.1 Inspection of Records. The membership register or duplicate membership register, the books of account, and the original or duplicate minutes of proceedings of the members, the Board of Directors, and the Executive Committee, if any, shall be open to inspection at the Corporation office upon the written demand at any reasonable time.

9.2 Indemnification. The corporation shall indemnify every director and officer and his personal representative against all expenses actually and reasonably incurred by or imposed on him in connection with any action, suit or proceeding to which he may be made a party by reason of being or having been an agent of the corporation if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and with respect to any criminal proceedings, had no reasonable cause to believe his action was unlawful. No indemnification shall be made in relation to matters as to which a party claiming indemnification shall be adjudged to be liable for negligence or misconduct in the performance of his duties to the corporation, unless a court shall determine that despite the adjudication of liability but in view of the circumstances, such person is entitled to indemnity for such expenses as the

court determines are proper. Any indemnification shall be made by the Corporation in compliance with Section 416-35, Hawaii Revised Statutes (Supp. 1984). The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

9.3 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-laws, or the intent of any provisions hereof.

9.4 Annual Accounting. An annual audit report and account, including statements of income and disbursements on both an accrual and a cash basis, shall be available for inspection by members at the corporation office not later than 120 days after the close of the Corporation's fiscal year or sent to any member for a fee of four dollars (\$4.00).

9.5 Inspection of By-Laws. The Corporation shall keep in its principal office for the transaction of business the original or a copy of these By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

9.6 Gender. The use of a pronoun of any gender in these By-laws shall be deemed to include the other gender and the use of the singular shall be deemed to include the plural.

9.7 Waiver. No restriction, condition, obligation, or provision contained in these By-laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

9.8 Severability. The provisions of these By-laws shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provision.

9.9 Dedication. In the event that the H.O.V.E. road system is dedicated to the County, or the County accepts maintenance of such road system pursuant to any agreement or otherwise, the Corporation shall dissolve and the assets of the Corporation will be liquidated and distributed to the membership unless a majority of the members vote otherwise.

ADOPTION OF BY-LAWS

on this _____ day of _____, 19____, the undersigned, _____, having executed the Articles of Incorporation of the above-named corporation, do hereby adopt the foregoing provisions as the By-Laws of said corporation.

BALLOT REGARDING APPROVAL OF PROPOSED SETTLEMENT
OF H.O.V.E. v. PETTINGILL, ET AL., CIVIL NO 89-232

I vote on the proposed settlement of H.O.V.E. Road Maintenance Corporation v. Pettingill, et al., Civil No. 89-232, as follows (check one only):

I am for the proposed settlement and therefore vote for its approval.

I am against the proposed settlement and therefore vote to reject it.

Please mail this entire page, including the label to:

BALLOT
League of Women Voters
c/o Marge Mulhall
78-7253 Puupele Road
Kailua-Kona, Hawaii 96740

NOTE: In order to be valid, your Ballot must be postmarked no later than February 29, 1992.

H.O.V.E Road Maintenance Corporation
P.O. Box 6227
Captain Cook, HI 96704

FIRST CLASS MAIL
U.S. POSTAGE PAID
CAPTAIN COOK HI
PERMIT No. 2

ROAD MAINTENANCE CORPORATION NEWSLETTER

MESSAGE FROM THE BOARD

It looks as if our court case will finally be put to rest. By the time you receive this newsletter you will have voted on the new By-laws and Articles of Incorporation. The results of this vote will be known too late to be included in this newsletter, so we will be mailing a postcard to you in March with the final tally. We expect an overwhelming yes-vote similar to the 9 to 1 approval that we received for the 1992 budget.

The new by-laws will provide new lien and foreclosure powers to the corporation. We sincerely hope, of course, that we will never have to use these powers. All lot owners are expected to contribute their fair share towards the re-building and maintenance of our roads.

We came in just about on budget for 1991. Our legal fees, unfortunately, came in \$76,000 over budget. In November, 1990, we were told by the attorneys from BOTH sides that the case would be closed by the end of that year, or at the latest by the end of January, 1991. That added \$76,000 expense could have gone towards chip sealing about 9 or 10 miles of road.

Those of you who live here and those of you have recently visited have seen a dramatic improvement in our roads during 1991. We have a long way to go, but we are making progress as rapidly as our budget allows. 1992 will see continued significant rebuilding. We look forward to your continued support and to giving you a new set of roads that would bring pride to any subdivision.

In January, seven officials of the County of Hawaii Road Division visited us to look at our chip sealing process. Our chip sealing process consists of applying a hot coat of oil to the road surface and immediately applying a layer of small, hard rock "chips". This method is less expensive than the common "blacktop" and actually results in a longer lasting surface because of the chips.

The county officials were very impressed by our methods, and they are seriously considering using it on some of the county roads. Incidentally, they are also considering helping us with our abandoned vehicle problems.

We are sorry to announce that our Operations Manager, Jim Grabel, has moved to the mainland. We have found a good man to replace him, however, Neal Stone. We have also hired a replacement mechanic/operator.

FOR YOUR INFORMATION

1. The Road Maintenance Corporation has no control on the placement of electric and telephone poles.
2. The County of Hawaii has no input or control on our roads.
3. Local real estate offices estimate a rebuilt road in front of your lot increases its value by at least \$2,000.
4. As the roads are improved, costs of vehicle maintenance goes down (tires, shock absorbers, alignment, mufflers, etc).
5. Lot owners who were unable to build due to unavailability of fire insurance for this area are now able to breathe a sigh of relief. Before choking again after hearing the cost. The costs will be about 3.4 percent higher than in other areas, (as much as \$1,200 versus \$300) for a maximum coverage of \$125,000. But at least it is now available so that mortgage and building loans can now be made.
6. Hawaiian Ocean View Estates Community Association (HOVECA) is unaffiliated with the HOVE Road Maintenance Corporation (that's us). All lot owners are automatically members of our organization, but HOVECA is voluntary. HOVECA has a large building in which we hold our regular quarterly meetings (see last page).

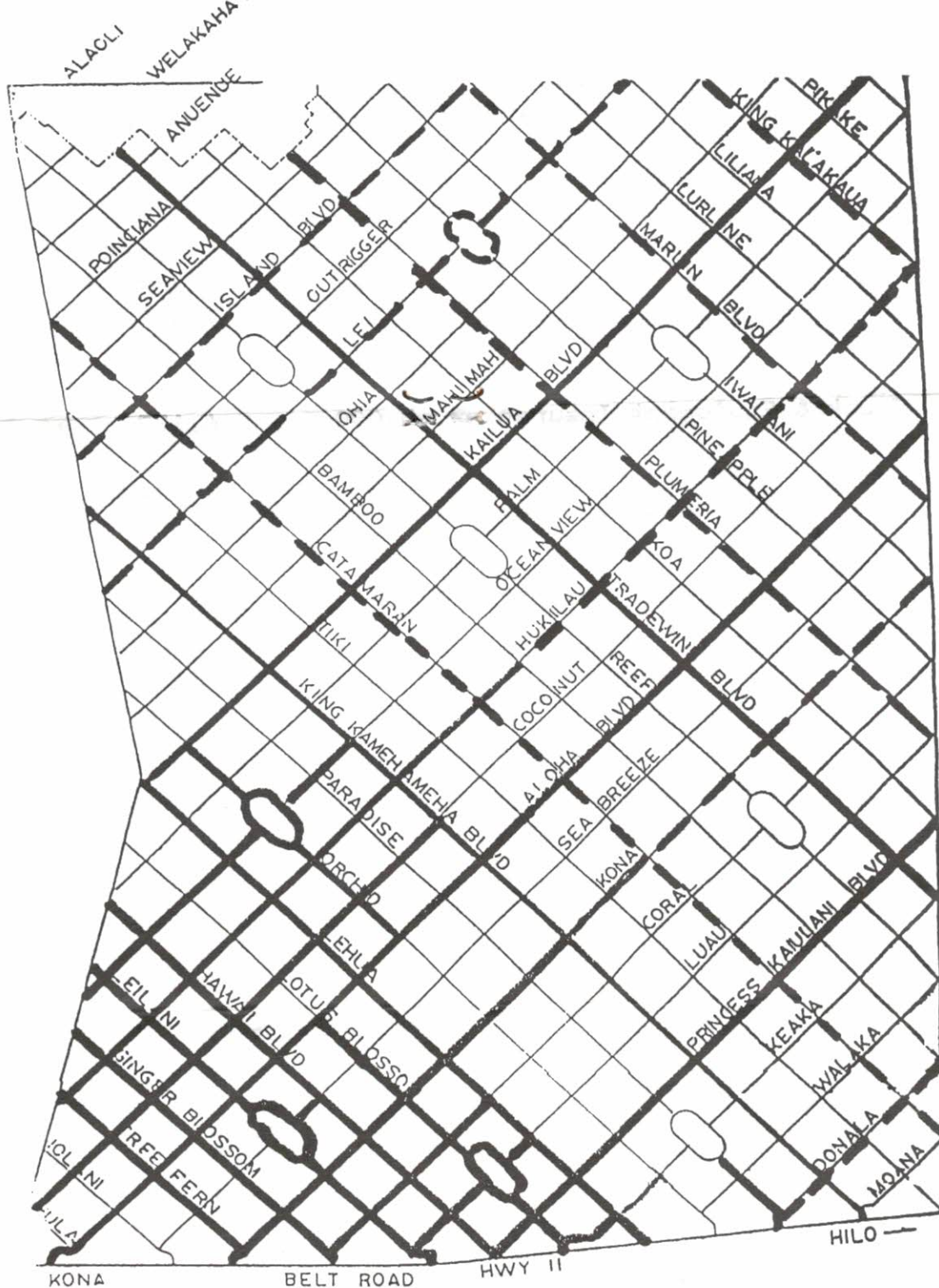
SCHEDULE OF EXPENSES & CAPITAL
EXPENDITURES, DECEMBER 31, 1991

	1991 COURT APPROVED BUDGET	1991 ACTUAL
OPERATING BUDGET:		
Materials Chip & Cinder.....	\$166,000	\$65,995
Road Oil.....	500,000	403,248
Delivery.....	5,000	4,219
Fuel, Diesel & Oil.....	25,000	36,372
Water Hauling.....	6,000	4,558
Equipment Repair - Parts...	20,000	39,896
Equipment Repair - Tires...	10,000	10,999
Baseyard Upkeep - supplies.	5,000	6,007
Traffic Signs & Poles.....	8,000	16,085
Tools.....	5,000	843
Truck Lease.....	3,960	3,970
Licensing.....	300	1,006
Truck & Equipment Insurance	8,000	6,183
Labor.....	170,000	184,058
Contract Labor.....	5,000	1,835
Payroll Taxes.....	17,500	24,281
Workers Comp./TDI.....	23,500	18,576
Medical Insurance.....	21,000	14,091
TOTAL OPERATING EXPENSES:	\$982,260	842,223
ADMINISTRATIVE EXPENSES:		
Investment Services.....	4,000	4,412
Depreciation.....	-----	37,944
Taxes/dues/fees/penalties..	400	1,388
Insurance - Liability.....	10,000	33,087
Bank Fees.....	100	432
Legal Fees.....	5,000	81,789
Office Rent.....	4,700	4,343
Printing.....	5,000	3,217
Office Supplies.....	3,000	1,668
Travel.....	1,100	610
Postage.....	10,000	10,226
Telephone.....	1,200	996
Electric.....	500	529
Employers Council.....	500	500
Advertising.....	135	304
Professional Services.....	5,000	19,718
Computer/Copy machine.....	1,200	2,167
Wages Office.....	23,000	24,909
Facsimile machine.....	50	48
Misc. Expenses.....	2,000	7,850
TOTAL ADMINISTRATIVE EXP...	\$ 81,885	236,137
CAPITAL ACQUISITION.....	131,000	118,356
TOTAL BUDGET.....	\$1,195,145	\$1,196,716

Reviewed by Cooper & Lybrand but
un-audited.

BELOW IS A MAP SHOWING ALL THE ROADS
RE-BUILT AS OF JANUARY 30, 1992

ROADS BEING RE-BUILT IN 1992



HAWAIIAN OCEAN VIEW ESTATES
ROAD MAINTENANCE CORP.

PLEASE BE AWARE: When you are planting, building walls or fencing, the road right of way is 60 feet wide on all Boulevards and 40 feet wide on all other streets. If you build or plant within this area it may have to be removed at some time.

COMMUNITY NEWS

In one of our recent newsletters we had some brief facts about our Community Association and our Volunteer Fire Department. A couple of people complained that these were inappropriate for this newsletter. The board feels that it is our duty, provided we have the space and there is no additional cost, to give you information on what is happening in Ocean View.

H.O.V.E.C.A., the Hawaiian Ocean View Community Association, is in need of new members. Dues are \$15 per year. The Association has a large, two story building which is designated as the disaster center for our area. It has a very active seniors program, many different types of groups and classes, a Neighborhood Watch breakfast on the first Saturday of each month and many other social events. It publishes a newsletter every other month. It also works and fights for the needs of our community. We strongly recommend that you join by writing to: HOVECA, PO Box 6016, Captain Cook, HI 96704.

As of this time Ocean View has two shopping centers, a professional center about to start construction, 3 restaurants and four churches. We are a vibrant, growing community.

Donations to our Fire Department are always appreciated and needed. Checks should be made out to HOVE Volunteer Fire Department, and sent to Chief Neal Stone, PO Box 6491, Captain Cook, HI 96704.

\$500 REWARD

HOVE Road Maintenance Corporation will pay \$500 for information that leads to the arrest and conviction of person(s) defacing, damaging or removing our STOP signs and other signs owned by our corporation. The extra expense of repairing/replacing these signs is shared by all of us.

NOTICE

HOVE ROAD MAINTENANCE CORPORATION meetings for 1992 will be held at the HOVECA meeting hall on April 11 at 10:00am, on July 11 at 1:30pm, and on October 10 at 10:00am.

H.O.V.E. ROAD MAINTENANCE CORP.
PO BOX 6227
CAPTAIN COOK, HI 96704

FIRST CLASS MAIL
U.S. POSTAGE PAID
CAPTAINCOOK, HAWAII
PERMIT No. 2



NOT DELIVERABLE
AS ADDRESSED -
UNABLE TO FORWARD

H.O.V.E ROAD CORP
NEWSLETTER

BRUN195W 9703E033 LN 03/02/92
RETURN TO SENDER
NO FORWARD ORDER ON FILE
UNABLE TO FORWARD
RETURN TO SENDER

ROAD MAINTENANCE CORPORATION NEWSLETTER

August, 1992

MESSAGE FROM THE BOARD

We are happy to report that the 1992 road work is progressing on schedule. Those who live here and those who have visited have expressed their surprise at how much has been done and how well the roads are constructed.

In the first four months of the year we have had officials from four other subdivisions and the Hawai'i County road supervisors from Kona, Puna, Hilo and Ka'u come down to see our chip sealing process. At this time the County is seriously considering doing chip sealing on some of its roads.

We were asked to make a presentation to the Kona Traffic Safety Committee as they are very interested in doing chip sealing in that area. What we are doing in Hawaiian Ocean View Estates is being widely noticed on this island.

On the last page (the page with your name and address) you will find a ballot. We are asking you to vote on: 1) Board of Directors 2) Budget and Road Plan 3) Outside Work for Profit.

1) **BOARD of DIRECTORS:** According to the present by-laws, members of the Board are elected for a term of 3 years, after which they may run again. The President, Vice-President, Secretary and Treasurer are elected by the members of the Board.

2) **BUDGET and ROAD PLAN:** Included in this newsletter is a summary of the findings of the 1991 audit by Coopers and Lybrand, the budget for this year (1992), a column showing what has been spent during the first half of this year, and finally the proposed 1993 budget. Also included is a summary of an independent Road Engineer's report.

3) **OUTSIDE WORK for PROFIT:** The amount of work our crew can do is limited by the amount of money available, not by the time available. There are several smaller subdivisions in this area and it has been suggested that our road crew work on roads in those subdivisions and on driveways on a "for profit" basis. The profits would go into the HOVERMC general fund. In time this might be a significant source of income

which would permit us to lower our annual assessments. Let it be understood that:

a. HOVE roads, of course, come first. Our crew will not do "outside" work unless it can be scheduled without interfering with our own maintenance plan.

b. The revised Charter and By-laws allow for this type of profit-making activity.

c. The proposed work will be done with attention to the applicable laws and we are aware the profit will be subject to taxation.

As you can see from the enclosed map we plan to rebuild 30 miles of road in 1993. We have changed a few roads which were pictured last year in order to pave roads which affect 120 homes. The roads we have rescheduled serviced only 17 homes and all of these are within one block of a rebuilt road. Please note that last year's vote was only on the 1992 road plan and 1993 roads shown were a projection.

Our costs have increased and this is reflected in the budget. You will notice a large increase in the Chip, Cinder & Base line. We are now using a 3/4" blue rock material to increase the quality of our road base. This will insure smoother roads and increase the life span.

We are faced many times with situations where an intersection or section of road is so bad that we are continually going back every few months for temporary repairs. This eats up material and time. If these areas are permanently fixed and chip sealed we save money in the long run. Most of these sections are a few hundred feet to 1/2 block long, but are on steep slopes or are very rocky.

Doing these areas may add on 2 to 3 miles to our road plan. This is part of the reason that we increased our oil budget, but we have also added some as a protection against oil price increases over the next 18 months.

The \$35 yearly credits for those who paid their 1989 and 1990 assessments will begin with the 1993 billings. About 61% of property owners will be receiving this credit and therefore their 1993 assessment will be \$101 per acre.

This is a \$2 increase over last year. Those who did not pay their 1989 and 1990 assessments will be billed \$136 per acre (the \$35 difference).

We are still having problems collecting assessments from a moderate number of lot owners despite the Hawaii State Court ruling that the fees are valid, required and necessary. Therefore, the board has made the decision to start placing liens as of July 1, 1992.

Any owner whose property is liened will incur an *additional* expense of at least \$150 per parcel. This amount covers a recording fee of \$20 with the Bureau of Conveyances, attorney's fee of \$50, an administration fee of \$5 and a duplicate of these fees when the lien is removed (providing the costs have not increased). These costs may also be subject to a 1% monthly interest charge.

We hope that those lot owners who have outstanding bills will pay them. We are not happy about placing liens or perhaps having to foreclose a year after the lien is placed. Please pay your assessments. The roads must be maintained and we must all share the burden.

Don't forget to vote. Your vote is what tells us what to do and if we are doing things right. On the last ballot you approved our 1992 budget and the new Articles and By-laws by a 9 to 1 margin. Thank you for your support. Now tell us whether you support our plans and budget for 1993 by mailing your ballot (the entire last page of this newsletter) to the address shown on the back of the ballot. **DO NOT** mail it to us. This assures an honest and unbiased tabulation.

MEETINGS SCHEDULE

General membership meetings for the H.O.V.E. ROAD MAINTENANCE CORPORATION for 1992 and 1993 are as follows:

OCTOBER 10, 1992 at 10:00 am

JANUARY 9, 1993 at 1:00 pm

APRIL 10, 1993 at 10:00 am

JULY 10, 1993 at 1:00 pm

OCTOBER 9, 1993 at 10:00 am

Above meetings will be held in the H.O.V.E. Community Association (HOVECA) building.

ROAD MAINTENANCE SURVEY REPORT MAY 1992

EVALUATION

The H.O.V.E. Road Maintenance plan is to methodically resurface all the roads within the subdivision by the end of 1995 and then embark on a regular surface maintenance program. Current and planned priorities include servicing the greatest number of residents as soon as possible; having resurfaced roads near to all residents; and treating roads with severely deteriorating surfaces before their roadbeds require rebuilding.

Due to the relatively dry climate and moderate temperatures, the new road surfaces, on the subdivision's slopes, can reasonably be expected to last 5 years, or, long enough that regular maintenance will prevent continued deterioration.

However, as the subdivision's roads are improved, areas previously not easily accessible will become more attractive. The rate of new home construction may accelerate. The subsequent increased traffic load may require further adjustments of the road maintenance program.

Also, heavy trucks cause a disproportionate share of the wear and tear on the roads. Some of this traffic, such as water tankers and cement trucks, are distributed throughout the subdivision in relation to the population density. However, thought may be given to providing a more durable surface to roads heavily used by trucks. These include the roads leading to the H.O.V.E. baseyard, the active cinder pits, as well as the roads that funnel traffic onto the highway.

The continued use of H.O.V.E. Road Maintenance Corp's own crew and the use of relatively inexpensive equipment will help keep costs down. The work done to date appears to be cost effective and timely. They are successfully preserving the existing road beds and upgrading the road surfaces within the subdivision.

-- Leo Fleming
Licensed Civil Engineer

DID YOU KNOW...

...there are 156 miles of roads in H.O.V.E. ?
...there are 11,500 one-acre lots in H.O.V.E. ?
...there are 7,600 owners of these lots from all over the world and every State ?
...each general mailout costs the Road Maintenance Corporation at least \$2,400 postage ?

BITS & PIECES

-- There are 8 full-time paid positions at your H.O.V.E. Road Maintenance Corporation. There is the 6-man work crew that includes general workers, equipment operators and a maintenance/repair man. Your operations manager (Neal Stone) oversees the entire operation and planning of the road maintenance and/or reconstruction. Finally there is your office manager (Jean Redman) who keeps the office running smoothly by updating records, writing letters, computer data entry, file keeping, etc.

-- Unpaid positions at the Road Maintenance Corporation consists of the 10 board of directors. Four of the directors were elected by the board to be officers: president (Dr. Bob Abel); vice president (Larry Nowell); secretary (Irene Hughes), and treasurer (Cliff Hiatt).

-- Every intersection where the streets of Hawaiian Ocean View Estates meet the main highway (Mamalahoa Highway - Route 11) now has street lights. These intersections will soon have new street signs as well, as the old, rusted or missing signs are replaced.

-- We will soon be erecting a new maintenance building at our base yard, a 30' by 40' steel structure. All the materials have been received and construction can now begin. This means that the repair and maintenance of our equipment will be done under roof and not outdoors while breathing dust or tolerating the rain showers. Parts of the building will also be used to store equipment and supplies.

-- The new Professional Center, to be located at the intersection of Hawaii Boulevard and the highway (across the street from the Ka'u Drive Inn) will be four 1200-square-foot buildings designed to fit into our country environment. Bids for construction went out in July.

-- The Ocean View Business Association, a newly-formed organization to assist and promote the local businesses, has been working to get our area recognized as Ocean View town. A first step was taken by seeking and receiving approval from the U.S. Postal Service for our own Zip Code number, although still listed under Captain Cook. The next step will be to get the State to officially recognize Ocean View as a town.

-- The H.O.V.E. Community Association

(HOVECA) recently held a contest to see who could guess the number of dwellings we have in our subdivision. The winner guessed 803, just one more than the actual count of 802 which was reached by two volunteers who traversed the entire area to get an accurate number. Anyone who would like to join HOVECA can do so by writing to: BOX 6016, CAPTAIN COOK, HI 96704 or by calling (808) 929-7033. Dues are only \$15 annually.

-- There are 11 churches in our area, three right here in H.O.V.E. The three in H.O.V.E. are an Evangelical, an Episcopal (St. Jude's), and a Church of God. A Congregational Church is in Waiohinu, about 11 miles to the south, and in Na'alehu there are seven churches: Assembly of God, Roman Catholic, Methodist, Mormon, Jehovah's Witness, Church of Christ (an Ilocano language church), and a Buddhist temple.

-- The volunteer fire department has been very busy. We are in the middle of a severe drought and the fire danger is very high. Since the first of the year the fire crew has responded to over 30 fire calls, most of them to assist in areas outside the Ocean View area. The fires were almost all brush fires, most in the South Point and Na'alehu areas. One 55-acre fire in Punalu'u, however, came within 100 feet of the condo units at Sea Mountain, and another brush fire in Na'alehu came close to burning a number of houses.

-- Growing protea (an exotic flower) on the Big Island seems to be coming into its own. There are approximately 100 acres in varying stages of protea production, with some 35 acres being planted in H.O.V.E. The advantages of our area over most others are good drainage and a lack of weeds. Our own Jean Redman, the office manager of the Road Maintenance Corporation, is active in Protea farming with her husband, Pete. In fact, she is the Big Island representative of the International Protea Association.

-- The Pohue Plaza had a grand opening party on June 27. There were clowns, two bands, food, prizes, and mainly lots of fun. The event was to celebrate all the stores in shopping complex, especially the three new ones: The Ocean View General Store in its brand new and much larger building; the Ohana Drive In, serving an amazing variety of plate lunches and breakfast choices; and The Wash, a full size laundrette with a wash/folding service.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
H.O.V.E. Road Maintenance Corporation

We have audited the accompanying balance sheet of the H.O.V.E. Road Maintenance Corporation as of December 31, 1991 and the related statement of revenues, expenses and changes in fund balances for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the H.O.V.E. Road Maintenance Corporation as of December 31, 1991 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The schedule of expenses and capital expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Honolulu, Hawaii
January 17, 1992

H.O.V.E. ROAD CORPORATION BUDGET

	<u>ACTUAL</u>			
	<u>ACTUAL 1991</u>	<u>1992</u>	<u>1/2 1992*</u>	<u>1993</u>
<u>OPERATING</u>				
Materials Chip & Cinder	65,995	170,000	118,097	254,000
Materials Road Oil	403,248	445,000	278,330	494,000
Delivery	4,219	5,000	2,541	5,000
Fuel, Diesel, Lube & Oil	36,372	30,000	11,251	25,000
Water Hauling	4,558	6,000	1,280	6,000
Tires	10,999	10,000	6,690	10,000
Equipment Repair	39,896	25,000	22,702	35,000
Traffic Signs & Poles	16,085	13,000	3,106	5,000
Baseyard Upkeep - Supplies	6,007	9,000	3,852	9,000
Tools	843	5,000	1,700	5,000
Truck Lease	3,970	3,960	4,412	9,891
Licensing	1,006	1,300	864	1,300
Truck & Equipment Insurance	6,183	8,000	137	8,000
Labor	184,058	192,000	101,345	200,000
Contract Labor	1,835	5,000	450	5,000
Payroll Tax Expense	24,281	23,500	12,883	24,500
Workers Comp/TDI	18,576	23,500	5,003	28,500
Medical Insurance	14,091	21,000	10,802	23,500
Automobile Removal	----	----	----	10,000
TOTAL OPERATING EXPENSES	842,222	996,260	585,445	1,159,091
<u>ADMINISTRATIVE</u>				
Investment Services	4,412	4,000	2,804	4,000
Taxes/dues/fees/penalties	1,388	900	463	900
Insurance - Liability	33,087	10,000	----	10,000
Bank Service fee	432	100	44	100
Accounting	----	6,500	11,030	8,500
Legal	81,789	20,000	30,242	10,000
Office Rent	4,343	4,700	2,172	4,700
Printing	3,217	5,000	3,262	5,000
Supplies	1,668	3,000	606	3,000
Travel	610	1,100	431	1,100
Postage	10,226	10,000	8,729	10,000
Telephone	996	1,200	515	1,200
Electric	529	500	316	500
Employers Council	500	500	250	500
Advertising	304	300	1189	300
Professional Services	19,718	10,000	5,308	10,000
Computer/Copy Machine	2,167	3,200	1,051	3,200
Wages - Office	24,909	23,000	12,069	25,000
FAX	48	50	169	50
Miscellaneous Expenses	7,850	5,000	459	5,000
TOTAL ADMINISTRATIVE EXPENSES	198,193	109,050	81,109	103,050
<u>CAPITAL EQUIPMENT</u>				
Hyster Tire Roller (93 budget)	----	----	----	10,000
Trailer (93 budget)	----	----	----	8,000
TOTAL CAPITAL EQUIPMENT BUDGET.		55,000		18,000
TOTAL BUDGET		1,160,310		1,280,141

*Thru June 30

FOLD

PUT
STAMP
HERE

BALLOT
LEAGUE of WOMEN VOTERS
C/O MARGE MULHALL
78-7253 PU'UPELE ROAD
KAILUA-KONA, HI 96740

FOLD

1993 BALLOT
Please vote on ALL questions

<u>BOARD MEMBERS:</u>	YES	NO
1. ERNIE WILEY- Has been on the board for 2 years.....	_____	_____
2. MARY HUFFMAN- Has been on the board for 3 years....	_____	_____
3. AL GARCIA- Retired teacher, appointed to board last year to fill vacancy	_____	_____
4. GEORGE TILFORD- Extensive administrative manage- ment background	_____	_____
<u>1993 BUDGET & ROAD PLAN</u>	_____	_____
Should HOVERMC engage in outside work for profit if time permits? (see <u>Message From the Board</u> for details)	_____	_____

Please send this entire page, including the label, so that your ballot arrives no later than October 9, 1992. See other side of this page for address.

H.O.V.E. ROAD MAINTENANCE CORP.
PO BOX 6227
CAPTAIN COOK, HAWAII 96704

FIRST CLASS MAIL U.S. POSTAGE PAID CAPTAIN COOK, HI Permit No. 2



ROAD MAINTENANCE CORPORATION NEWSLETTER

Volume 1 No.1

April 1993

MESSAGE FROM THE BOARD

Our last newsletter included a ballot for the election of the Board of Directors, a ballot to vote on approval of the budget, and a chance to vote on the issue of your road crew doing outside work.

All people running for the Board were elected. The budget and the issue of outside work were approved by a margin of 12 to 1.

The Board of Directors elected their officers immediately following the last general membership meeting. The results were:

President - Robert Abel, M.D.

Vice President - Irene Hughes

Treasurer - Clifford Hiatt

Secretary - George Tilford

As the time for foreclosure for non-payment of assessments approaches, we are concerned that everyone understand the foreclosure procedures and the cost involved. Foreclosure will commence one year after the placement of the lien, if the lien has not been satisfied. Foreclosure will be followed by an auction of the parcels involved.

The process is expensive and the expenses will have to be paid up front by our Road Corporation. After sale of the property, the Corporation will reimburse itself for the expenses of the lien and foreclosure, and then collect whatever assessments are due along with any interest accrued. The County of Hawaii will also collect any taxes in arrears. The remaining monies, if any, would go to the former owner of the foreclosed property.

All of the property owners that the Corporation has liened up to this point are owners of multiple lots. We hope they can see that if they sold one parcel they could pay the liens of the remaining parcels and probably have money to spare.

OPERATIONS MANAGER'S REPORT

In 1992 the H.O.V.E Road Crew re-built or re-surfaced 39.5 miles of road.

Of the total 156 miles of road in the subdivision, 60 miles were completed by the end of 1992. This is 9.5 behind our plan, due to \$220,000 in unpaid assessments.

Most of the 1992 work was accomplished by September. By that time we had ordered and used all the oil and chip that finances allowed. Unpaid assessments prevented chip work for the next three months. From September until early December when new assessment money allowed us to order oil and chip again, the road crew worked on grading and preparing 1993 roads, and on weed control.

ASSESSMENT & LIEN REPORT

As a result of a slower than expected collection of 1992 assessments, the Corporation had approximately \$220,000 in accounts receivable still outstanding at year end. This figure represents non-compliance of about 20% of the property owners. In September 1992 the Corporation placed 102 liens on property owners who had failed to pay their Court-ordered assessments. Foreclosure proceedings will begin this fall, one year after placement of the lien.

At this point we have received about 60% of funds that were billed out in November, 1992, for this 1993 year. Those invoices pertained only to 1993 and did not include any back fees that were owing. Statements will be sent out shortly and will include all delinquent assessments.

Our By-laws state that assessment fees shall be due and payable within 60 days after mailing the notice of assessment. The assessment notice gives

the date after which the account will be in arrears and that 12% interest will accrue.

UPDATE ON OUTSIDE WORK

In settling out legal case the lawyers were instructed to change the Articles of Incorporation. One of the items that they were supposed to change dealt with the Road Maintenance Corporation's ability to do outside work for profit.

For whatever reasons, this part of the Articles was worded too vaguely. In the opinion of one of these lawyers, the wording should have been more specific. Therefore, even though your vote last fall indicated a 12 to 1 approval of the proposal, we will not be acting on it at present.

At this time the Board has voted to put off any consideration of doing outside work. When and if the Board decides they wish to go forward with this proposal a new vote will be presented to you to change the Articles of Incorporation.

There have been some property owners who are opposed to doing any outside work for profit. If at some future date the Board wishes to put the outside work plan into effect, we will have those opposed present their views to you along with ours so that you can make your own decision.

HOVE Road Maintenance Corporation General Membership Meetings for 1993

April 10 - 10:00 am
July 10 - 1:00 pm
October 9 - 10:00 am

All the above meetings will be held in the Hawaiian Ocean View Estates Community Association (HOVECA) building on Leilani Circle.

The **HOVE Volunteer Fire Department** responded to 54 fire calls last year (1992). Because we are volunteer we always need money for equipment and supplies. Just think what we could do if every lot owner donated just one dollar!

Please send your donation checks to the **HOVE Volunteer Fire Department**, c/o Neal Stone, PO Box 6491, Captain Cook, HI 96704. Mahalo.



PLEASE STOP AT ALL STOP SIGNS!

HOVE Road Maintenance Corp.
PO Box 6227
Captain Cook, HI 96704

FIRST CLASS MAIL
U.S. POSTAGE PAID
NA'ALEHU, HAWAII
Permit No. 1

**FIRST CLASS
MAIL**

NEWSLETTER

ROAD MAINTENANCE CORPORATION NEWSLETTER

Vol 1 No 2

September 1993

MESSAGE FROM THE BOARD

Three important facts have dominated the thinking and action of the Board of Directors this year.

1) Although we have now reached an assessment compliance rate of 80% of property owners, this represents only 75% of total money due. Last year we placed liens on 102 parcels, and in September, after the required year of waiting, we will start foreclosure procedures.

2) As noted in the Road Progress Report and the Road Maintenance Survey Report, we are now using more gravel and less cinder in preparing the road bed. We have also changed to a two-coat application of the chip seal finish.

These techniques are worth the additional expense because they produce roads that hold up better and require less maintenance in future years.

3) The Finance Committee believes that the 1993 assessment was as high as it can reasonably go: \$136 for property owners who did *not* pay in 1989 and 1990, and \$101 for those who did pay the assessment for those years. Therefore, the committee prepared a 1994 budget keeping the present rate, even though materials costs have gone up and assessment collections are not yet satisfactory.

Obviously, this means falling further behind in our original five-year plan. Most of 1994 will be spent catching up. Then, if funds permit, we will go on to whatever additional mileage we can afford.

Also of interest:

We have a new union contract coming up this year and have provided for this in our budget.

One of our road crew is retiring this year and, according to present plan, he will not be replaced. Our Operations Manager, Neal Stone, actively works with the crew and he feels that with

his participation we can get by with a crew of five rather than six.

Thank you for your continued support.

ROAD PROGRESS REPORT

In the first half of 1993 the road crew has rebuilt 8.5 miles of road, mostly below Princess Kaiulani Boulevard. By the end of August, when this letter will go to press, we expect to do another 13.5 miles, primarily below Aloha Boulevard.

Now that we are working in the southeastern part of the subdivision, the work is much harder and progress is slower. These roads were originally constructed to a lower standard than those in the northwestern side. Many of the roads where we are now working have deteriorated to a point of almost non-existence.

Rebuilding requires preparing the road bed using the vibrating roller and the grader. A layer of 1.5" - and 3/4" - blue rock base is then put down, followed by two layers of chip sealing with hot oil and 3/8" blue chip.

Filling and patching on roads resurfaced or rebuilt since 1990 has been minimal. Even the most traveled roads have held up very well. Repairs are required mainly due to heavy traffic or where loose rocks have been driven into the road surface by traffic, creating a hole which later becomes a full-fledged pot hole.

FINANCIAL REPORT

In 1993, after three years of effort, we are pleased to announce that we have finally raised the percentage of paid-up assessments to about 75%

The property owners who have not paid can be grouped as follows:

1) owners of multiple parcels (\$17,850) (liens placed in September, 1992);

2) owners who are at least \$300 behind in their assessments (\$406,821.38) (notified of intent to lien in Spring, 1993);

3) owners who have paid some, but not all, of their assessments (\$72,789.85).

The above figures do not add up to 25% of our 1993 billing because they cover 1991, 1992 and 1993 non-payment.

In the latter part of April and the first week in May we sent out 750 notices of intent to lien. This letter went to property owners who owed assessments for 1991, 1992, and 1993. Altogether the billing represented a dollar value of approximately \$406,821. Some of this money is now coming in.

Our income for the months of May and June was \$95,608. Usually at this time of year almost all property owners have paid their assessments. The interest from the trust fund, about \$2,700 per month, is all we can expect from late spring until the next assessment notice goes out in November.

Collections from people who own several lots, who had liens placed on their property in September, 1992, have been minimal. In September, procedures leading to foreclosure of those lots will begin. The procedure is regulated by law and it is expensive and lengthy. We expect that the auction of the foreclosed parcels will not take place until Spring, 1994.

INDEPENDENT
ROAD MAINTENANCE SURVEY REPORT
APRIL 1993

Prepared for H.O.V.E. Road Maintenance Corporation

Prepared by: Leo Fleming, Civil Engineer

SUMMARY

This report is based upon visual inspections of the ongoing road maintenance work at H. O. V. E. during March and April of 1993.

In addition, information was gathered from Dr. Robert Abel, Board of Directors and Mr. Neil Stone, Operations Manager, of the H. O. V. E. Road

Maintenance Corporation.

As a result of experience and feedback from earlier road improvement work, the procedures, materials and techniques used by the Road Maintenance Corporation have been evolving.

In general, the accomplished work which was observed during the recent site visits was impressive. The completed roadway surfaces were generally in good condition and the improvement over road conditions prior to 1990 was enormous. The work appears to be proceeding roughly on schedule with delays being caused by financial constraints rather than limitations imposed by the road crew or equipment.

At this time, the road work has evolved to where a more conventional road base of blue-rock base course is being used over the original road which is first scarified, crushed and compacted.

The use of cinder as a portion of the base material, while at first promising cost savings which seemed attractive on such a large project, has not proven to be effective. The use of the chip-seal road surface has been refined through the use of a split-seal (two-coat) application applied with more efficient equipment and a better quality chip material and is proving itself quite well.

It appears that the experience gained thus far has been used well by the Road Maintenance Corporation. The current process should result in a more effective long-term use of materials and resources in the course of completing this project. Although some remedial work may eventually need to be done on some of the earlier road work, these roads should be serviceable for a reasonable period of time.

Considering the scale of this undertaking and the limited resources available, the benefits to the community have been extensive and quite obvious. As has always been the case on this project, further refinements to the procedure should be expected as a result of future feedback.

NEW OFFICE HOURS

Beginning June 7th the Road Maintenance Corporation office hours will be:

7:30 am to 5:30 pm

Monday thru Thursday

(CLOSED FRIDAY)

REPORT OF AUDITORS

Last year we printed a page from our annual audit. Unfortunately, according to our auditors, Coopers and Lybrand, we cannot print only a portion of their annual audit, it must be printed in full or not at all. But we *have* been authorized by them to state that they performed the audit for the 1992 fiscal year and they found all was in order.

A full copy of the report is available for \$4.00, or \$4.20 if it is to be mailed.

DON SWANGEL RETIRES

The road crew lost its most senior member in June when Don Swangel, having reached his 65th birthday, retired. Don has been working on the roads in HOVE ever since 1969, according to Bill Fields, another pioneer in HOVE.

At the end of June, Don and Carole started on an extended vacation trip, visiting friends and relatives on the mainland. *GOOD LUCK and HAPPY TRAILS!!*

NEW WORK HOURS

In March of this year the working hours of the road crew were changed from eight hours a day, five days a week, to ten hours a day, four days a week, the total hours per week remaining at 40. Under the plan they have Fridays off.

The new work schedule suits the men and is also advantageous to the Corporation. Productivity goes up because there are more work hours per equipment movement.

A change in office hours followed, beginning June 7th. Because our Office Manager, Jean Redman, has duties linking her to the work crew, Jean's hours were changed to coincide with the road crew's hours. Although there may be an inconvenience to some, due to the office being closed on Fridays, others have found an advantage to the lengthened daytime calling hours from the mainland. Local residents, who work the normal 8 to 4:30 hours, have also found it advantageous.

CANDIDATES FOR BOARD OF DIRECTORS

Dr. Robert Abel - 5 year resident of H.O.V.E. Retired Physician. Served on the Board of Directors of H.O.V.E. Road Maintenance Corporation 4 years, Vice-President for 1 year, President for 2 years.

Stew Dawson - 6 year resident of H.O.V.E. Owner of Ka'u Water Delivery, a local water hauling business.

Merle Martin - Past B. of D. member. Former treasurer of the H.O.V.E. Road Maintenance Corporation. Owner of 2 businesses. B. of D. member of "Disability Rights Hawaii."

Robert Self - 8 year resident of H.O.V.E. Served on the H.O.V.E. Road Maintenance Corporation B. of D. for 6 months in 1989 to fill in after his father, "Tex" Self, resigned. Was then elected and served a full two-year term. Owner and Principal Broker of Ocean View Realty.

Don Swangel - 27 year resident of H.O.V.E. Charter member of the Road Maintenance Corporation and also the H.O.V.E. Community Association (HOVECA). Recently retired from the R.M.C. after 10 years service (see article on this page).

David Wells - 10 year resident of H.O.V.E. Former president of the H.O.V.E. Community Association. Retired Army non-commissioned officer.

BAD HABITS CAN DO YOU IN

As our roads get better some of our old, thoughtless driving habits are more obvious and potentially dangerous.

Particularly bad habits:

1. going through stop signs.
2. driving in the middle of the road, and
3. failing to signal for a turn.

Please drive carefully.

MEETINGS SCHEDULE

General membership meetings for the H.O.V.E. Road Maintenance Corporation for the end of 1993 and all of 1994 are as follows:

October 9, 1993...10am

January 8, 1994....1pm

April 9, 1994.....10am

July 9, 1994.....1pm

October 8, 1994...10am

These meetings will be held at the H.O.V.E. Community Association (HOVECA) building on Leilani Circle.

AUDIT BYLAW CHANGE PROPOSED

Article 9.4 (Annual Accounting) of our current bylaws reads "...shall be available for inspection by members at the Corporation office not later than 120 days after the close of the Corporation's fiscal year..."

We have been advised by our auditors, Coopers and Lybrand, that this years audit cost \$11,775. The audit was done early in the year which is their busiest time.

If our audit could be done in May, after the height of the tax season, a similar audit would cost \$8,500. It takes about three months from the time the auditors are here until we receive the letter confirming an approved audit.

Therefore, the Board would like to change Article 9.4 to read "...220 days...", instead of "...120 days..."

THE DECIMATION INCLINATION

One of our H.O.V.E. residents, Joan Hughes, has prepared a flyer on the subject of preparation of a lot for building with emphasis on forest preservation and alternatives to bull-dozing to bare rock. An excerpt follows:

WHAT HAPPENS WHEN YOU CLEAR CUT?

-- The forest is depleted; the habitat of rare and endangered birds is removed.

-- Native vegetation is eliminated and noxious weeds are introduced.

-- The natural beauty of the area is destroyed.

-- Buffers between neighbors are reduced.

-- Noise dispersion is increased.

-- Forests provide rainshaded area, and alterations to them result in diminished rainfall in an already sensitive area.

-- The earth's principal agent for removing carbon dioxide generated by human activities is reduced.

-- Natural drainage patterns are disrupted.

(Note: Areas of one or more acres to be cleared require a county grading or grubbing permit.)

If you plan to clear your H.O.V.E. property in the near future, or if you are selling to someone who will, you may wish to obtain a copy of this flyer. To obtain a copy, please send a stamped, self-addressed envelope to either HOVECA, PO Box 6016, Captain Cook, HI 96704; or to Joan Hughes PO Box 6432, Captain Cook, HI 96704, or call Joan at 929-9243.

* * *

Small trees in bare root condition may be purchased from the Hawaii State Division of Forestry and Wildlife by calling 933-4221.

If you tell them where you live, the approximate elevation and the purpose (landscaping, wind-break, sound barrier, etc.) they will advise you as to what kind of tree will do well.

It is also a good idea to look around at your near neighbor's yards to see what you like that has been successful for them.

FOR A MERE \$3.00...

The HOVE Volunteer Fire Department, whose Chief and Assistant Chief are our own Neal Stone and Bob Abel, is in need of donations. A mere \$3.00 per lot could rebuild the tiny firehouse or buy a fast-response vehicle.

Any and all donations are welcome, however, and will be put to good use. Remember, we all benefit by the Department's presence.

H.O.V.E. ROAD CORPORATION BUDGET

<u>OPERATING</u>	<u>ACTUAL 1992</u>	<u>1993</u>	<u>ACTUAL</u> <u>thru 6/30/93</u>	<u>1994</u>
Materials Chip & Base	147,514	254,000	121,828.75	308,199
Materials Road Oil	369,508	494,000	89,372.57	264,000
Delivery	4,679	5,000	2,249.93	5,500
Fuel, Diesel, Lube & Oil	23,244	25,000	10,159.11	25,000
Water Hauling	1,280	6,000	330.00	1,500
Tires	17,125	10,000	1,641.48	10,000
Equipment Repair	36,604	35,000	23,013.87	40,000
Traffic Signs & Poles	5,193	5,000	5,680.18	1,000
Baseyard Upkeep - Supplies	7,018	9,000	6,813.92	9,000
Tools	3,724	5,000	.00	1,000
Truck Lease	4,412	9,891	.00	00
Licensing	1,239	1,300	.00	1,300
Truck & Equipment Insurance	1,603	8,000	2,712.54	8,000
Labor	197,021	200,000	96,391.57	200,000
Annuity .....	.....	.....	1,931.61	3,000
Contract Labor	901	5,000	.00	2,500
Payroll Tax Expense	21,976	24,500	10,058.46	24,500
Workers Comp/TDI	18,184	28,500	13,793.33	28,500
Medical Insurance	21,843	23,500	11,068.59	23,500
Automobile Removal .....	.....	10,000	3,447.50	4,000
Future Material Procurement .....	.....	.....	.....	15,000
TOTAL OPERATING EXPENSES	883,068	1,158,691	400,493.41	975.499
 <u>ADMINISTRATIVE</u>				
DEPRECIATION	48,476*	.....	.....	.....
BAD DEBT EXPENSE	255,398**	.....	.....	.....
Investment Services	7,415	4,000	1,618.53	4,000
Taxes/dues/fees/penalties	1,064	900	1,087.03	900
Insurance - Liability	16,428	10,000	15,484.44	15,000
Bank Service fee	54	100	40.08	100
Audit .....	.....	8,500	12,343.00	10,000
Legal	41,046	10,000	1,010.48	50,000
Office Rent	4,343	4,700	1,809.60	4,700
Printing	5,925	5,000	695.98	5,000
Supplies	1,853	3,000	1,454.59	2,000
Travel	784	1,100	659.80	1,000
Postage	13,784	10,000	4,550.17	10,000
Telephone	1,447	1,200	991.97	1,400
Electric	615	500	235.67	600
Employers Council	500	500	250.00	500
Advertising	1,531	300	101.66	300
Professional Services	25,765	10,000	10,055.00	10,000
Computer/Copy Machine	3,514	3,200	1253.47	3,200
Wages - Office	25,041	25,000	15,071.43	34,000
FAX	169	50	.00	50
Miscellaneous Expenses	1,920	5,000	228.00	2,000
TOTAL ADMINISTRATIVE EXPENSES	457,072	103,050	68,940.90	154,750
 <u>CAPITAL EQUIPMENT</u>				
Hyster Tire Roller (93 budget)	---	10,000	14,500	.....
Trailer (93 budget)	---	8,000	26,500 ***	.....
Chain Mower (94 budget) .....	---	---	.....	10,000
TOTAL CAPITAL EQUIP. BUDGET	112,581	18,000	.....	10,000
TOTAL BUDGET	1,452,721	1,280,141	510,434.31	1,150,249

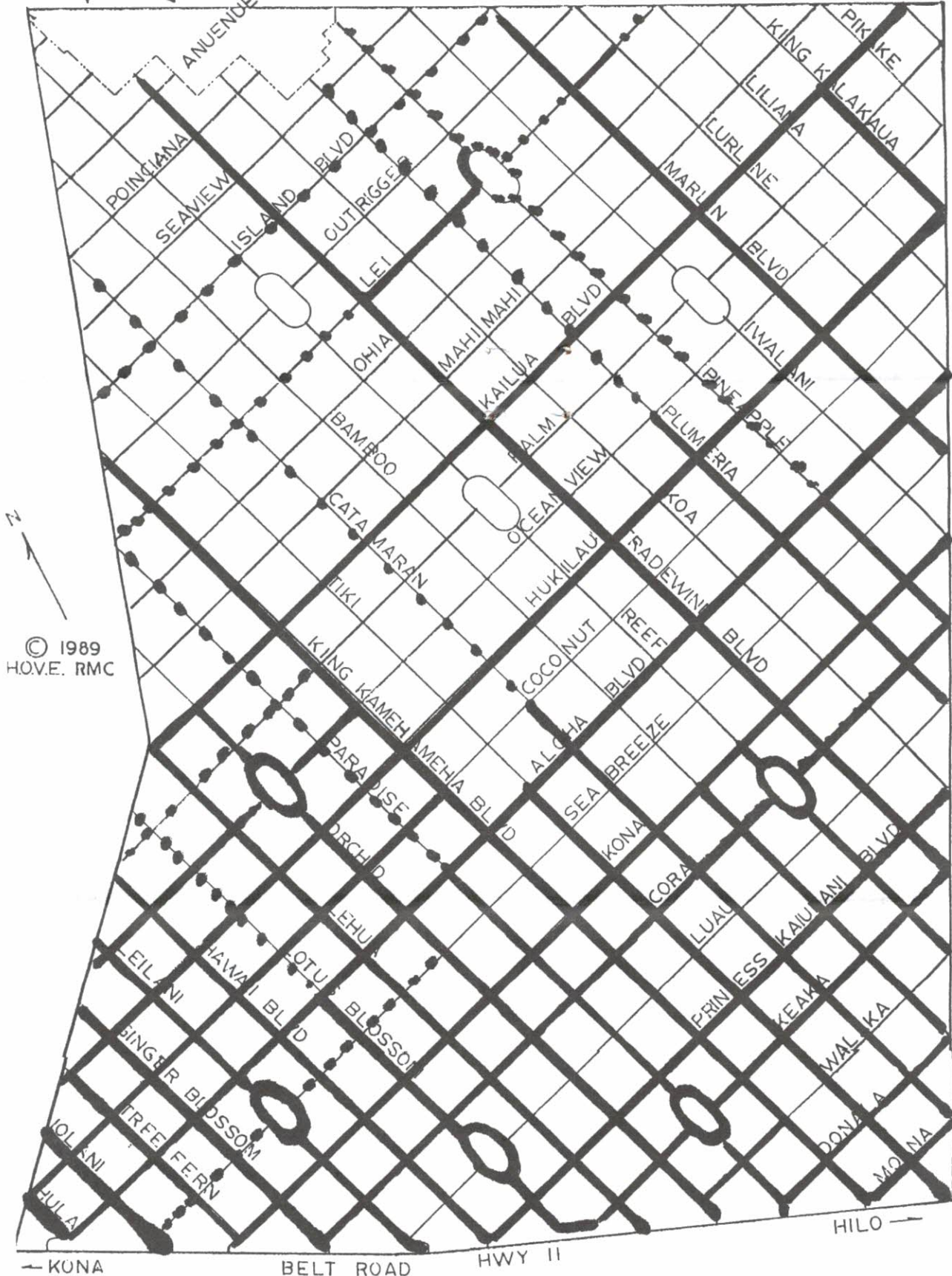
* This is not a cash expense. ** This is not a cash expense. This represents 1991 & 1992 outstanding assessments.

***Rex Vibratory Roller

ALACLI
WELAKAHAO

PROJECTED COMPLETION BY END OF 1993
PROJECTED COMPLETION BY END OF 1994

LONO



© 1989
HOVE. RMC

HAWAIIAN OCEAN VIEW ESTATES
ROAD MAINTENANCE CORP.

STAMP

LEAGUE of WOMEN VOTERS
C/O Marge Mulhall
78-7253 Pu'upele Road
Kailua-Kona, HI 96740

Faint red handwritten text, possibly a date or name, located below the address block.

1994 BALLOT

Place an "X" or check mark for your choice

BOARD MEMBERS (Candidate profiles are on page 3)

Choose 3 Candidates. (Voting for more than 3 will invalidate your ballot)

_____ Dr. ROBERT ABEL

_____ STEW DAWSON

_____ MERLE MARTIN

_____ ROBERT SELF

_____ DON SWANGEL

_____ DAVID WELLS

I APPROVE CHANGING ARTICLE 9.4 OF OUR BY-LAWS BE CHANGED TO READ "...220 DAYS", INSTEAD OF THE CURRENT "...120 DAYS" (See page 4)

_____ Yes _____ No

I APPROVE THE 1994 BUDGET/ROAD PLAN (See map and budget pages)

(Note: 1994 Assessments remain at 1993 level)

_____ Yes _____ No

Please mail this entire page, including the mailing label. Must be postmarked no later than October 1, 1993. Fold ballot so the League of Women Voters address (on back of this page) is on the outside. Tape or staple ballot closed and add stamp. Thank you.

HOVE Road Maintenance Corp.
PO Box 6227
Captain Cook, HI 96704

082555 PM ***** GMP HONOLULU HI 96821

FIRST CLASS MAIL
U.S. POSTAGE PAID
NA'ALEHU, HAWAII
Permit No. 1

DAVIS 48
120-67



FROM WOLLASTON, MA 02170-0598
FORWARDING TIME EXPIRED

FIRST CLASS MAIL

[Redacted address lines]

BALLOT NEWSLETTER



ROAD MAINTENANCE CORPORATION NEWSLETTER

August, 1994

MESSAGE FROM THE PRESIDENT

As we look forward to a new year at the Road Maintenance Corporation, I would like to thank all the past directors, officers, and employees for their excellent performance in making the Road Corporation a tribute to the community and its property owners.

The original Five Year Plan, beginning in 1991, was to resurface all the roads within the subdivision by the end of 1995. That completion goal became impossible for the following reasons:

1. Non-compliance in receiving 100% of the road assessments.
2. Increase in the cost of materials.
3. Increase in heavy truck traffic within the subdivision, resulting in added wear and tear of the roadways.
4. Improvement of road quality by construction techniques utilizing 3/4" blue rock base material vs the cheaper cinder which was not holding up to the demands of increased vehicle traffic. (Note: The added initial cost of material will reduce the overall cost by increasing the durability of the roads and thus lower future rebuilding and maintenance costs.)
5. With increased population growth, concern for safety has forced the RMC to spend additional monies on stop signs, street signs, weed control and other measures to insure the safety of our roads.

The present compliance of property owners payment of assessments has reached 90%. Past-due assessments are also being paid up. With this in mind, and with the input of the Road committee and the Safety committee, we estimate we can stay within our budget and be able to complete work on all the roads in our subdivision by the end of 1998. This, of course, must be said with some reservations, keeping in mind the above 5 items.

Early in the RMC's road building efforts, approximately 19 miles of roads were constructed without widening and with a single coat of chip. The rebuilding of these roads will also be completed by the end of 1998 *if* the PAST-DUE assessments are paid and if the current assessments continue to be paid when due.

While we do not foresee any large increases in

material costs over the next 4 years, expenses should be controllable with the continued high performance level of the RMC crew and with the Office Manager's on-going efforts in bringing in the assessments.

I would like to thank each of the property owners for the support which allows us to accomplish the task of building roads to better serve the community.

A final note: During the last 2 years Mr. Neal Stone, our Operations Manager, worked tirelessly in setting the tone and direction wherein he and the crew accomplished amazing results in building our excellent roadways. Mr. Stone has decided to leave the Corporation, and he will be truly missed by the community he has served. His efforts will continue through the personnel that he trained, as their only thought in building our roads is *excellence*. To Neal, I can only say *Mahalo, A Me A Hui Hou Aku, Aloha*.

—George T. Tilford
President H.O.V.E. R.M.C.

PROGRESS REPORT

As you can see by the enclosed map of H.O.V.E., by the end of 1994 each lot will be one block (1/4 mile) or less from a completed road. If the proposed road plan for 1995 is passed, we will reach nearly 3/4 of our goal by the end of that year, with approximately 44 miles remaining to be completed. The main factor to attaining that goal will be the continuance of the degree of compliance in collecting our road assessments that we have seen this year. If we continue to collect back assessments and can attain close to 100% participation for current assessments, we will realize our goal of 156 miles within the stated time frame.

We must again remind all lot owners that the road maintenance assessment is a mandatory, court-ordered judgement and runs with each and every lot within the subdivision. More than 200 liens have been filed to date, with foreclosure imminent on 7 lots for non-payment. We encourage each lot owner who has not paid their assessment to think about the serious results. The Road Maintenance Corporation does not want to lien or foreclose anyone's property, but is attempting to make it fair

and equitable. Many of our lot owners who have continued to pay since the beginning have voiced their strong objection to *carrying* the recalcitrant minority.

Two newsletters are sent out each year as well as invoices and statements for the road maintenance fees. Many of these are returned to us because of improper address or forwarding orders that have expired. If you are planning a move, please let us know. This will save time, money on repeat postage, and perhaps even a lien being placed on your property because of non-payment. We will continue to mail to the last known address, but we need your help in keeping our files current.

Remember that we, as lot owners, are all in this together and we hope to make our community roadways safer and add value to our property through a better road system.

PLEASE NOTE: TIME TO VOTE

In the back of this newsletter you will find a ballot that, when completed, should be sent back to the League of Women Voters at the address supplied. There are four positions open for Board of Director members for a 3-year term. A short profile on each of the candidates is included in this newsletter. There are 5 candidates, but please make sure you only vote for four.

The other item to be voted on is the budget proposal for 1995. The financial committee has had a serious look at what increases we may expect over the next calendar year and how some areas may be cut back without hindering the operation. They have come up with a budget that would not increase the 1995 assessment over that of the past two years, yet would still allow approximately 16 miles of road to be re-built. (More mileage may be achieved if back assessments continue to be collected.)

The Board of Directors encourages a favorable vote on the proposed budget to ensure continued positive progress.

PROBLEMS WITH ADDRESSES, BILLS

Routine updates are done on our database to maintain current ownership of property within Hawaiiin Ocean View Estates. This information is obtained through the State of Hawaii Bureau of Conveyance, as well as the County of Hawaii Real Property Tax Division. It is becoming obvious that a number of transactions take place without the benefit of a Realtor and/or Escrow Company.

As with the property tax, the court-ordered road maintenance assessment runs with the property. For example, if the property has a balance owing for the road maintenance fees from prior

years, this becomes the responsibility of the new owner. If liens have been placed on the property, they also become the new owner's responsibility.

When a bill for the past road maintenance is sent to the new owner, we often get calls saying that it is not fair because they didn't own the property at that time. While we sympathize with the new owners, the fault really lies elsewhere, most likely with the seller who did not disclose that there was a road assessment owing. But whatever the reason, we must ask that these assessments be brought current so as to avoid any lien and possible foreclosure process.

ONE LOT, ONE VOTE, ONE BILL

We occasionally get requests from lot owners asking us to send duplicate information and bills to other co-owners listed on their deed. There may be only two named on the deed, but there may be as many as 8 or 10. We must ask that only one person be appointed as an agent to accept bills and newsletters and that they advise the other owners as to the information contained therein. We do not have the capability within our accounting system to prorate yearly assessments to multiple owners.

The same situation occurs when voting on various matters. Each lot is entitled to one vote; eg., even though four people are listed as owners for a single piece of property, that lot is entitled to one vote, not four.

Please help us to channel our assessment income to the repair and maintenance of our roadways, not to superfluous mailings.

AUDIT REPORT AVAILABLE

The annual audit report by Coopers and Lybrand can be reviewed in the RMC office during regular office hours (7:30am to 5:30pm, Monday Thru Thursday, excluding holidays). Copies of the 7 page report are available for \$4.00, or \$4.30 if it is to be mailed.

MEETINGS SCHEDULE

Future General Membership meetings for the Road Maintenance Corporation are as follows:

October 8, 1994...10am

January 7, 1995.... 1pm

April 8, 1995.....10am

July 8, 1995..... 1pm

October 7, 1995...10am

Meetings will be held at the HOVE Community Center building on Leilani Circle.

ROAD MAINTENANCE SURVEY REPORT

APRIL 1994

Prepared for H.O.V.E. Road Maintenance Corporation

Prepared by: Leo Fleming, C.E.

I. INTRODUCTION

This report is based upon an inspection of the road maintenance work in progress at H.O.V.E. in March 1994. Additional information was gathered from Mr. Neal Stone, Operations Manager of the H.O.V.E. Road Maintenance Corporation.

II. WORK ACCOMPLISHED TO DATE

During the last year, approximately 20 miles of H.O.V.E. roadway was rebuilt. Since this project was begun, approximately 80 miles of the total 156 miles of subdivision roads have either been resurfaced or rebuilt as of this time. It is projected that an additional 20 miles of road will be rebuilt this coming year. All of the remaining road work will require road base rebuilding.

This year's work will focus on completing any road segments which were scheduled for rebuilding in the past two years but have not yet been done. Most of this work will be located in the upper portions of the subdivision. As last year, if there are questions of priority, areas of existing higher population density will be chosen.

Last year's cost for rebuilding roadway including labor and materials but excluding administrative cost, other overhead and machinery cost was \$27,000 per mile. In 1994, the cost is expected to rise to approximately \$28,000 to \$29,000 mainly due to an increased cost for oil used in the chip-seal coats.

III. CURRENT ROAD REBUILDING PROCEDURES

The procedures and materials used by the Road Maintenance Corporation for road rebuilding are essentially the same as last year. These techniques have stabilized after an initial period of trying various methods and materials.

Currently, road rebuilding begins by scarifying, crushing and grading whatever remains of the existing road surface with the grader. Then 3/4-inch minus base course is applied 2-3 inches thick, after compaction with the vibrating roller. On steeper slopes, up to 6 inches of base course may be used. Finally, the chip-seal surface is applied in two applications.

There have been no changes in the equipment being used since last year. The use of the vibrating roller, obtained last year, has resulted in better compaction and a more stable finished road surface. As last year, roadways are being constructed 19-20 feet wide with 2-3 foot shoulders created with overflow material.

IV. EVALUATION

Generally, the roadwork observed during this inspection was very good. The work appears to have settled down to a routine in which about 20 miles of subdivision roadway will be rebuilt each year using the above procedure. The rate at which the road work is being accomplished appears to be determined by financial considerations. At this pace, it will require about 3-1/2 years to complete the rebuilding of all remaining roads in the subdivision.

Some of the roads which were resurfaced or rebuilt early in this project have shown some deterioration. Portions of Tradewind and Aloha, which are truck routes and thus see heavy usage and a disproportionate amount of wear and tear, have received another application of chip-seal to repair cracks which developed. More of this type of repair work, especially on heavily traveled routes, will likely be necessary.

On some roads such as Hawaii Blvd., sink holes have appeared that require patching. These holes could be caused by inadequate compaction or by natural earth movements of the occasionally unstable ground upon which the subdivision and its roads are constructed. The compaction which is now attained with the heavy, vibrating roller acquired last year is quite good and should minimize the occurrence of these sink holes. Also, it can generally be expected that maintenance of the new roads, mainly consisting of additional applications of chip-seal, will require an increasing share of the yearly budget.

Also, some of the earlier roads which were rebuilt using cinders as all or part of the base material earlier in this project have developed a rippled, washboard surface. Although these roads are not up to the quality of the roads presently being constructed, they should be serviceable as they are for quite some time. This should allow the completion of the rebuilding of all the remaining original roads in the subdivision before improvements to these earlier roads are addressed.

The remaining subdivision roadwork has stabilized into a routine procedure which has developed based upon the results of the earlier years of this project. The current procedures are producing roads of good quality at a low cost, considering the pre-existing conditions, the extent of the work, the relative isolation of the subdivision and financial constraints.

Overall the work appears to be of good quality and the benefits of the improved roadways to the subdivision residents appear substantial.

(signed) Leo Fleming

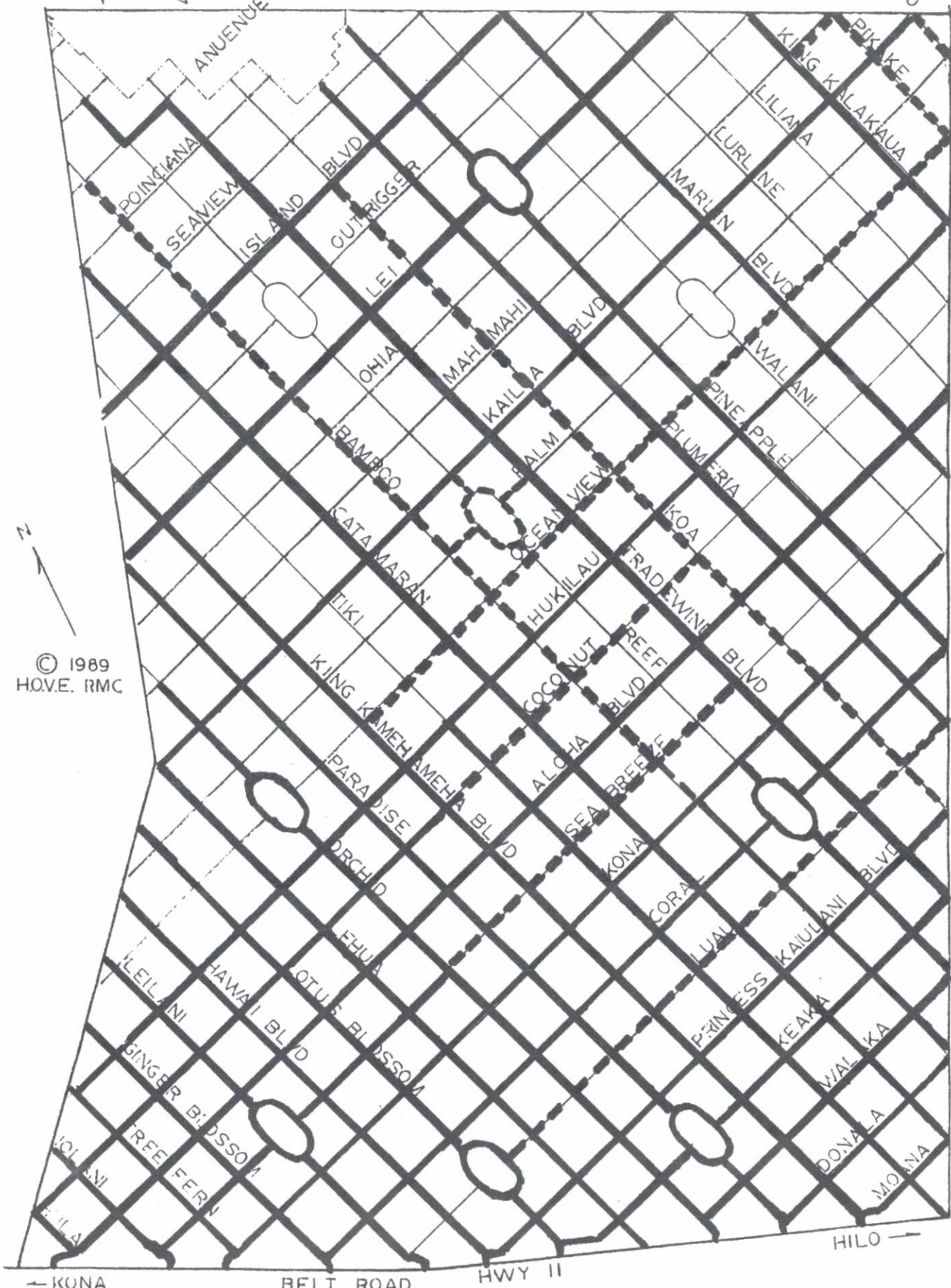
ALAOLI WELAKAHAL

PROJECTED COMPLETION BY END OF 1994

PROJECTED COMPLETION BY END OF 1995



LONO



© 1989 HOVE. RMC

← KONA

BELT ROAD

HWY 11

HILO →

HAWAIIAN OCEAN VIEW ESTATES
ROAD MAINTENANCE CORP

H.O.V.E. ROAD CORPORATION BUDGET

<u>OPERATING</u>	<u>ACTUAL 1993</u>	<u>1994</u>	<u>ACTUAL</u> <u>thru 6/30/94</u>	<u>1995</u>
Materials Chip & Base	290,514	308,199	138,724.49	261,364
Materials Road Oil	227,613	264,000	139,495.51	277,020
Delivery	3,862	5,500	1,702.00	5,000
Fuel, Diesel, Lube & Oil	18,974	25,000	9,153.02	24,000
Water Hauling	450	1,500	.00	400
Tires	5,448	10,000	6,516.40	10,000
Equipment Repair	33,123	40,000	10,645.36	40,000
Traffic Signs & Poles	5,815	1,000	.00	4,000
Baseyard Upkeep - Supplies	9,617	9,000	838.52	5,000
Tools	148	1,000	.00	1,000
Licensing	(313)	1,300	188.10	1,450
Truck & Equipment Insurance	4,232	8,000	2,807.00	8,000
Labor	182,724	200,000	91,614.70	200,000
Annuity	2,579	3,000	.00	3,200
Contract Labor	1,180	2,500	10,824.00	5,000
Payroll Tax Expense	18,645	24,500	9,926.72	24,500
Workers Comp/TDI	34,830	28,500	28,376.10	36,600
Medical Insurance	21,015	23,500	10,834.86	29,600
Automobile Removal	4,168	4,000	720.00	5,000
TOTAL OPERATING EXPENSES	868,165	975,499	462,366.78	941,084
 <u>ADMINISTRATIVE</u>				
Investment Services	6,728	4,000	.00	4,000
Taxes/dues/fees/penalties	1,474	900	756.79	1,500
Insurance - Liability	35,711	15,000	17,322.62	35,000
Bank Service fee	82	100	58.85	100
Legal	6,566	50,000	2,093.88	20,000
Office Rent	3,981	4,700	2,076.52	4,700
Printing	2,945	5,000	.00	4,000
Supplies	2,010	2,000	962.89	2,000
Travel	702	1,000	96.32	1,000
Postage	9,512	10,000	3,692.07	10,000
Telephone & FAX	1,802	1,400	1,080.15	1,750
Electric	604	600	336.37	600
Employers Council	625	500	125.00	500
Advertising	1,225	300	77.02	600
Professional Services	25,739	10,000	1,367.60	15,000
Computer/Copy Machine	2,924	3,200	2,459.84	3,200
Wages - Office	31,550	34,000	18,811.10	40,000
Miscellaneous Expenses	(1,262)	2,000	1,397.25	2,000
Capital Lease	--	--	803.09**	800
Miscellaneous Income	--	--	(55.67)	--
TOTAL ADMINISTRATIVE EXPENSES	132,918	154,750	64,925.26	146,750
 CAPITAL EXPENDITURES	 97,442*	 10,000	 0	 0
 TOTAL BUDGET	 1,098,525	 1,150,249	 527,191.04	 1,087,834

*Rex Vibratory Roller, Hyster Tire Roller, Base yard building

** Lanier Copier

CANDIDATES FOR BOARD OF DIRECTORS

MARY CRAWFOOT

Mary Crawfoot is an active community member and a long-time resident of HOVE. She has been interested in the workings of the Road Maintenance Corporation since the beginning and she now has the time to devote to a Board position.

Mary is able to listen to the property owner's concerns and she would be instrumental in getting these concerns to the Board for consideration.

FRANK HARPER

Frank Harper is a 7-year resident of HOVE. A retired Naval Officer (27 years) and a retired Associate Professor of Electricity (13 years). He is now an Electrical Consultant. Frank is also the current Treasurer of the Hawaiian Ocean View Estates Community Association (HOVECA).

STEVE McKINNEY

J. Steven McKinney was born July 1, 1937 in Honolulu, grew up on O'ahu and the Big Island, and graduated from Iolani High School and the University of Hawaii. He managed various R & D activities in the Air Force for 21 years, and worked for Lockheed Missiles and Space for 13 years as a Systems Engineer. Has owned property in HOVE since 1965.

BILL NOXON

Bill Noxon has lived in the subdivision for the past four years. He has been serving as a member of the Road Maintenance Corporation's Board of Directors for the past three years.

Bill is presently the chairman of the Road Safety Committee and he would like to continue to serve the community by being re-elected to the Board. He is particularly interested in getting good quality roads for reasonable prices.

JIM WIESE

Jim Wiese: Having been on the Board of Directors three and one half years has been an opportunity to assist in the reconstruction of the 156 miles of our subdivision road system. I intend to see that the work continues for the completion of paving of all the roads as soon as the corporation operations allow.

At present I am the treasurer and in the forthcoming term I plan to keep our operation costs to an efficient level and therefore avoid any increases in the tax rate structure.

BITS & CHIPS

Those of us living in the Hawaiian Ocean View Estates area have noticed the construction work being done on the highway fronting the two shopping centers. Nope, sorry, it's not for a county water line. The work, being done by Glover, is for highway widening to allow for turn lanes.

The long-standing dangerous condition of Highway 11 (Mamalahoa Highway), with its 45 miles per hour speed limit as it passes between the Ocean View Town Center and the Pohue Plaza shopping areas, is finally to be alleviated. Numerous accidents and near accidents have occurred as vehicles attempting to turn into the shopping centers have had to stop in the middle of the highway. Following drivers, often glancing at the stores as they drive by, have sometimes been surprised to find themselves about to hit a car stopped dead right in front of them.

There will be left turn lanes to both shopping areas.

There is also some construction being done in the Ocean View Town Center. When completed we will have two locations where we can get gasoline for our cars.

The new fuel pumps will be operated out of the Kahuku Mini Mart. It will be the typical pay-then-pump operation, similar to most gas stations. The Mini Mart is considering having diesel fuel available, but the final decision has not yet been made.

The pumps themselves will be located near the Mini Mart, in the present parking spaces between the Ocean View Realty office and the Auto Parts store.

As our roads in Hawaiian Ocean View Estates improve, a new problem has become apparent. In the past, when most of the roads were bad, vehicles had to go slowly. Ignoring stop signs in those days was not very risky because of the low speeds and lack of residents.

With better roads, the vehicles speeds have risen. Obeying stop signs is now necessary for everyone's safety. It is especially dangerous when coming out of some of the less traveled areas onto the main boulevards where, unfortunately, some vehicles are speeding. Please - drive carefully and *obey the stop signs.*

Fold #2

STAMP

LEAGUE of WOMEN VOTERS
C/O Marge Mulhall
78-7253 Pu'upele Road
Kailua-Kona, HI 96740

Fold #1

95 BALLOT

Hawaiian Ocean View Estates Road Maintenance Corporation

BOARD MEMBERS (Candidate profiles are on page 6.)

Put an **X** or a check mark. Choose 4 Candidates.

(Voting for more than 4 will invalidate your ballot)

_____ MARY CRAWFOOT

_____ FRANK HARPER

_____ STEVE McKINNEY

_____ BILL NOXON

_____ JIM WIESE

I APPROVE THE 1995 BUDGET/ROAD PLAN (See map and budget pages) _____ Yes _____ No

(Note: 1995 Assessments remain at 1993 and 1994 level)

Please send this entire page, including the mailing label, postmarked no later than September 30, 1994. Fold ballot so the League of Women Voters address is on the outside. Tape or staple ballot closed and add stamp. Thank you.

HOVE Road Maintenance Corp.
PO Box 6227
Captain Cook, HI 96704

ADDRESS CORRECTION REQUESTED

FIRST CLASS MAIL U.S. POSTAGE PAID NA'ALEHU, HAWAII Permit No. 1

FIRST CLASS MAIL



ROAD MAINTENANCE CORPORATION NEWSLETTER

April, 1995

MESSAGE FROM THE PRESIDENT

In this first newsletter of 1995 we would like to take the opportunity to welcome all new lot owners in Hawaiian Ocean View Estates. Traditionally, there is a frequent turnover of property in the area and new owners are sometimes unaware of the progress and the validity of the H.O.V.E. Road Maintenance Corporation. We encourage new lot owners to write and ask for a copy of the By-laws and Articles of Incorporation.

Voting results for the proposed 1995 budget were favorable by a ratio of nearly 15 to 1. Frank Harper, Steve McKinney, Bill Noxon and Jim Wiese were elected to three year terms on the Board of Directors. The Board elects their own officers and elected Bob Self as President, Bob Abel as Vice President, Frank Harper as Secretary and Jim Wiese as Treasurer.

Collections of back court-ordered assessments are coming in at a steady pace through concerted efforts of the Corporation as well as through sales of property. This enabled us to proceed with the 1995 road schedule prior to the end of 1994. We chip sealed two miles of Luau Drive and were able to get a good start in January 1995. The assessments for 1995 were sent out in December of 1994. This was nearly two months later than in the past and was due to the fact that the return on the 1994 billing was stronger than in previous years. 1995 has seen a collection of over 70% for the first three months, which would indicate that compliance this year should be stronger than last year.

By May 1, 1995, we will have approximately 42 miles remaining to rebuild in order to complete the 156 mile plan, and by the end of 1995 approximately 33 miles will remain to be completed. Over the next few months the budget and paving plan will be finalized. It will be printed in the Fall newsletter for voting on by the general membership.

Liens have been placed on more than 300 properties. Many of the lot owners associated with these liens have paid their assessments and the liens have been released. If you received a registered "Notice of Intent to Lien" and have not responded in the required 30 day period, a lien may have been filed against your property. A lien is not indiscriminately filed without proper notification. Foreclosure may take place one year after filing the lien.

As we have indicated in previous newsletters, the Corporation is not foreclosing on property to take possession of land, but rather to acquire past due road assessments in order to make it fair and equitable to all lot owners within H.O.V.E. Upon successful foreclosure, the Corporation will receive only the assessments owed and the legal fees expended to attain them. And contrary to popular belief, neither the Corporation nor its Board members or employees is allowed to bid on foreclosed property.

Statements will be sent out to all lot owners still owing assessments over the next few months. Please be aware that the By-laws indicate that assessments are due within 60 days of mailing and are delinquent 60 days thereafter. Effective June 1, 1995, a 1% per month late fee will be added to any unpaid balance.

With continuing improvement to the roads we are noticing a positive difference in compliance to the court-ordered assessments.

BITS & CHIPS

The H.O.V.E. Road Maintenance Corporation would like to apologize to Mr. Al Garcia for his improper removal from the Board of Directors. Mr. Garcia was re-instated at the February meeting and will serve on the Board for a 15 month term.

In January, 1995, the County of Hawaii

Council added an ordinance to the existing laws that allows the Police to come into Hawaiian Ocean View Estates and enforce the speed limit signs within the subdivision. This ordinance pertains to H.O.V.E. only and does not apply to the surrounding subdivisions.

The Hawaii State Legislature is currently working on a revision to the Hawaii Revised Statutes (the laws of our State) that will allow the Police to also enforce other traffic laws, such as driving without a license, no current safety inspection or not having insurance. Results of this bill will be known soon.

Several Board members have resigned, including Bob Abel, Vice President. He was replaced as VP by Steve McKinney. Anyone wishing to serve on the Board is encouraged to contact the office as soon as possible. Also, anyone with suggestions for improved road maintenance operations is encouraged to present them in writing to the office manager.

The 1995 Annual Meeting was incorrectly advertised in the last newsletter as October 7, 1995. The correct date is Saturday, October 14, 1995, at 10:00 am. The location will remain the same: the HOVECA Community Center on Leilani Circle.

We have seen that loose rubble from some driveways tends to spill out onto our paved roads. As vehicles drive over this loose rock it tends to dig

into the new chip-seal surface and cause rapid deterioration of the roadway. There is also the danger of drivers swerving into oncoming lanes to avoid the rocks. Please help us by pushing these rocks off the road if this problem occurs at your driveway. Thanks.

Hawaiian Ocean View Estates and the immediate surrounding area has been designated by the U.S. Postal Service as a real place. Since November 1, 1994, we are now Ocean View, Hawaii 96737.

As we near the 21st Century, the residents of H.O.V.E. are now rapidly moving into the 20th Century. For telephone services, that is. GTE Hawaiian Telephone has been very busy installing many private lines to replace the archaic party lines that most of us had to live with. The new private lines have a 939 prefix, but most, if not all, of the last four digits remain the same as with the original 929 numbers. Calls made from the 939 numbers bypass the old mechanical switching system in Na`alehu and go instead directly to Hilo and use modern digital switching. The project is not yet finished, and even on the new system some of the "extras" are not yet available, such as call-waiting, call-forwarding, etc. But we can now easily hook up our computer modems, fax machines and answering machines. Much of the credit goes to the efforts of our own Ocean View Business Association and to Barry Neal and the Hawaiian Ocean View Estates Community Association. We thank them all.

HOVE Road Maintenance Corp.
PO Box 6227
Ocean View, HI 96737

ADDRESS CORRECTION REQUESTED



NEWSLETTER

[REDACTED]

BLAC009 967174008 1894 04/29/95
BLACK MOVED LEFT NO ADDRESS
UNABLE TO FORWARD
RETURN TO SENDER



NEWSLETTER

H.O.V.E. ROAD MAINT. CORPORATION AUGUST 1996

2 ARTICLE/BY-LAW CHANGE

Proposed changes

2 ANNUAL SURVEY

Performed by Civil Engineer

3 CANDIDATE PROFILES

Board of Directors Hopefuls

5 BUDGET

Expenditures to date for 1996
and proposed 1997 budget

6 PAVING PLAN

Projected completion by end of
1996 and expected completion
by the end of 1997

8 BALLOT

**YOUR OPPORTUNITY TO
VOTE**

PRESIDENT'S MESSAGE

With 1996 rapidly coming to a close, we are looking at the future of the H.O.V.E. Road Maintenance Corporation and its work in the community. As many of the local residents will acknowledge, the roads within the subdivision are nearly complete which leads us to address the responsibility of the organization in the upcoming years. Later in this issue, you will have the opportunity to read ideas as discussed by the Board of Directors and put to you, the membership, for a vote.

The good news this year is that the Board has worked on a budget for 1997 that would reduce the assessments. Those of you who have been paying the \$136 fee for the past few years will see a significant reduction in 1997 and for those who have been getting the benefit of the \$35 credit will also see a reduction. 1996 was the final year for the \$35 credits, so 1997 billings will be the same for each lot owner.

This will be discussed further in the newsletter.

We are pleased to report that collections for 1995 reached over \$955,000 by the end of December, but even more encouraged to note that we have surpassed that amount for the 1996 year by the end of June. It is still necessary however to place liens against properties that have outstanding balances. Continuing efforts are made by the Corporation to assist those lot owners who are having financial difficulties in trying to bring their accounts current. Unfortunately, there are still some owners who will pay their property taxes, but refuse for whatever reason to pay the road maintenance assessments. This fee is just as legal and binding as are the property taxes and with the same remedies for non-payment, that is lien and foreclosure. We urge those property owners who are not complying with the court order to consider the consequences.

SUPPORT UP- ASSESSMENTS DOWN

Nowadays it seems that prices always go up, but we are going to lower your road assessment to \$95 per lot next year (if the budget is approved). You might ask how we can do this. There are several reasons. The most obvious is that more of you, the members of the Road Maintenance Corporation, are paying your assessments in a timely manner. We expect to have over 90% compliance in paying assessments this year, but of course, we will still be placing liens on property where the assessment has not been paid.

Another reason for the lower assessment is that we expect to finish all road reconstruction next year. This year we have started lowering slightly the number of road miles completed and using the road crew in more labor-intensive, safety-related work such as widening the

shoulders, clearing weeds, and increasing visibility at the corners. One of the best examples of this is the widening of Lotus Blossom near the shopping center to provide more safety for the children who walk along this road after leaving the school bus. This means we have had to buy less road material, and since road material accounts for over half our budget, we can save money.

Another reason for the lower assessment is the increased experience of our road crew. They now use less road material, reuse old material, and complete those miles faster and more efficiently than ever, thus saving you more money. Hats off to our road crew!

FUTURE WORK

Although we plan to finish road reconstruction next year, during the following two years (1998 & 1999) we are planning to rebuild about 25 miles of some of the initial roads which were built with a cinder base instead of a rock base. These roads are generally in the lower area of HOVE, have fairly high usage, and are now uneven and showing signs of deterioration. Along with this rebuilding, we plan to continue safety work, such as widening the shoulders on the more heavily traveled roads.

Beginning in 2000, our road maintenance will revert to chip sealing to keep the roads in their good condition. We have been told that after seven or eight years the roads will begin to deteriorate. Therefore, if we chip seal about 20 miles of road each year, we will finish our 156 miles of road in about eight years. The cycle would then be repeated. When we start the chip sealing process, both the amount of road materials and road crew labor required will drop significantly, thus allowing us to lower the assessment even further. However, what do we do with our experienced road crew when we no longer need them full time?

CHANGE TO ARTICLES OF INCORPORATION AND BY - LAWS

With the decreased labor requirements in 2000, we could of course release some of our crew and just keep the minimum required employed. There are three reasons for not doing this. The first is that the crew is part of our community and we should do whatever possible to provide jobs. The second is that we need to have available an experienced crew who work efficiently as a team. We need them for chip re-sealing; we need them for road safety; and we need them in case of emergencies, such as the fire which occurred earlier this year. The third is our labor cost represents only about \$20 of each assessment and down sizing the crew will not effect our other overhead.

So, how do we keep our crew working full time and still lower the assessment? We get them outside work. This work could involve road building in other subdivisions, building private driveways, and constructing parking lots, and would be accomplished at a fair market price. Funds derived from such a profit making basis could provide a source of income for use by the corporation for roadway maintenance and building with the long range intent to reduce annual assessments. The funds would also help insure that our equipment was maintained in top shape. Of course, the number one priority, as made clear by our charter, will be to maintain the HOVE roads.

A few years ago the subject of doing outside work was put to the members in the form of a survey and was approved overwhelmingly. Now that our roads are almost finished, the Board of Directors feels it is time to implement this idea. Therefore, the Board recommends that the Articles of Incorporation be changed by adding the following paragraph under Article VII, which defines the powers of the corporation:

(9) *To allow Road Maintenance personnel to engage in outside road-related work, such as road maintenance, road building, and driveway and parking lot construction, to supplement funds available to the corporation used for roadway purposes.*

Another change that is being recommended by the Board deals with Article III of the by-laws, namely 3.1 regarding directors. As it stands now, all members of the Board of Directors must be members of the Corporation. The change would read:

(3.1) *All members of the Board of Directors must be paid in full members or have entered into a written agreement whereby regular payments are made to the Corporation to satisfy this debt.*

Please vote for these changes on your ballot.

ROAD SURVEY REPORT

(This report is based on a visual inspection by Len Jacoby and Leo Fleming, C.E. This report will be done on a yearly basis in compliance with our by-laws until the master road plan is completed. It is reprinted here in its entirety)

Thus far during 1966 over 16 miles of road in the subdivision have been reconstructed. There are 6 more miles scheduled for completion this year. This leaves only 15 miles of road in the subdivision to be rebuilt in 1997. At that time, all 156 miles of road in the subdivision will have been either rebuilt or resurfaced. The remaining 15 miles of roadways, which are located near the top of the subdivision, will require road base reconstruction.

The road rebuilding procedure is unchanged from last year and consists of first scarifying and crushing the existing road surface, adding cinder and then shaping and compacting the road bed with the grader and vibrating roller. Then 2-3 inches (up to 6 inches on steep

slopes) of compacted 3/4" base course is put down as a road base followed by 2 applications for chip-seal. This year's roadways remain as last year's at 20 feet wide with 2-3 foot wide shoulders created with overflow material. The cost per mile of the road reconstruction has remained stable over the last few years. The 1996 cost per mile for labor and materials is approximately \$31,500. The road crew stands at 5 persons including the operations manager. As has been the case in previous years, the pace of road construction is limited by financial constraints. The quality of the new roads appears good and reflects the experience and efficiency of the crew. The Road Maintenance Corp. has acquired a small hoe-ram in the past year. The ram has been used for breaking rock in the course of widening roads at some blind intersections and also in widening Keaka Parkway and Lotus Blossom Lane adjacent to the H.O.V.E. commercial area. The ram is a cost effective addition since the price of using an outside hoe-ram is quite expensive. The improvement of the available sight distance at blind intersections increases the safety of road users.

As completion of the road rebuilding project approaches, the emphasis of the Road Maintenance Corp. efforts should shift towards the maintenance and improvement of the newly rebuilt or resurfaced roads. The beginnings of this change in focus are already evident in the blind intersection improvements and in the removal of debris from shoulders (and their widening to 4-5 feet) along the lower portions of King Kam (from the highway to P.K.). Shoulder widening along truck routes and along roads near the highway is also planned. The road crew has also begun to add short surfaced driveway aprons along the new roads to protect road edges. The lush growth of weeds along the road shoulders draws attention to the need for a regularly scheduled roadside maintenance program. The Road Maintenance Corp. is planning on obtaining a tractor with mower and sweeper attachments. It will be necessary to formulate a program

with some flexibility to account for the weed growth's association with rainy periods.

Also to be considered would be a regularly scheduled program of resurfacing the new roads with a periodic, additional coat of chip-seal. A new coat of chip-seal would be effective at filling stress cracks that may develop and at preserving the road base's integrity from normal wear and tear. In addition, many of the roads addressed early in this project did not have their road bases rebuilt but were either just resurfaced with cold mix or were chip-sealed over the existing pavement. Although this process did provide an immediate low-cost improvement on many miles of road, the underlying flaws in the road bases remain and the quality of the roads (for example, portions of Trade Wind, Ginger Blossom, P.K. and Hukilau) is not as good as the roads that have been produced the last few years with the road base reconstruction. It would be beneficial to begin to methodically rebuild these roads from the road base up especially since these are some of the more travelled routes in the subdivision. This process could take place at a slower pace than the initial road improvements.

1997 will mark the completion of the Road Maintenance Corp.'s goal of surfacing all the roads within H.O.V.E. The road crew is now seasoned and efficient but now must prepare to change their focus from the initial road rebuilding and resurfacing to the maintenance and improvement of the new roads and to increase the safety of their use.

ROAD SAFETY

The Road Maintenance Corporation has been placing increased efforts in the area of road safety. We regularly install and maintain STOP signs and other warning signs, clear the shoulders of weeds, widen the shoulders, and clear embankments and trees at corners to increase visibility. Several members of the community have suggested three more areas in which we should get involved. These ideas have not been studied for legal implications,

practical application, or cost impact, but we would like to hear from other members of the corporation before more effort is expended. Therefore, the following questions are put to the membership:

1: Shall all commercial vehicles be asked to obtain a permit before they are allowed to enter H.O.V.E. on a regular basis?

2: Shall speed control bumps be placed in appropriate places in an effort to control speeders and stop sign blindness?

3: Shall designated truck routes be provided with truck ramps and escape routes to prevent deadly accidents should other trucks lose their breaks on hills?

Please call (808) 929-9910 or write H.O.V.E. Road Maintenance Corp. P.O. Box 6337, Ocean View, HI 96737 with your comments or suggestions.

VOLUNTEER FIRE DEPT. NEEDS HELP

Planning and work have begun on the new Ocean View Fire House, but County funds are \$50,000 short of what is needed to complete the building. According to Jim Steenburg, our volunteer fire chief, the new fire house is the first step in establishing a much needed ambulance service for our fast growing community.

If you would like to contribute to the completion of the fire house please include a separate check made out to H.O.V.E. VOLUNTEER FIRE DEPT. This donation may be mailed to us and we will see that the checks are passed on.

The life and property that your contribution will protect could be your own.

CANDIDATE PROFILES

The following information is being provided by each of the candidates running for a position on the Board of Directors of the Road Maintenance Corporation. By providing these glimpses into their background, perhaps you will be able to have an

idea of what each person has to offer the Corporation.

THAD CLARK:

My name is Thad Clark. I am looking forward to being elected to the Hawaiian Ocean View Road Corp. Board to serve the community starting in October 1996 for a three year term. I have lived in Ocean View since 1990, when most everyone had a damaged or dilapidated road in front of their homes. I've watched the Road Corp. pull itself together and make great improvements to our community. I would like to help them make more progress for Ocean View.

I've been a volunteer fireman for several years and during that time the Fire Dept. has had to respond to numerous traffic accidents in Ocean View, including some with fatalities, but everyone with an injury of some sort. I believe the safety of the roads is the next step for the Road Corp. and I want to help with the job.

COURTNEY MURRILL:

Courtney has been a resident of Ocean View since 1993. She is the owner of C.A.M. Resource Management which specializes in business, agriculture and forest management. She is also a general partner with Kahuku Peppers & Produce which produces colored bell peppers, vegetables & herbs. She received her B.S. degree in economic analysis and policy, with a minor in forestry and research management from the University of California at Berkeley. She has been a volunteer fire fighter and first responder in Ocean View for the last two years. She also serves on several boards throughout our community and participates in many community and business organizations throughout the state. By serving on the Road Corporation Board, she hopes to find the most effective use of our tax dollars as well as find ways to enhance the corporation itself to better serve our community needs.

ALYMAR KEAN:

My name is Alymar Kean and I relocated to the Big Island and

Ocean View in 1990 after growing up and working in southern California as a design engineer. Ocean View is my only home and I am concerned about the safety of our roads and would like to be involved in the future of our road system. Thank you for your consideration.

DON SWANGEL:

Don has lived in Ocean View for nearly 30 years and has been not only a Board of Directors member for the past three years, but has retired from the Road Corporation after 10 years of employment. He knows the roads and the Corporation from the ground up. He is seeking a second 3 year term on the Board in hopes of maintaining a sense of continuity and stability.

JIM STEENBURG:

Jim is owner/manager of Rancho True Value Hardware located in Ocean View and has lived in the community since 1989. He would like to be considered for a position on the Board of Directors of the Road Maintenance Corporation because he feels he has some good ideas and would like to learn more about the decisions made by the Board and how they are accomplished.

JAMES V. "JIM" SHILZONY:

Jim Shilzony moved to Ocean View from Marin County, California in 1980. Prior to this move, he worked for Ford Motor Co., and then, after a brief stint in the Navy, as an import specialist for A and A Automotive in Sausalito.

He lives in the home on Orchid Circle built in 1972 by his father, Fred.

Jim is a certified ASE Master Automotive Technician specializing in automotive computer diagnostics.

When his father was tragically killed by a speeding driver in September 1994, Jim was shocked to learn that the traffic code was unenforceable on HOVE's private roads. The driver that killed Fred stated in court that he knew this, therefore disregarded the traffic signs posted by the Road Maintenance Corp.

Jim has helped to get the traffic codes changed so that the State Vehicle Code and County Traffic Ordinance may now be enforced and, hopefully, other lives saved.

Jim brings over 25 years of automotive advanced diagnosis and repair experience, 16 years of Ocean View residency, and familiarity with the County and State legislative procedures to his quest for a Board position. One of his top priorities will be traffic safety and enforcement in HOVE.

ROBERT F. (BOB) SELF:

Bob has served as President of the Road Corporation for the past two years, Vice-President for one year and has had a place on the Board of Directors of the Road Corporation for 6 years. He is well versed on the workings of the Corporation and would like to see the original paving plan completed.

J.A. (JOE) JENSEN:

I am a retired relative newcomer to Ocean View, having lived here one and one half years. However, my wife and I have been visiting friends here for several years prior to our move, and so have been aware of the growth and changes in the development.

Obviously, maintenance of the road system is the key to the continued well-being of our area. I am interested in becoming involved in the planning that will effect decisions that will be required in the next few years.

My background is Civil Engineering, with degrees from Oregon State University and University of Washington, having worked for both government and consultants in the Sanitary Engineering field.

DAVID G. IRVINE, BAEd BFA and MFA:

David is a semi-retired designer, Master Planner and Artist with enough free time and energy to volunteer his services to the Road Maintenance Corp.

Having lived in the South Pacific for the last 25 years, David has been

active in Pacific communities and understands and knows some of the problems and what works and what doesn't in developing rural areas and as a planner, he feels he can contribute to the long term plans of H.O.V.E.

David and his wife Robyn purchased their first lot in H.O.V.E. in 1989 and their home in 1992 and during that time have seen and can really appreciate the tremendous progress that has been made improving and developing the roads throughout H.O.V.E.

David would like to help make this community a better place for all and is especially interested in STOP sign placement at appropriate corners and keeping the roads not only looking nice, but safe for all to drive on.

ANNUAL MEETING DATE

The annual meeting of the members of the Road Maintenance Corp. will be held on Saturday, October 12, 1996. The Community Center on Leilani Circle will be the site of the meeting at 10 A.M. We encourage all members to attend.

STOP - DON'T SPEED

An ordinance amending Chapter 24 (Traffic Schedule) of the Hawaii County Code 1983 (1995 Edition), relating to traffic regulations was passed by the State of Hawaii and County of Hawaii in April 1996. This allows police to enter the sub-division and enforce the posted traffic signs. This is encouraging and will hopefully alert drivers to the fact that the STOP signs are put up for a reason. Unfortunately, we are finding that with more roads completed, drivers are not only speeding but are ignoring the STOP signs. It is only a matter of time before some innocent driver is at the wrong place at the wrong time. Please obey the posted signs. There is more traffic on our roadways now so drive defensively!

ADDRESS CHANGE?

Please notify the office if you have a change in your mailing address. It will help us get correspondence to you in a timely manner. Thank you.

H.O.V.E. ROAD CORPORATION BUDGET

OPERATING	ACTUAL 1995	BUDGET 1996	ACTUAL thru 6/30/96	BUDGET 1997
Materials Chip & Base	275,172	317,183	149,428.73	253,298
Materials Road Oil	285,200	244,310	129,351.39	211,468
Delivery	2,730	2,800	22.00	2,700
Fuel, Diesel, Lube & Oil	20,360	19,000	10,402.93	19,000
Water Hauling	340	1,000	----	280
Tires	10,187	5,000	4,985.58	5,000
Equipment Repair-Parts	33,346	25,000	18,790.79	35,500
Traffic Signs & Poles	3,590	6,000	3,211.37	2,000
Baseyard Upkeep-Supplies	2,537	1,000	537.22	1,000
Tools	652	200	152.98	400
Licensing	168	500	96.92	1,400
Truck & Equipment Insurance	7,406	7,000	2,538.00	7,500
Labor	157,808	200,000	71,207.65	165,000
Annutiy for Unions	4,073	6,240	4,498.05	7,450
Contract Labor	2,950	----	130.00	10,000
Payroll Tax Expense	16,657	18,500	7,785.03	20,500
Workers Comp/TDI	15,717	37,500	17,218.62	32,000
Medical Insurance	14,982	33,360	25,235.54	39,000
Automobile Removal	22	1,000	----	200
Equipment repair - labor	-----	500	----	-----
TOTAL OPERATING EXPENSES	853,897	926,093	448,092.83	813,696
ADMINISTRATIVE				
Investment Services	1,172	5,000	----	1,200
Taxes/Dues/Fees/Penalties	858	1,000	542.92	1,000
Insurance - Liability	26,940	26,000	1,848.14	27,000
Bank Service Fee	9	100	----	10
Legal	3,252	10,000	1,683.96	5,000
Office Rent	3,207	4,000	1,873.44	4,000
Printing	1,946	1,000	288.59	2,100
Supplies	1,940	1,600	1,019.84	1,600
Travel	699	400	----	200
Postage	9,875	11,000	4,268.68	9,900
Telephone & FAX	2,297	2,600	1,183.86	2,400
Electric	669	750	304.65	700
Employers Council	500	375	250.00	500
Advertising	332	150	----	300
Professional Services/Audit	13,007	14,000	7,697.29	13,000
Computer/Copy Machine	2,787	3,200	2,032.45	500
Wages - Office	34,798	41,500	16,805.00	41,500
Miscellaneous Expenses	11,497	1,700	851.43	800
Capital Lease	-----	290	----	300
Office Annuity	3,333	5,000	1,666.68	5,000
Bad Debt (non-cash)	<u>451,856</u>	-----	----	-----
TOTAL ADMINISTRATIVE EXP.	110,661	129,665	42,316.93	117,010
Capital Expenditure	26,926			
TOTAL BUDGET	1,002,711	1,055,758	490,409.76	930,706

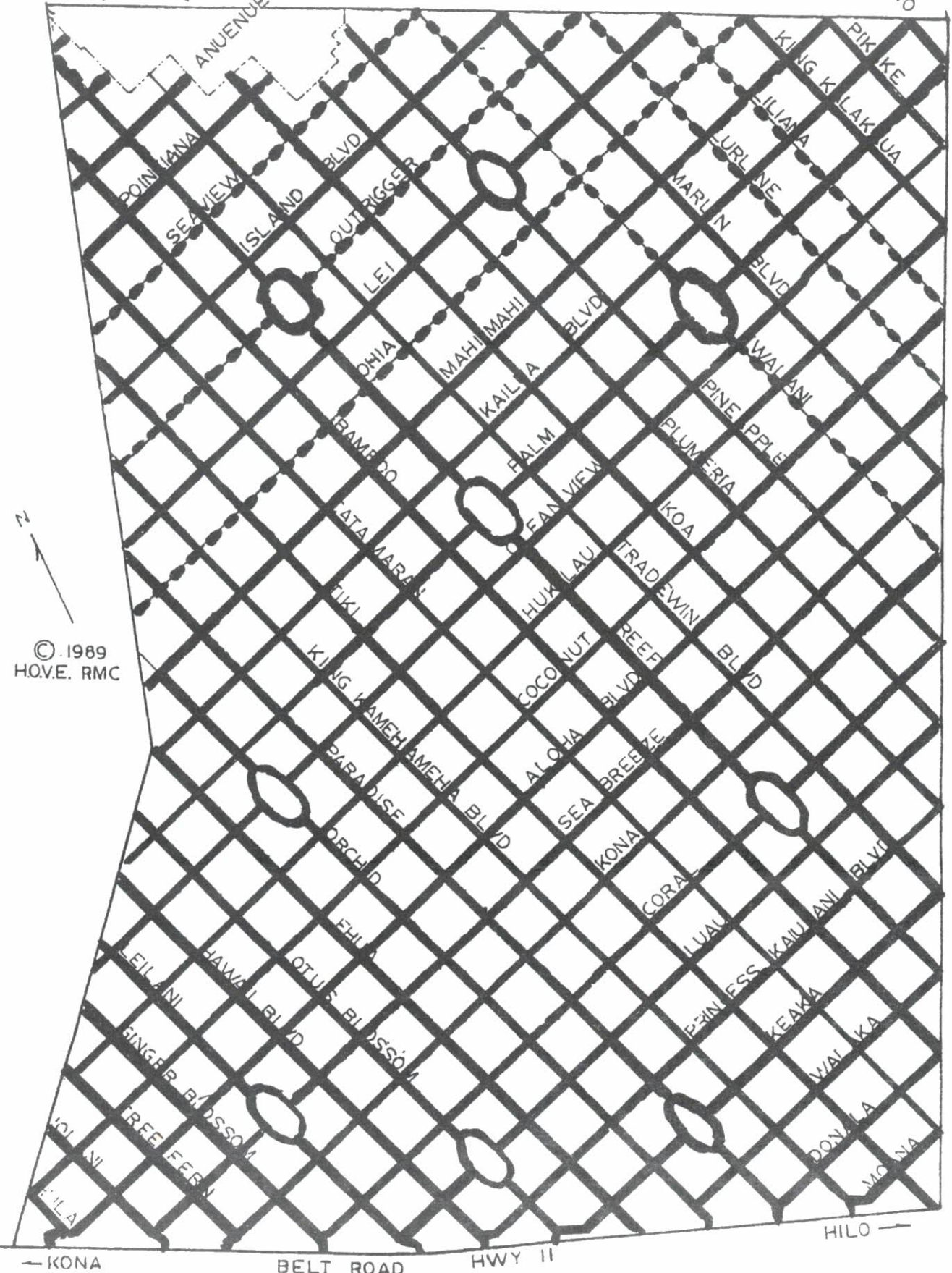
ALAO LI
WELAKAHAO

PROJECTED COMPLETION BY END OF 1996

PROJECTED COMPLETION BY END OF 1997



LONO



© 1989
HO.V.E. RMC

KONA

BELT ROAD

HWY 11

HILO

ON THE REVERSE SIDE OF THIS PAGE YOU WILL FIND YOUR BALLOT. IT IS IMPORTANT THAT YOU VOTE ON THE ISSUES INCLUDED. IT IS YOUR OPPORTUNITY TO BE COUNTED.

PLEASE FOLD AND MAIL THIS ENTIRE PAGE, INCLUDING THE ATTACHED MAILING LABEL TO THE ADDRESS SHOWN BELOW, POSTMARKED NO LATER THAN OCTOBER 7, 1996.

THE MAILING LABEL CONTAINS A NUMBER IN THE LOWER CORNER THAT REPRESENTS THE NUMBER OF LOTS OWNED AND VOTES WILL BE COUNTED ACCORDINGLY - 1 VOTE PER LOT.

===== FOLD #1 =====

STAMP

LEAGUE OF WOMEN VOTERS
Marge Mulhall
78-7253 Puupele Road
Kailua-Kona, HI 96740

===== FOLD #2 =====

NEWSLETTER

IN THIS AUGUST ISSUE

- 2 SURVEY REPORT**
Performed by civil engineer
- 4 BY-LAW CHANGES**
Proposed amendments
- 5 BUDGET**
Expenditures to date and proposed 1996 budget
- 6 PAVING PLAN**
Projected completion by end of 1995 and expected completion by the end of 1996
- 8 BALLOT**
YOUR OPPORTUNITY TO VOTE

PRESIDENT'S MESSAGE

This newsletter contains several informative articles that will help you to understand what is going on with the road corporation.

Our annual audit was again performed by Coopers & Lybrand from Honolulu with a complete report available for \$4.00 from the office. There is a brief summary of the 1994 expenditures located on the page with the proposed 1996 budget.

Each year, a survey by a licensed civil engineer is done of the road work completed to date. In this report, the engineer includes a "report card" of our progress which helps in formulating future construction plans. This report is included in the newsletter in its entirety for your perusal.

An important issue to vote on this year will be the proposed By-law changes as suggested by an appointed committee. A separate page will include the existing By-law and the proposed revision. It will be necessary for the general membership to vote for or against

these changes on an individual By-law basis.

There was only one person who came forward to run for a board position this year.

In looking over the 1996 proposed budget and assessment, you may note a substantial increase in worker's comp. from the actual paid out in 1994 to the estimated budget figure for 1996. Small business in Hawaii has been hit hard by increased premiums effective immediately. Our asphalt emulsion supplier had held their price of product steady for the past 2 years, but due to an increase from their supplier, have had to increase the cost to us by 15 cents per gallon. With regard to the 1996 assessment, this will be the final year for the \$35 credit to those who paid their assessments in 1989/1990. In 1997 every lot owner will be assessed the same amount. Many lot owners with outstanding balances are realizing that the Corporation is serious in its collections of the Court-ordered assessments by placing liens on those lots. This seems to have had positive results in our collection of past and current road maintenance fees. Along with property ownership goes fiscal responsibility. We are attempting to make it fair and equitable for all lot owners by enforcing the By-law that deals with the effect of non-payment of assessments.

The billing for 1996 will be mailed out in December of 1995 and due within 60 days of mailing. Each lot will be billed individually. Should you own multiple lots, please take the time to make sure that you have been billed for each lot. If you do not receive a bill, please contact the office immediately. Non receipt of billings does not relieve you of your responsibility to pay the yearly assessment. Over 10,500 assessment invoices are sent out each year through the U.S. Post Office but often are thought to be "junk" mail by the recipient and discarded.

ROAD MAINTENANCE SURVEY REPORT-MAY 1995

Prepared for H.O.V.E. Road Maintenance Corporation Prepared by: Leo Fleming, C.E.

"This report is based upon visual inspections of the road maintenance work in progress at H.O.V.E. during April and May 1995. Information was also gathered from Mr. Mac Kaupu, Operations Manager of the H.O.V.E. Road Maintenance Corporation and Ms. Jean Redman, the Office Manager.

At this time, the majority of the roads in H.O.V.E. have been resurfaced or rebuilt. At the current pace of construction, about 20 miles per year, the remaining roads in the subdivision are projected to be completed in approximately two years. All remaining roadways will require road base reconstruction. The process, which remains the same as last year's, consists of scarifying, crushing, shaping and compacting the existing road surface with the grader and vibrating roller. Then, 2-3 inches of compacted, 3/4 inch, blue rock base course is applied followed by two applications of chip-seal. Relatively smooth roadways are being constructed 19-20 feet wide with 2-3 foot shoulders created with overflow material. The current cost for labor and materials for each mile of new road is approximately \$30,000 which is similar to last year's cost. The road crew is down to four including the Operations Manager. The crew is now experienced and efficient and has been able to maintain the production of previous years.

As this project of resurfacing and rebuilding the subdivision roads moves towards completion, the maintenance of the newly constructed roads will take on greater emphasis. For example, after a recent rain, roadside weeds were seen sprouting within the shoulders of the new roads. A program of

roadside weed maintenance needs to be established to forestall potential damage to the roads themselves. In addition, inadequate sight distance at many intersections will require attention. The Road Maintenance Corp. is planning on purchasing a hoe-ram in order to allow economical excavation of rock for this purpose.

Also, many of the roads addressed in the first years of the project did not have their road base rebuilt. Instead, some of the existing roads were either resurfaced with cold-mix and chip-sealed (Tradewind, Ginger Blossom, P.K.) or were just chip-sealed over the existing pavement (Hukilau). Although these methods provided many miles of improved roads at low cost, imperfections in the underlying original base remain which now result in a somewhat bumpy road surface or shrinkage cracks appearing where the pre-mix was applied in a thick layer. Some other roads where too much cinder was used in the base material resulting in too much fine material in the base have produced washboard surfaces. This is especially true on the steep slopes of truck routes, for example, Marlin near the cinder pits.

With all the lower elevation roads in the subdivision having already been resurfaced or rebuilt, the current emphasis of the project is now focused on completing the remaining higher elevation roads in the subdivision. However, the roads addressed early in the project may need some further attention. Additional coats of chip-seal may help fill cracks due to shrinkage and stress in most instances. But to correct some of the other imperfections will require rebuilding of the road base itself.

Priorities for this type of work would need to be established but the greatest impact for the community would be work around the commercial area of the subdivision and on the main highways access routes.

In summary, the work is progressing on schedule with financing being the main constraint. The roadways being constructed are of excellent quality considering the cost of construction. Thought may now go to transitioning from initial construction to maintenance and improvement of the newly constructed roadways."

ANY IDEAS?

The Board of Directors is continuing its efforts to formulate long term plans for the benefit of the Ocean View R.M.C. In future newsletters we plan to present the membership with options as we see them. Several questions have been addressed and are being referred to committee. We hereby ask all members (lot owners) to contribute thoughts they may have so that they can be circulated in future newsletters, for full body consideration.

Questions can be yes or no type, or may require comment and are encouraged. We need your input. Mail replies to the R.M.C. office, in care of the president. All correspondence will be acknowledged.

REWARD

The Corporation is offering a \$500 reward to anyone having information that will lead to the arrest and conviction of the person/persons vandalizing the street and traffic signs in H.O.V.E. Information will be held in strict confidence. The corporation (all lot owners) have paid in excess of \$15,000 over the past years in an attempt to provide safety features for those who use our roads. This senseless vandalism not only costs us money, it may result in a fatal traffic accident because a STOP sign has been ripped down. Please help us if you have information. It is for everyone's benefit.

CLEAN SWEEP

As reported in the Spring 1995 newsletter, we are still having

problems with loose rubble being churned into the road right of way in front of some driveways. We have gone out on several occasions to sweep these rocks off the road. We again ask lot owners, or renters, to please be aware of the fact that this not only causes a traffic hazard, but also eats into the road surface. We will begin charging those owners concerned for man hours if we continually have to sweep in front of properties time and time again.

IT'S YOUR TURN

This issue of the newsletter will have a separate sheet at the back that may be torn off and mailed to the League of Women Voters. The Ballot will be included on that sheet and we encourage all lot owners to take a minute, read the information in the publication and make an informed choice on the ballot issues.

The entire page must be mailed in to be counted. Each label will contain a number in the lower left hand corner. This represents the number of lots owned and therefore, the number of votes to be counted. One lot, one vote. The results of the voting will be included with the 1996 billing invoices for your information.

We wish to thank you for your continued support with this project and for actively participating with decisions through the voting process.

BITS & CHIPS

Collections for the 1995 assessments has far exceeded any other year so far. By the end of July, approximately 81% has been received and the Corporation is actively pursuing lot owners who still have outstanding balances.

In January 1995, Carl Winge and Jim Wiese, took time out of their busy schedules to travel the 156 miles of roadways to conduct a survey in H.O.V.E. to determine the number of homes (or dwellings) in the subdivision. A figure of 1,054 dwelling units were counted which included 32 under construction. It is estimated that one home per week is going up at this time. With this increased building goes more vehicular traffic. Many families with children are

moving in to the area and all who use the roads must be more aware of kids on the roads. Please obey the posted speed signs as well as the STOP signs.

PROGRESS

Work is progressing with the 1995 paving plan and is ahead of schedule with the completion of more than two miles of Luau at the end of 1994. By the end of this year, we estimate that 40 miles will be remaining to rebuild from the original plan. At the end of that time, we will have to re-address the roads initially paved. As you will note by reading the survey report submitted by Leo Fleming, C.E., it has been suggested that these roads will eventually need to be improved. We have been on a learning curve since the inception of the road maintenance corporation some 10 years ago. As many will note, a distinct difference can be seen in the method of rebuilding over the past years. The crew is proud of their accomplishments in the area of chip-sealing and many other communities, as well as the County of Hawaii, have taken an interest in our methods. This process is relatively new to this area and we have the pioneer spirit.

MOVING ?

There continues to be a problem with lot owners moving and failing to notify the office of the change. Much time and money is spent on trying to locate people whose forwarding order has expired. If an address change is made with the County tax office, this does not get passed on to us. Please keep us informed. This will eliminate the possibility of receiving several years worth of assessment notices because we couldn't locate you.

BY-LAW CHANGES

Article 2.01 of the by-laws requires an annual, semi-annual and quarterly general membership meeting. Recommend changing these requirements to only an annual meeting, in as much as members can attend monthly board meetings if they desire and these other required meetings only serve to disrupt 3 additional Saturdays. Article 2.12 requires two (2) newsletters a year, one prior to the annual meeting and

prior to the semi-annual meeting. Deletion of the second newsletter would result in a savings of approximately \$4,000 per year. Article 3.01 indicates there should be a minimum of 5 and maximum of 11 directors. This differs from the Articles of Incorporation, which read a minimum of 3 but doesn't indicate a maximum. To bring these two to agreement, recommend revising this article to a minimum of 3 and maximum of 11 directors. Article 3.03 indicates term of office for new directors starts on January 1 of the year following election. This means that even though they are installed, their duties do not start until the following year. No Parliamentary Authority is indicated in the by-laws. To preclude problems, the committee recommends that Parliamentary Authority be included as Article 9.10. In addition the following was resolved at the June 6, 1995 board meeting....."That the office manager of the corporation be authorized to correct article and section designations, punctuation and cross-references and to make such other technical and conforming changes as may be necessary to reflect the intent of these changes to the by-laws." The existing by-laws with the proposed revisions will be located on the following page for your information and consideration.

CANDIDATE PROFILE

Running for Board of Directors position is "Tito" Haggard. Tito is a local business entrepreneur who has taken an active interest in many community projects since his arrival in Ocean View more than two years ago. Tito is presently serving on a road corporation committee that is looking into a plan for future efforts that may be accomplished by the corporation in the area of road maintenance and safety issues. He has taken the time to attend regular board meetings for the past several months.

EXISTING BY-LAW

2.01 Annual, Semi-Annual and Quarterly Meetings. There shall be an annual meeting of the members held on the second Saturday in October each year. The semi-annual meeting shall be held on the second Saturday of April. Quarterly meetings shall be held on the second Saturdays of January and July.—etc.

2.12 Financial Report and Newsletter. A newsletter shall be sent to the members thirty (30) days prior to the annual and semi-annual meetings. The newsletter prior to the annual meeting shall include statements (on a cash basis) of the income and expenses of the budget for the previous year, the current year covering the period January 1 to June 30, and the next year's proposed budget.—etc.

3.01 Number of Directors. There shall be a Board of Directors of the Corporation of not less than five (5) nor more than eleven (11) members.—etc.

3.03 Election and Tenure. Directors shall be elected to serve a term of three (3) years beginning January 1st of the year following the election. Each director shall continue to exercise the powers and duties of the office until his successor shall have been installed by the Corporation. Any director elected before the adoption of these By-laws shall continue to serve until his term expires.

9.10 Not in current by-laws.

REVISED BY-LAW

2.01 Annual Meetings. There shall be an annual meeting of the members held on the second Saturday in October of each year. This date is subject to change by the Board in the event of a natural disaster.

2.12 Annual Report. An annual report shall be sent to the members thirty (30) days prior to the annual meeting. This annual report shall include statements (on a cash basis) of the income and expenses of the budget for the previous year, the current year covering the period January 1 to June 30, and next year's proposed budget.

3.01 Number of Directors. There shall be a Board of Directors of the Corporation of not less than three (3) nor more than eleven (11) members.—etc.

3.03 Election and Tenure. Directors shall be elected to serve a term of three years beginning when installed at the annual meeting in October. Each director shall continue to exercise the powers and duties of the office until his successor shall have been installed by the Corporation. Any director elected before the adoption of this by-law change shall continue to serve until his term expires.

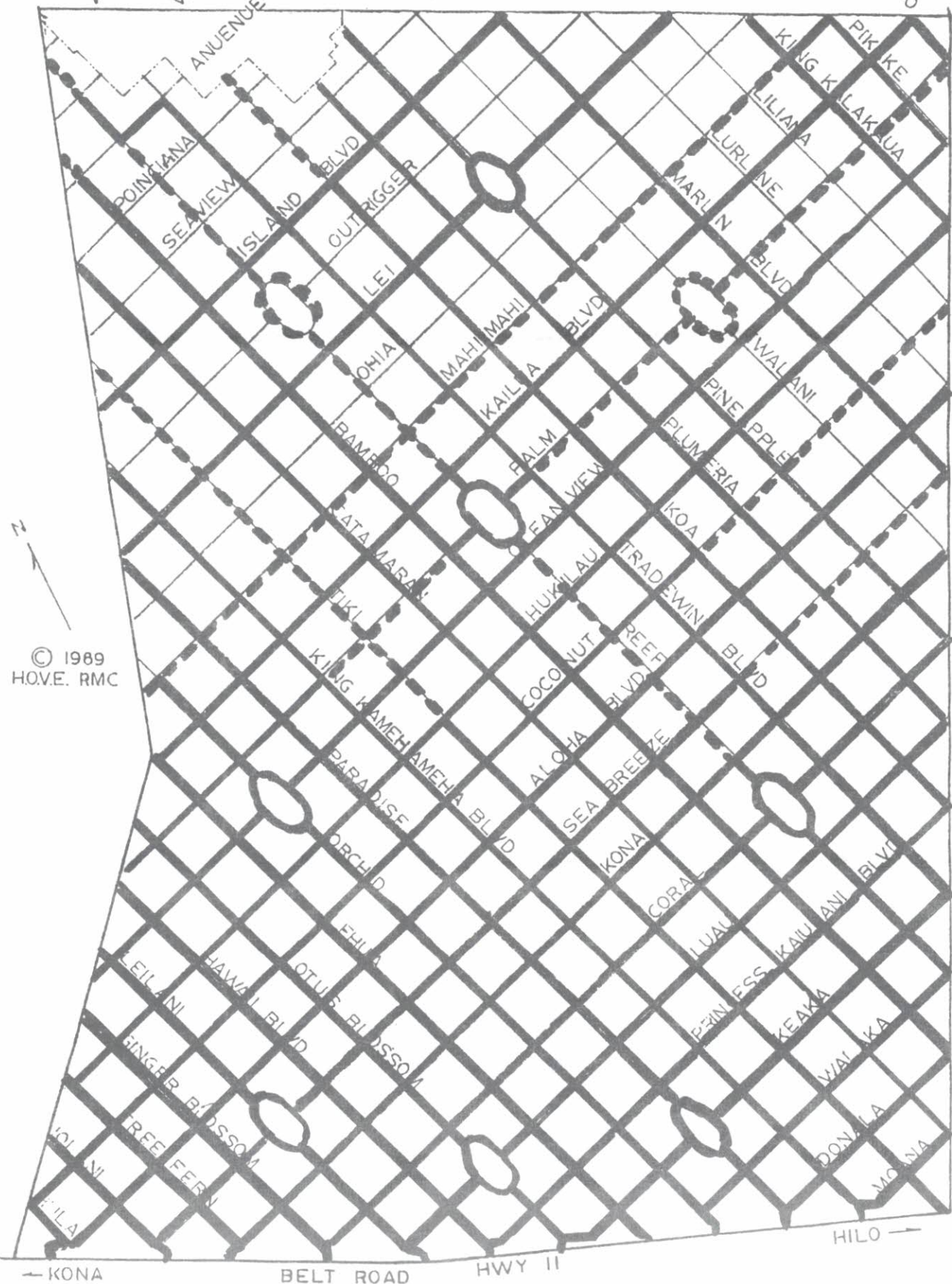
9.10 Parliamentary Authority. The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern officers and directors in all cases to which they are applicable and in which they are not inconsistent with these by-laws.

H.O.V.E. ROAD CORPORATION BUDGET

<u>OPERATING</u>	<u>ACTUAL 1994</u>	<u>BUDGET 1995</u>	<u>ACTUAL thru 6/30/95</u>	<u>BUDGET 1996</u>
Materials Chip & Base	301,501	261,364	186,791.28	317,183
Materials Road Oil	278,680	277,020	130,627.12	244,310
Delivery	2,571	5,000	1,656.26	2,800
Fuel, Diesel, Lube & Oil	17,013	24,000	9,363.63	19,000
Water Hauling	----	400	----	1,000
Tires	8,992	10,000	8,106.15	5,000
Equipment Repair-Parts	25,265	40,000	17,388.01	25,000
Traffic Signs & Poles	959	4,000	3,590.67	6,000
Baseyard Upkeep-Supplies	1,021	5,000	1,777.58	1,000
Tools	101	1,000	----	200
Licensing	270	1,450	----	500
Truck & Equipment Insurance	6,463	8,000	3,831.00	7,000
Labor	165,110	200,000	74,567.75	200,000
Annuitiy for Unions	490	3,200	2,627.05	6,240
Contract Labor	16,462	5,000	2,700.00	----
Payroll Tax Expense	17,467	24,500	8,345.01	18,500
Workers Comp/TDI	24,220	36,600	21,583.03	37,500
Medical Insurance	20,464	29,600	13,666.22	33,360
Automobile Removal	758	5,000	----	1,000
Equipment repair - labor	<u>183</u>	<u>----</u>	<u>1,812.96</u>	<u>500</u>
TOTAL OPERATING EXPENSES	887,990	941,134	74,567.75	926,093
<u>ADMINISTRATIVE</u>				
Investment Services	1,712	4,000	1,172.00	5,000
Taxes/Dues/Fees/Penalties	3,457	1,500	87.40	1,000
Insurance - Liability	25,615	35,000	31,078.18	26,000
Bank Service Fee	82	100	19.25	100
Legal	5,357	20,000	2,345.35	10,000
Office Rent	3,682	4,700	1,601.52	4,000
Printing	808	4,000	----	1,000
Supplies	1,531	2,000	1,417.36	1,600
Travel	96	1,000	675.30	400
Postage	9,895	10,000	4,432.08	11,000
Telephone & FAX	2,476	1,750	1,389.55	2,600
Electric	653	600	312.99	750
Employers Council	375	500	250	375
Advertising	150	600	175.05	150
Professional Services/Audit	13,212	15,000	1,263.60	14,000
Computer/Copy Machine	3,135	3,200	277.24	3,200
Wages - Office	36,368	40,000	17,788.95	41,500
Miscellaneous Expenses	1,773	2,000	771.60	1,700
Capital Lease	284	800	----	290
Office Annuity	<u>----</u>	<u>----</u>	<u>----</u>	<u>5,000</u>
TOTAL ADMINISTRATIVE EXP.	110,661	146,750	65,057.42	129,665
Capital Expenditure	4,060	10,000		
TOTAL BUDGET	1,002,711	1,097,884	533,491.14	1,055,758

ALAOLI
WELAKAHAO

PROJECTED COMPLETION BY END OF 1995 ———
PROJECTED COMPLETION BY END OF 1996 - - - - - LONO



© 1989
HOVE. RMC

Fold #2

STAMP

LEAGUE of WOMEN VOTERS
C/O Marge Mulhall
78-7253 Pu'upele Road
Kailua-Kona, HI 96740

Fold #1

1996 BALLOT

Hawaiian Ocean View Estates Road Maintenance Corporation

BOARD MEMBER (Candidate Profile on page 3)

Please put an **X** or check mark

_____ **"TITO" HAGGARD**

I APPROVE THE 1996 BUDGET/PAVING PLAN (Please see map & budget pages). If approved, assessment will remain at 1993, 1994 and 1995 levels.

_____ **YES** _____ **NO**

BY-LAW REVISIONS (Please mark an X in appropriate space for change).

_____ **YES** _____ **NO** Change SECTION 2.01 Meeting Dates

_____ **YES** _____ **NO** Change SECTION 2.12 Number of Newsletters

_____ **YES** _____ **NO** Change SECTION 3.01 Number of Directors

_____ **YES** _____ **NO** Change SECTION 3.03 Election and Tenure

_____ **YES** _____ **NO** Add SECTION 9.10 re: Parliamentary Authority

_____ **YES** _____ **NO** Authorize Office Manager to correct article & section designations, punctuation, and cross-references ...etc.
(Please see resolution on page 3)

Please send this entire page, including the mailing label which indicates the number of lots (votes) you have, postmarked no later than September 30, 1995. The mailing address is already in place on the reverse side of this page. Simply fold and add a stamp. Thank you.

H.O.V.E. Road Maintenance Corp.

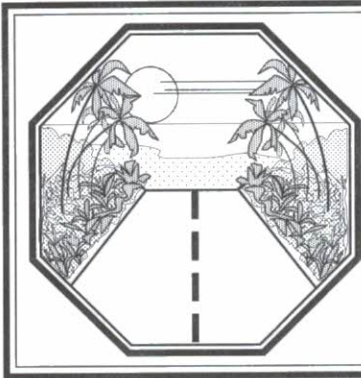
P.O. BOX 6227

OCEAN VIEW, HI 96737-6227

ADDRESS CORRECTION REQUESTED



BALLOT



Hawaiian Ocean View Estates
Road Maintenance Corporation

NEWSLETTER

FALL 1997

The Naked Truth About Rough Roads!

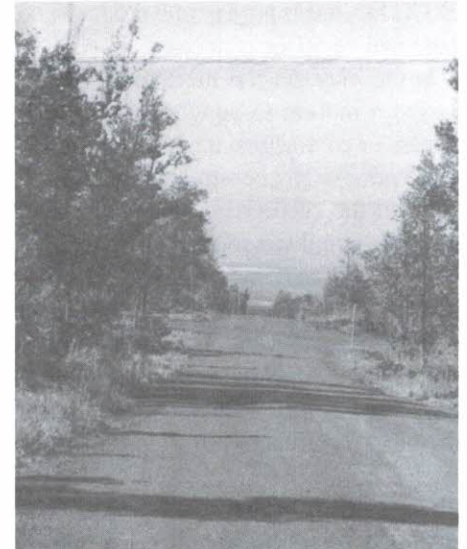
by David Irvine

Why is it that some roads in nearby subdivisions are rough and unkempt? Roads that are unloved and uncared for? Where pot holes and puddles abound! Where branches from trees and bushes rip at the paint on your car, as you try, desperately, to drive through.

Yet the roads in HOVE are smooth and happy! "For a smooth road is a happy road". In HOVE the roads are well maintained and cared for, with street signs to help the weary traveller on his way. The weeds and bushes at the sides of the road are cut back for your safety.

The answer is because many subdivisions have no one that cares! We have some of the finest roads in Hawaiian subdivisions, thanks to you and your Road Maintenance Corporation, that band of volunteers, who are ever diligent, ever watchful, making sure your roads are smooth and well maintained.

Did you know that we have more paved roads in HOVE than they do in the entire Kingdom of Tonga? This should make you truly proud. So make sure you read your Newsletter and vote for the people you want to run your Road Maintenance Corporation. ■



(L) A sad, un-maintained road in a nearby subdivision. (R) Just your average road in HOVE; smooth, beautiful, clean. A road to be proud of.

Down the Road A Message From the President

by Tito Haggardt

The completion of the chip sealing of our roads this year signals the end of our preliminary construction phase, and the beginning of our maintenance phase. This maintenance phase will see us re-chipping the roads on a six- to ten-year cycle. We do not know how long our chip seal will last, but our intention is to do the road resurfacing on a need-to basis as opposed to adhering to a rigid time schedule. The use, drainage and the underlying earth will all contribute to the life of the road, so during this rebuild phase we will better learn the life expectancy of our roads.

During our initial building phase, we have learned how to build roads better. In addition to the resurfacing of existing roads, we also have about 20 miles of road that were originally built on a cinder base and need to be rebuilt to the standards that we are using today. Our 1998 plan is a very aggressive plan. It calls for 23 miles of resurfacing. Many of these miles also need to be rebuilt and brought up to our present road standards. Facing this challenge, we have an experienced crew that works well together, and we own good well-maintained equipment.

'Message' continued on next page.

H.O.V.E. ROAD MAINTENANCE CORPORATION

H.C.Haggardt (Pres.)	Dave Irvine
Steven McKinney (VP)	Courtney Murrill
Frank Harper (Treas.)	Bob Self
Joe Jensen (Sec.)	Don Swangel
Thad Clark	Jim Wiese

OFFICE TEL. 929-9910

Jean Redman (Office Manager)

NEWSLETTER

Richard Price, Layout/Production
Dave Irvine, Coordinator

Working in the Right-of-Way? What's This?

by Joe Jensen, Secretary

Well, it had to happen, at least that's one way of looking at it. The aesthetics of the subdivision have become a concern, along with the safety issue. So, your Board has directed that our staff is to be notified when you, as an owner, wish to construct improvements within the road right-of-way. DON'T GET EXCITED, this is not a permit program and there will be no fee connected.

At the May general meeting the Board passed a motion to adopt a form which owners or contractors are to deliver to the office prior to any construction within any roads in the subdivision. You are being asked to submit this form, a "NOTICE OF WORK", prior to conducting and construction activity in the right-of-way, whether it is adjacent to your lot or not. This notice will generally cover construction of entry ways (drive ways) and drainage ditches, but any other construction is also subject to this notice.

We are trying to advise the contractors in the area of this "Notice", but you will be the responsible party to see that it is done. So, when you are advised, by your contractor, you will now know that he is not "pulling your leg".

To let you rest a little easier, we are also planning to meet with the utility companies to ask their cooperation in this matter. We have been advised by our legal council that we cannot demand adherence by governments or corporations, but we hope to be able to convince them that one line of poles is enough, with all utilities (above ground) on that one line. And for aesthetic reasons we would like to see uniformity in their placement of these pole lines. The future may involve other utilities also, such as County Water, but that will possibly be underground (in this rock?). Please be advised that this, in no way, will give license to encroach upon the right-of-way with structures such as rock walls or permanent monuments and trees. These will be, as they are now, subject to removal, by the crew, should they obstruct future work or maintenance of the roadway, or create a safety hazard.■

'Message' continued from page 1.
SAFETY

Safety is always the catch all phrase that is used to justify spending money. In a meeting that I had with Ka'u police Captain David Kawauchi, Gerald Hirata, the Loss Prevention Officer for our liability insurance company, and Jean Redman, our Office Manager, we were unable to find an example of a road being the cause of any accident in Hawaiian Ocean View Estates. Our accidents are being caused by human error. The better we build our roads, the more likely people will speed. Mix in alcohol, disregard a stop sign and you have an accident. Sometimes it is an innocent party who suffers, sometimes it is an innocent party that dies. Our road corporation is doing what it can to reduce roadway hazards by addressing line of sight obstructions and providing driveway aprons to protect the road surface. We try to keep our signs properly in place, but we need your help to let us know if there is a sign down in the subdivision. 156 miles is a lot of road to keep an eye on. Recent legislation allowing police to enforce traffic regulations in private subdivisions will help, but the small, understaffed police force in Ka'u cannot maintain full time enforcement in our neighborhood. Hopefully, completion of our new fire house will lead to quicker response time to any future accidents, (see the article headlined "*You may have a credit coming...*" by volunteer fire fighter and board member Thad Clark). Today and tomorrow, safety is primarily our individual responsibility. Slow down and drive defensively.

MONEY

Property prices are very low in Hawaii now, so low, in fact, that the County has dropped the assessment of our property values, thereby lowering our tax. This is bad news for our shareholders who have purchased property here as an investment. The good news is that the property market is beginning to move, with approximately 120 lots changing hands last year. The access provided by our good road system has kept our prices from eroding to the lower levels of the properties in similar sub-standard subdivisions in the

Puna district. Although the number of residents in the sub-division has remained almost the same over the past two year period, a study organized by our Road Committee Chairperson Jim Wiese has revealed that our subdivision is improving. Our building standards are improving, we have more permitted structures and are not seeing so many of the tents and shacks that were prevalent in the past.

The assessment is dropping. Measures taken by the Board this year will enable us to use any monies saved, from completion of work under budget and other monies collected from past year's assessments, to be applied as a credit on future assessments.

The by-law change that was overwhelmingly passed in the last election, to let the corporation do outside work for a profit, is still in the formation stages. At present, we have our own work to do first and that is our priority. We have had several requests from other sub-divisions to do work and we have had several opportunities to bid on other work. This is a real opportunity that will be addressed, as per the shareholders wishes, in the future. It is not a "let's do some driveway" issue as some people have suggested.

Downsizing our crew is not a viable way to reduce the assessment. When we build or resurface roads, we need all of our people. These people must be trained and must be used to working together. Temporary staff cannot fulfill these requirements. The money that we save from reducing the size of our crew would be very small; labor is a minor expense compared with materials and equipment. Larger savings will be realized by managing our time more efficiently and working to a standard that reduces the time spent maintaining our roads.

Major reductions in the assessment are most likely to happen if we are able to work with the County and receive funds from them for our road maintenance. Once again our long serving board member and road expert, Jim Wiese, deserves credit for putting forth this idea. Jim has been telling our cor-

Continued on next page

poration boards for years that there are State and Federal monies coming into the County of Hawaii to help with the building and maintenance of rural roads. This is extra money beyond what is generated by the 8.8 cents per gallon tax on fuel or the funds that come from car registration. Different standards are used to determine how much money the County receives. Some parameters are as simple as the number of miles the County maintains, others as ghoulish as the number of road fatalities. The fatalities that occur in private subdivisions are not currently included in the official formula, so approximately 20% of the fatalities in our County are not recorded for the purpose of fund allocation.

Our County Council is now considering a new subdivision code. Within that code are provisions for the County to create rural road standards that are below the standards now used to determine county dedication. The road corporation board has been actively trying to start a dialog with the County on this matter. If the County will use our sub-division to set the rural road standard for the climatic conditions on our part of the island, we may be in a position to dedicate our roads to the County with a public/private maintenance agreement.

The County at this time does not have the resources to accept the dedication of 156 miles of road, regardless of the standard necessary for dedication. 156 miles of additional road would represent a 15% increase in the number of County maintained miles. We, of the board, also believe that our corporation is better able to maintain our roads to our standards. If there were to be a dedication of our roads, we would insist on a public/private partnership for the maintenance of the roads; additional funds that the County received for the more miles could then be paid the corporation, and that money would come straight off the top of the assessment. How much money? Bonnie Goodell, an active equity planner here in Hawaii, and I recently did a fiscal sustainability audit of Hawaiian Ocean View Estates. At present, the sub-division is generat-

ing approximately 150,000 dollars in gas tax and car registration fees for the County. If we could get that money, it would represent more than a 15 dollar per-assessment reduction. Realizing that at the present time the sub-division is only about 10% built out, this figure will increase as we grow.

If we run the road corporation like a small, privately owned, for-profit business, take advantage of outside for-profit work, build our roads to a standard that facilitates easy maintenance, receive the financial support due us from the County, and experience the growth that I believe will come to the subdivision, our assessment can be reduced significantly. John Santangelo, our new Council person, has been extremely helpful as a liaison with the County, he has attended our board meetings, understands the problems we face here in Ocean View and is helping to formulate the "win-win" opportunity that we are trying to establish with the County. Councilman Santangelo asked me what I envision the road assessment to be, 10 to 15 years from now. With good planning, hard work, county cooperation, some strong growth, a little "boat rocking" and a dash of luck, my aggressive answer remains, "20 dollars". ■

Annual Meeting

The annual meeting of the Road Maintenance Corporation will be held on Saturday, October 11, 1997 at 10:00 A.M. at the Community Center on Leilani Circle in Ocean View. We encourage all property owners to attend.

Study of HOVE Road System

by Steve McKinney

We are currently considering hiring a civil (road) engineer to perform an in-depth study/analysis of our road system. As you may be aware, our roads were designed and constructed under the supervision of the original subdivision developer about 35 years ago. Road work since that time, whether by early volunteer support or by the legal corporation we now have, has been limited to maintaining the previously designed road system. We feel it is time for a relook and possible improvements to the original design and construction.

The output of the proposed study would be a report describing any deficiencies, suggesting solutions to solving these deficiencies, and providing long term approaches that will bring our road system up to accepted standards. Topics to be considered in this study would include:

- Basic road design (materials, slope, crowning, drainage, widths, etc.)
- Traffic flow and density, including placement of stop signs
- Speed limits
- Signage and other markings
- Easements (primarily for utilities)
- Guard rails or rock walls
- Financial sustainability audit

If you have any comments regarding this study or any suggestions about topics which should be considered or deficiencies you may have noted, please contact our road maintenance office. ■



1997 Election Results

Members elected to the Board of Directors for 1997 were Thad Clark, David Irvine, Joe Jensen, Courtney Murrill, Bob Self, Jim Shilzony and Don Swangel. The present officers, elected by the board, are H.C. (Tito) Haggardt, (President), Steve McKinney, (Vice-President), Joe Jensen, (Secretary), and Frank Harper (Treasurer). The 1997 budget was approved as was the change in the Articles of Incorporation to allow "outside related work" and the change to the By-laws requiring Board members to have paid their road maintenance assessments.

The results of this year's ballot included in this newsletter will be sent to all lot owners with the 1998 billing in January.

Letters to the Board

I would like to extend a hearty well done to the staff and the employees of our road corporation, "A Job Well Done", as a property owner and concerned resident for the past twenty years, and as a past board member, vice president and president of the road corp. I heartily approve the results of their efforts, the crew, the office staff and the present board has done an excellent job. Now that our roads are basically complete with a once over and we have reduced the assessment fee, we are looking at the widening of the roads, driveway access control and safety factors. We have at least a ten year or more project, by then the roads will need further attention and we should be able to reduce the assessment to only a maintenance level. It is my hope that the present attempts to obtain a contractor's license and do outside the subdivision contracts will cease, which would subject our equipment to excessive wear and subject the corporation and lot owners to more liabilities and possible lawsuits. We are doing an excellent job as is. Let's don't rock the boat.

Ken Arbo

You May Have a Credit Coming...

By Thad Clark

The dollar value of any work that may be finished under budget, and other monies collected from past due assessments, will be totalled at the

end of December. If there is an overage, a share of these monies will be applied as a credit to your January bill.

...Here's a Good Way to Spend It!

Please consider writing a check in the amount of this credit, or more, payable to Ocean View Volunteer Fire Department, and including it with your road assessment payment.

In this rural setting, many residents and visitors appear to assume that there is a lack of cross traffic and few legal constraints on driving. These false assumptions have led to numerous traffic accidents, caused by high speeds and the disregard for the stop signs. The innocent victims, as well as the guilty, often have to wait up to forty minutes for adequate medical care and evacuation. This emergency care, at the best of times, must come from Naalehu and at the worst from Pahala or Captain Cook.

To help remedy this major problem, our community is hoping to establish an Ocean View Fire Station built to the specifications for a County Certified Fire Station, which would then be qualified to accommodate a

County staffed emergency medical vehicle. The monies given to the Ocean View Volunteer Fire Department by the County have not been sufficient to complete the fire station to these standards. A fund has been set up by the volunteers to help raise the additional \$50,000 we need to complete the fire station to these standards.

Safety is a major issue in all of our lives. We are not able to control the actions of others. Speeders and those who disregard the stop signs have injured many of our citizens. With a check for the amount of your rebate and any other generous support, we will be able to deliver emergency medical care in a more timely fashion.

We would also like to thank all those who have already donated time, money and materials to the fire station building project. Thank you.

1998 Road Plan

1998 ROAD PLAN The initial road plan is nearing completion within the next short while. With that comes the need to re-address those roads originally done at the beginning of the plan several years ago. Many of these roads were paved over the existing cinder based road or are very narrow in some spots. By the end of this year, 1997, we will be working on a section of Coconut Drive from Hula Lane to King Kamehameha Boulevard which will require some areas to be widened only while other blocks will need a complete re-build from the base up.

For the 1998 year, we expect to work on approximately 23 miles of roads in

the lower quadrant of the sub-division in order to bring them up to the standards by which we are building roads today. Iolani, Tree Fern, Ginger Blossom, Leilani, Hawaii, Lotus Blossom, and Lehua; Kona, Hukilau, and Ocean View up to King Kamehameha; Luau, Coral, Sea Breeze, and Aloha up to Lehua. This is a very aggressive plan and will require the assistance of lot owners in helping us to identify your property boundary fronting your lot(s) on these roads. The road maintenance corporation will be installing driveway aprons in order to prevent future damage to road surfaces.

H.O.V.E. ROAD CORPORATION BUDGET

OPERATING	ACTUAL 1996	BUDGET	ACTUAL	BUDGET
		1997	thru 6/30/97	1998
Materials Chip & Base	261,781	253,298	149,428.73	338,247
Materials Road Oil	253,850	211,468	129,351.39	151,966
Delivery	22	2,700	22.00	500
Fuel, Diesel, Lube & Oil	24,021	19,000	10,402.93	20,000
Water Hauling	----	280	----	250
Tires	13,538	5,000	4,985.58	5,000
Equipment Repair-Parts	29,961	35,500	18,790.79	25,000
Traffic Signs & Poles	8,970	2,000	3,000	3,000
Baseyard Upkeep-Supplies	976	1,000	537.22	1,000
Tools	295	1,000	152.98	1,000
Licensing	943	1,400	96.92	1,000
Truck & Equipment Insurance	7,642	7,500	2,538.00	7,500
Labor	159,469	165,000	71,207.65	165,000
Annuity for Unions	2,489	7,450	4,498.05	7,500
Contract Labor	380	10,000	130.00	5,000
Payroll Tax Expense	19,375	20,500	7,785.03	17,000
Workers Comp/TDI	18,363	32,000	17,218.62	30,000
Medical Insurance	26,095	39,000	25,235.54	27,500
Automobile Removal	----	200	----	200
Equipment repair - labor	-----	-----	-----	-----
TOTAL OPERATING EXP.	828,170	813,696	440,883.38	806,663
ADMINISTRATIVE				
Investment Services	11,394	1,200	----	-----
Taxes/Dues/Fees/Penalties	1,442	1,000	542.92	1,000
Insurance - Liability	28,007	27,000	1,848.14	27,000
Bank Service Fee	(24)	10	----	10
Legal	----	5,000	1,683.96	5,000
Office Rent	3,060	4,000	1,873.44	4,000
Printing	2,216	2,100	288.59	2,200
Supplies	1,470	1,600	1,019.84	1,600
Travel	----	200	----	200
Postage	10,818	9,900	4,268.68	10,000
Telephone & FAX	2,366	2,400	1,183.86	2,400
Electric	769	700	304.65	2,000
Employers Council	500	500	250.00	500
Advertising	108	300	----	250
Professional Services/Audit	15,397	13,000	7,697.29	13,000
Computer/Copy Machine	2,857	500	2,032.45	750
Wages - Office	34,245	41,500	16,805.00	43,000
Miscellaneous Expenses	(246)	800	851.43	2,500
Capital Lease	----	300	----	300
Office Annuity	3,333	5,000	1,666.68	3,333
Bad Debt (non-cash)	1,084	-----	-----	-----
Interest Expense	<u>2,713</u>	-----	-----	-----
TOTAL ADMIN. EXPENSES	121,509	117,010	42,316.75	119,043
Capital Expenditure	39,395			
TOTAL BUDGET	989,074	930,706	483,200.13	925,706

A Look at Our Board Candidates

REX BRUMLEY

I have lived in H.O.V.E. for over three years and have seen many positive strides in the road maintenance corporation during that time. I am a licensed Master Electrician and have a broad range of experience in construction. I have owned and operated electrical construction and consulting firms. I have also been the project manager on many multi-million dollar projects. I would like to take a more active role in the community and better understand the road maintenance operations. In doing so it is my hope I can help develop more methods to make our organization even more efficient and cost effective for us all.

JIM WIESE

Background information: Bachelors of Science Degree in Civil Engineering from the University of California at Berkeley, engineering and road construction experiences with private contractors, California Division of Highways and Marin County, California, Public Works Department.

Being on the Board of Directors has been an opportunity to apply my past professional experience in the areas of

highway design and construction in California to the current reconstruction of the 156 miles of roads in Ocean View. The initial re-paving is nearing completion but there are several items to be worked on to bring the road system to county standards.

We, on the board, are working on safety measures to reduce liabilities to the motorist and property owner in Ocean View. Some of these safety items are striping, improved sight distance, shoulder construction, and appropriate signing. The completion of these safety measures will mean less hazardous driving on Ocean View streets and the cost of road maintenance will be reduced.

FRANK HARPER

I have lived in Hawaiian Ocean View Estates for the last 10 years. Prior to moving to Hawaii, I taught electricity at a community college as an associate professor for 13 years. I retired as a Naval Officer after serving 27 years. I have experience in engineering, repair and testing projects.

I have been on the Board of Directors of H.O.V.E.C.A. and the road maintenance corporation, serving as treasurer for the community associa-

tion, and secretary and treasurer of the road maintenance corporation.

I am running for a second term for board member to see completion of the initial road plan and reduction of assessments.

STEVE MC KINNEY

I was born in Honolulu, raised on Oahu and Hawaii, and graduated from the University of Hawaii. Because of job opportunities, I spent the next 35 years on the mainland in engineering and engineering management positions. My family has maintained a presence in HOVE since 1965, and I retired here in 1994 to build my home. I ran for the Board of Directors in 1994, and have held the positions of Vice President and Planning Committee Chairman for the last two years, where I have been able to help bring our initial road paving program to a successful completion. My goals are to maintain our roads at the current standard, widen shoulders to increase visibility, parking, and safety and eliminate other safety problems that may exist, particularly at intersections. I believe this can be done, while lowering our assessments, by engaging in outside road work. If re-elected, I will continue to push to meet these goals.

Proposed Bylaw Changes

EXISTING BY-LAWS

3.6 Compensation. No director shall receive compensation for the services he may render to the Corporation. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

9.4 Annual Accounting. An annual audit report and account including statements of income and disbursements on both an accrual and a cash basis shall be available for inspection by members of the corporation office not later than 220 days after the close of the Corporation's fiscal year or sent to any member for a fee of four dollars (\$4.00).

1997 PROPOSED CHANGES TO BY-LAWS

An addition will be made to the first sentence of paragraph 3.6 to disallow compensation for a director for the year following his tenure:

3.6 Compensation. No director shall receive compensation for the services he may render to the Corporation, **either during his tenure, or for one year following the termination of his tenure.** However, any director....

A deletion will be made to the first sentence of paragraph 9.4 to eliminate the requirement for cash basis accounting:

9.4 Annual Accounting. An annual audit report and account, including statements of income and disbursements on **both** an accrual **and a cash** basis, shall be available for inspection....

ON THE REVERSE SIDE OF THIS PAGE YOU WILL FIND YOUR BALLOT. IT IS IMPORTANT THAT YOU VOTE ON THE ISSUES INCLUDED. IT IS YOUR OPPORTUNITY TO BE COUNTED.

PLEASE FOLD AND MAIL THIS ENTIRE PAGE, INCLUDING THE ATTACHED MAILING LABEL, TO THE ADDRESS SHOWN BELOW, POSTMARKED NO LATER THAT SEPTEMBER 30, 1997.

THE MAILING LABEL CONTAINS A NUMBER IN THE LOWER CORNER THAT REPRESENTS THE NUMBER OF LOTS OWNED AND VOTES WILL BE COUNTED ACCORDINGLY-1 VOTE PER LOT.

WANTED



\$500 REWARD

For any information leading to the apprehension and conviction of anyone vandalizing or destroying H.O.V.E. Road or Stop Signs.

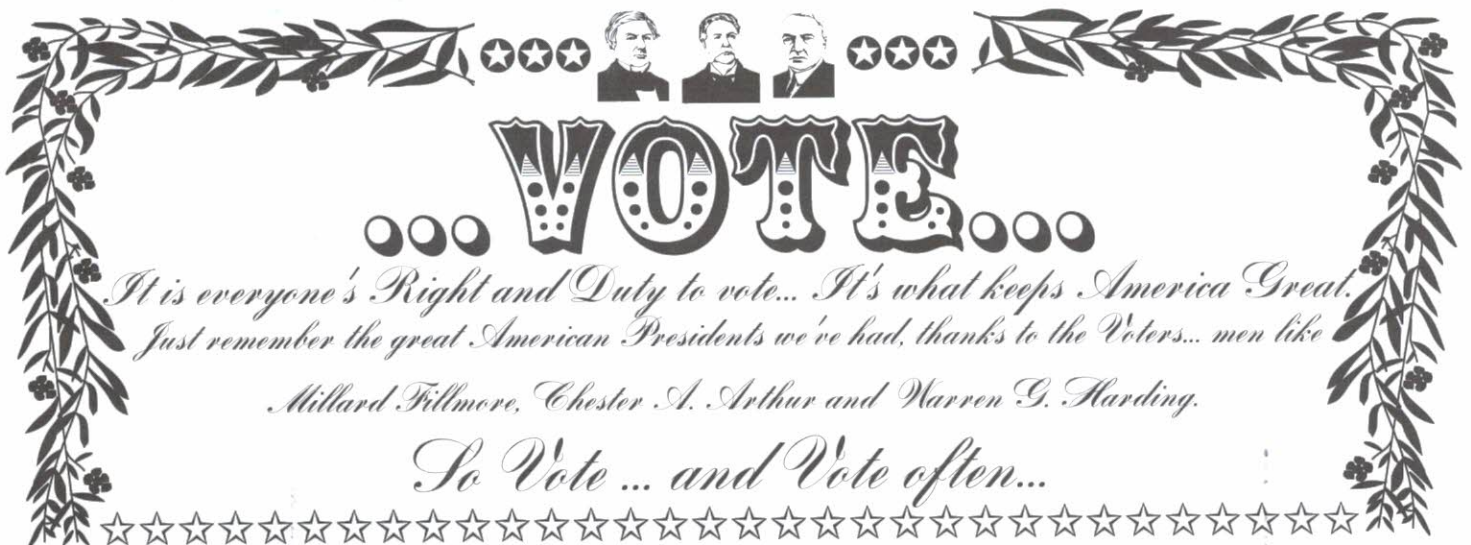
Call 929•9910


Fold #1

STAMP

KONA LEAGUE OF WOMEN VOTERS
P.O. Box 4478
Kailua-Kona, HI 96745-4478

Fold #2



......

...VOTE...

*It is everyone's Right and Duty to vote... It's what keeps America Great.
Just remember the great American Presidents we've had, thanks to the Voters... men like
Millard Fillmore, Chester A. Arthur and Warren G. Harding.*

So Vote ... and Vote often...

☆☆

H.O.V.E. ROAD MAINTENANCE CORP.
1998 BALLOT

BOARD MEMBERS (Candidate profiles page 4)

PLEASE VOTE FOR NO MORE THAN FOUR (4)

- _____ REX BRUMLEY
- _____ FRANK HARPER
- _____ STEVE MC KINNEY
- _____ JIM WIESE

I APPROVE THE 1998 BUDGET AND PAVING PLAN (ASSESSMENT TO BE \$95 PER LOT)

- _____ YES
- _____ NO

I APPROVE THE CHANGE IN THE BY-LAW CHANGE (3.6) THAT WOULD PRECLUDE BOARD MEMBERS FROM BEING EMPLOYED BY THE CORPORATION FOR ONE YEAR AFTER THEIR TERM EXPIRES.

- _____ YES
- _____ NO

I APPROVE THE CHANGE IN THE BY-LAW (9.4) THAT WILL ELIMINATE THE CASH BASIS AUDIT BUT RETAIN THE ACCRUAL METHOD OF ACCOUNTING THAT IS REQUIRED BY THE STATE OF HAWAII.

- _____ YES
- _____ NO

PLEASE VOTE

COMMENTS: _____

111-31

same as fax

H.O.V.E. Road Maintenance Corp.
P.O. Box 6227
OCEAN VIEW, HI 96737-6227

OFFICIAL
BALLOT

WARNING
Newsletter may contain
Nudity and Rough Language

Return to sender

[Redacted address]

RETURN TO SENDER

SEP 21 1998
U.S. POSTAGE
0.32

ADDRESS CORRECTION REQUESTED

PERMITS EXPIRED
ADDRESS CORRECTION REQUESTED

96737/6227



NEWSLETTER

H.O.V.E. ROAD MAINTENANCE CORPORATION

Inside this Newsletter

FALL 1998

President's Message
Budget for 1999
Outside Road Work Revisited
Candidate Profiles
Ballot

President's Message

by Bob Self

With 1998 rapidly coming to a close, it is time to ask the membership to cast their ballots for any changes to the by-laws which have been recommended by the current board. You will also be asked to review and vote on the 1999 budget and assessment. Also included on the ballot are board of director candidates for the upcoming 3 year term. Please read the candidate profiles located on page 3 for background information.

In the past year we have begun the work of making our roadways safer by widening them to a pavement width of 20 feet with 4 foot shoulders. We have also begun an aggressive campaign to install many new safety signs that will help maintain the safety of our roads. We will continue to strive in maintaining superior roads for the membership.

I have lived in HOVE since August of 1985 and can honestly say that the condition of the roads is vastly improved. I have been President of the Corporation for the past year and also in 1995 and 1996. The crew we have now does an excellent job maintaining our roads and should be commended for it. By having a crew that worked together for so many years, the work goes very smoothly.

ANNUAL MEMBERSHIP
MEETING - SATURDAY
OCTOBER 10, 1998 -10 A.M.
AT H.O.V.E.C.A.

OUTSIDE ROAD WORK

By Steve McKinney

In the 1996 Newsletter, members were asked to vote on whether we should change Article VII of our Articles of Incorporation to include the power to allow outside road work:

To allow Road Maintenance personnel to engage in outside road-related work, such as road maintenance, road building, and driveway and parking lot construction, to supplement funds available to the corporation for roadway purposes.

The change passed, 1906 in favor, 166 against.

During the past two years the Board has been investigating the problems and costs of doing outside work.

During the same time period several lot owners have voiced their disappointment in the decision and their lack of opportunity to publish their objections to outside work. Therefore the Board has decided to place this subject before you for another vote. Because the change was approved, we must now vote for or against rescinding (canceling, revoking) the change. We apologize that the wording may be confusing, but to clarify the issue:

a: If you want the change cancelled, thus eliminating the power to do outside work, vote YES to rescind the change.

b: If you want the Board to continue its investigation and to begin outside road work, if feasible, vote NO to keep the change.

The following paragraphs present arguments for each side.

Want Lower Assessments? Vote Against Rescinding!

By Steve McKinney

Two years ago the Board asked for and received your approval (1906 for to 166 against) to do outside road work if we found it feasible. Now we are asking for your support in opposing this attempt to

revoke that option, an option aimed at reducing your assessment. We appointed a committee to investigate the subject, and the committee developed a careful and deliberate four-phase plan to analyze the problems and costs of doing outside work, and to determine whether it was practical to proceed. The decision to proceed has not yet been made.

All of the arguments against outside work are not new, but are restatements of the problems we are studying. We will NOT do outside work if these problems cannot be solved. We will NOT do outside work if the gain (income minus ALL expenses) for the work is not sufficient to provide a reduction in your assessment, which is, after all, the bottom line. Increased costs due to insurance, accounting, material, labor, etc., which we know will occur, will NOT be passed on to the members, but will be charged to outside work expenses and will be paid by the income from that work. We will develop an exacting accounting system to ensure every hour of labor and every item of material is properly charged, that hours of equipment use are prorated for maintenance and depreciation charges, and that fixed costs such as insurance and audits are correctly prorated. We plan to, and we must, keep all transactions for outside work separate from our normal activities.

Now that our initial phase of paving the roads is complete and we shift our focus to an integrated safety and maintenance approach, more time will become available for our road crew to do outside work. However, the Board has no intention of downgrading efforts on our own roads to work on other roads. Our charter is perfectly clear: our roads must always come first!

Two important points I want you to remember: the Board will not approve outside work without it resulting in a significant reduction in your assessment, and HOVE road work will always take priority over outside work. Please let the Board continue to investigate this matter and decide whether or not outside road work is feasible. Vote NO on the proposition!

Vote YES to Rescind Outside Work

by Quentin R. Arbo

In 1996, you were requested to vote allowing the Road Corp. to contract outside work to lower your assessment and to keep the road crew at full force at all times. You were not informed that it would change our non profit status, our tax structure, our insurance coverage, the pay scale of the workers and increase the costs of materials we now get as a non profit entity.

Legal advise indicates all lot owners would be responsible for law suits filed against the Corporation in case of accident or sub-standard work, because you are the owners. You were not informed that this would require a licensed contractor that you will have to pay for regardless of how good he is, You as owners are responsible for his actions. You were not told that it would be your funds that would finance outside work, without a guarantee of profit, and possibly a loss and or a law suit.

This Corporation was formed to rebuild and maintain the roads in H.O.V.E. ONLY. Your assessment has been reduced and will be again in the future, and again when we reach a pure maintenance level. We have a good crew, good equipment and the board is scheduling the needed work. A lot of people have worked long and hard to get where we are. To subject all lot owners to additional risk, liability and responsibility is not warranted and is dangerous.

I have owned property in H.O.V.E. for 20 years and have lived here for 19 years. I am a licensed contractor with years of experience in road building and paving. I am a past board member, vice president and president. This is my home and I am qualified to make reasonable assessments regarding this situation.

I sought legal advise because of my concerns in diverting from our original goals and I am concerned about the liability and risk that would be placed on

me as a lot owner. I therefore urge a YES vote to rescind outside work. I plead that you take this matter seriously and vote to rescind the authority to contract outside work and return the business for which this Corp. was formed.

Quentin R. Arbo Box 6011 Ocean View, HI 96737 Ph: (808) 929-7219 Fax: (808) 929-8690

Vote YES to rescind outside work! When we purchased our properties in Ocean View, we agreed to the terms of the road corporation which was required in our deed. We DID NOT AGREE to increase our liability, risk and or possible losses to ourselves by work outside the subdivision!

The Road Corporation Articles of Incorporation and By-laws were established for Ocean View in perpetuity within the subdivision. VOTE YES to rescind outside work and prevent the misuse of our funds and equipment! Presently all roads, shoulders, intersection, striping, signage, and entrances are INCOMPLETE. The 150 miles of roads within the subdivision require considerable more work for completion, whereupon maintenance will be an ongoing requirement. VOTE YES TO RESCIND OUTSIDE WORK!

Merle Martin, past Board Member & Treasurer, Ocean View, Hawaii

VOTE YES TO RESCIND OUTSIDE WORK! The road crew has done a fine job in improving our roads, However, their job is not done and they should not work outside the subdivision. There is much work to be done on our 150 miles of roads. Shoulders need to be improved and corners need to be cut back for safety purposes. Many of our intersections are dangerous because there is no line of sight beyond the stop signs.

Signed: Beverly Byouk, HOVECA Director, Ocean View, Hawaii

I vote yes to rescind any outside work. There are too many roads that still need repair and or widening. Take a look at Orchid Parkway between Palm and Kailua as one of many.

Signed: Beatrice Bowman, Realtor, Property Manager, Ocean View, Hawaii

INTEREST CHARGE ON LATE PAYMENTS

by Steve McKinney

According to Article 5.9 of our By-laws, the Corporation may assess interest on any assessment which is not paid within sixty (60) days of its due date. The Board of Directors has delayed implementing this procedure in hopes that as the roads were paved, lot owners would see the value of these assessments and pay their assessments on time. However, there are still a small number of lot owners who either delay their payments unreasonably or do not pay at all. If all assessments were paid on time, we could lower the assessments by several dollars.

Therefore, the Board has decided to charge 10% interest on all unpaid balances as of each December 31, beginning this year, 1998. Remember, these dates:

- | |
|--|
| January 15: Invoices for current assessment mailed |
| March 31: Due date for assessment |
| December 31: 10% interest on unpaid balances added to account |

A BIG MAHALO

To the owners and residents of the Ocean View area, a **Big Mahalo**, for the fantastic response and generous donations for the construction of our new firehouse. The contributions far exceeded our expectations.

The construction has begun!! The cement slab should be poured by the 1st of August, after which, things should proceed without delay. As this project is being accomplished with volunteers (mainly weekends), our project completion date is by Christmas.

THANK YOU ALL!!
Ocean View Volunteer Fire Department

PLEASE REPORT ANY FALLEN OR MISSING ROAD SIGNS TO THE H.O.V.E. ROAD MAINTENANCE OFFICE AT 929-9910

PROPOSED BY-LAW CHANGE

In August 1996, the membership was asked to vote on, and approved a change to the by-laws that would subsequently read, "All members of the Board of Directors must be paid in full members or have entered into a written agreement whereby regular payments are made to the Corporation to satisfy this debt".

At this time, the Board is proposing a change to that by-law, namely Section 3.1, Article III, for further clarification. The by-law would read, "*All members of the Board of Directors must be in good standing and current with their dues or assessments*". Please cast your vote for this change on the ballot on the back page of the newsletter.

1999 ROAD PLAN

Now that we have completed our initial commitment to pave HOVE roads, we will be shifting our emphasis from systematic paving of roads to a more focused and directed strategy of planning and implementing road safety with road maintenance. In other words, our plans will be shifting from "miles of road" to specific "blocks and intersections" that need maintenance or safety improvements. Our scheduled work is shown in the road map located on page 5.

Road Work includes:

- Widen shoulders
- Pave road (one or more of the following)
- Rebuild (replace cinder base with rock base)
- Chip seal (add one more layer or chip & oil to surface)
- Fog seal (seal surface from weather and wear with oil)
- Add driveway aprons
- Paint stripes

Intersection Work includes:

- Clear line-of-sight obstructions
- Pave (same as for Road Work)
- Add or repair fillets
- Paint stripes and stop bars
- Replace or add signs as necessary

PROPOSED BUDGET FOR 1999

The assessment for 1999 is based on the budget that has been passed before the Board of Directors for the preliminary

approval. As you may note, the amount budgeted for 'materials chip & base' in 1999 is considerably lower than the amount budgeted for 1998. The reason for this decrease is the fact that the Corporation purchased a large amount of base course at the beginning of 1998 that was crushed specifically for us at a reasonable price, and because this was done within our sub-division, saved us the cost of hauling. This is a product that we continue to use, and the Board felt it was in our best interest to make this expenditure.

Another area of increased expenditure in 1998 was in the category of 'traffic signs & poles'. In 1997, our liability insurance carrier indicated that they may not renew our liability coverage. It was at that point a loss prevention officer was brought in, at no cost to the Corporation, along with the Ka'u Police, to determine areas in which we should be concentrating our efforts for safety purposes. Part of the program included posting more signage. Unfortunately, these signs are expensive, and we are still dealing with unknown individuals running them over, shooting at them, or defacing them in some way. Ultimately, these signs have to be repaired/replaced at additional cost, which is passed on to the lot owners. We need your help in bringing these actions by the vandals to a STOP.

It is also frustrating to have the crew spend countless hours preparing the road base for chip seal, only to have them torn up either just before or just after the surfacing process. You are also encouraged to be on the lookout for those people who drive recklessly on the newly paved streets. This adds an additional cost by way of repairing the damaged surface. If you know who may be responsible, please let us know.

CANDIDATE PROFILES

KEN ARBO

I have been a permanent resident of H.O.V.E. since 1979, and have been involved in building the community center, working to get our own Post Office, starting the Ocean View Business Association, building and operating the

Ocean View Town Center and served on the H.O.V.E. Road Corp. as a board member, vice-president and president.

I am a licensed contractor with a background of road building and paving. In serving as a board member again, I hope to be able to contribute to the community by helping the board make intelligent decisions to complete the road system and set a repair, maintenance and safety program that will fulfill our needs and stay within our budget.

JOE JENSEN

I am hoping to be "a second time around" Road Maintenance Corporation Board member, having served on the Board the last two years. In this time I have seen changes that reflect the Road Maintenance Corporation's place as an instrument of local government in this otherwise rural and unrecognized area of Hawaii County. Development is certain, as witnessed, and our specific concern, ROADS, has a very decisive effect upon how this development will be achieved. We must continue planning for the future.

It isn't the salary (zero) that attracts me to seek this second term, but a desire to follow through with the planning that has recently been set in motion. Maintenance of the good roads is the key word. This must be done with the safety of the road users in mind, and planning these uses so that the property owners can feel value for their tax dollar here in the H.O.V.E. Subdivision.

GEORGE B. WALLACE

George is 57 years old, a retired school teacher and a new home owner and resident of Ocean View. He has maintained contact with the area over many years through newspaper subscription, or membership in H.O.V.E.C.A. since purchasing property in Ocean View in 1984. Currently George is a member of the Ocean View MIRA team and serves as Secretary for the Ka'u Lions Club.

H.C. "TITO" HAGGARDT

Tito has served on the Board for the past 4 years. During that time, he was Treasurer for an interim period and President in 1997. This past year Tito chaired the Government Affairs committee and acted as liaison between the Road

Corporation and various government agencies. He would like to continue in the direction of seeing that the lot owners in H.O.V.E. get their fair share of services.

DON GILLES

Don has lived in Ocean View for about 4 years with his wife Bonnie. Last year, Don was appointed to fill a vacated position on the Board and was asked to head the Safety Committee. Don is seeking an elected position with the Board in hopes of helping to lower road assessments while maintaining the roads and safety.

MOVING?

Again, we ask that you notify the road corporation office of a new mailing address should you relocate. We are required to send out billing notices and newsletters to the last known address that we have in our data base for lot owners. Unfortunately, changing an address with the County of Hawaii Real Property Tax office does not mean that we will be notified. Each year we purchase a current tax listing from the County in hopes that we will be able to get current information on lot owners who have mysteriously "vanished". Each year we get countless pieces of mail returned to us with "No Forwarding Address", "Address Unknown", or "Box Closed" stamped across the front of the envelope. By helping us keep an accurate data base, we can in turn, keep the lot owners informed of important issues. Thank you.

FOR SAFETY SAKE

While driving around Ocean View, you may notice that you have had to veer out into the middle of the road to avoid rocks that have come from a driveway. We have asked in the past that lot owners please be aware of the danger this produces, along with degrading the road surface. Although the roadways are somewhat lower in spots than existing driveways, "spinning out" while entering that driveway often causes rocks to enter the traffic lane.

We are asking that if this is the situation

where you live, please take the time to clear the rocks from the road surface and prevent a potentially hazardous situation.

ASSESSMENTS & COLLECTIONS

In January of this year, \$1,016,975 was billed out for the 1998 court ordered road maintenance fees. A credit of \$3 was offered to all lot owners who paid their balances, **past and present** in full by March 31, 1998. The owners of 5900 lots took advantage of that offer. By the end of July, we have collected approximately \$856,000. This figure does include assessments from prior years as well. At this time, we have filed liens against nearly 200 properties for non-payment of the mandatory road fees, and will continue to place liens when necessary. This is a reminder that the Corporation is working under a court order, Civil No. 89-232, which gives the Corporation the authority to place liens on property for non-payment of assessments, which may ultimately lead to foreclosure. If you have outstanding balances, you are encouraged to contact the office and make arrangements to clear your account.

H.O.V.E. ROAD MAINTENANCE
CORPORATION
P.O. BOX 6227
OCEAN VIEW, HI 96737-6227
(808) 929-9910
e-mail: hoveroad@hialoha.net

We're Family, But Not Related

There continues to be some confusion regarding the relationship between the Road Maintenance Corporation and Hawaiian Ocean View Estates Community Association (H.O.V.E.C.A.). We are 2 separate entities, but working for the good of the community. H.O.V.E.C.A. membership is voluntary at \$20 per year. For that fee, newsletters are sent every 2nd month which will keep you abreast of community happenings, as well as having access to the community center and the activities that are held there. **They need your support.** You may reach them at P.O. Box 6016, Ocean View, HI 96737 or on the net at <http://www.ilhawaii.net/~ovca/> or e-mail: ovca@ilhawaii.net.

Operating	Actual 1997	Budget 1998	Actual thru 6/30/98	Budget 1999
Materials Chip & Base	230,530	338,247	408,275.55	217,538
Materials Road Oil	232,862	151,966	45,725.58	274,075
Delivery	0	700	0.00	500
Fuel, diesel, lube & oil	25,911	20,000	10,556.51	25,000
Water Hauling	0	250	0.00	500
Tires	5,203	5,000	6,212.01	5,000
Equipment Repair - Parts & Labor	25,728	25,000	14170.46	25,000
Traffic Signs & Poles	16,173	3,000	4,456.04	3,000
Baseyard Upkeep-Supplies	1,640	1,000	929.27	1,500
Tools	2,943	1,000	637.85	2,000
Licensing	768	1,000	174.55	1,000
Truck & Equipment Insurance	6,629	7,500	0.00	7,500
Payroll & Related expenses	268,127	293,333	149,634.68	288,900
Contract Labor	3,881	5,000	825.00	5,000
Automobile Removal	0	200	0.00	0
Total Operating Expenses	820,395	853,196	641,597.50	856,513
 Administrative Expenses				
Taxes, dues, fees, penalties	919	1,000	757.04	1,000
Insurance - liability	26,823	27,000	1,807.08	28,000
Bank Service Fee	442	10	717.46	100
Legal	0	5,000	331.03	5,000
Office Rent	3,336	4,000	1,490.52	4,000
Printing	1,317	2,200	572.06	2,200
Supplies	1,699	1,600	348.14	2,000
Travel	205	200	0.00	500
Postage	9,890	10,000	2,852.24	10,000
Telephone/Fax	2,587	2,400	1,175.26	2,500
Electric	441	2,000	239.34	2,000
Employers Council	575	500	250.00	500
Advertising	56	250	195.83	250
Professional Services/Audit	9,139	13,000	7,574.82	10,000
Computer/Copy Machine	3,515	750	88.37	2,000
Miscellaneous Expense	367	2,500	2,211.40	3,000
Other Office Expenses - Lease	0	300	0.00	300
Total administrative Expenses	61,311	72,710	20,610.59	73,350
Depreciation	59,523			
Total Budget	941,229	925,906	662,208.09	929,863

THE ASSESSMENT FOR 1999 WILL BE \$95 / LOT BASED ON THE ABOVE BUDGET.

ON THE REVERSE SIDE OF THIS PAGE YOU WILL FIND YOUR BALLOT. IT IS IMPORTANT THAT YOU VOTE ON THE ISSUES INCLUDED. IT IS YOUR OPPORTUNITY TO BE COUNTED.

PLEASE FOLD AND MAIL THIS ENTIRE PAGE, **INCLUDING THE ATTACHED MAILING LABEL**, TO THE ADDRESS SHOWN BELOW, POSTMARKED **NO LATER THAN SEPTEMBER 30, 1998**.

THE MAILING LABEL CONTAINS A NUMBER IN THE LOWER CORNER THAT REPRESENTS THE NUMBER OF LOTS OWNED AND VOTES WILL BE COUNTED ACCORDINGLY - 1 VOTE PER LOT.

FOLD

KONA LEAGUE OF WOMEN VOTERS
P.O. BOX 4478
KAILUA-KONA, HI 96745-4478

FOLD

**H.O.V.E. ROAD MAINTENANCE CORP.
1999 BALLOT**

BOARD MEMBERS (Candidate Profiles page 3) PLEASE VOTE FOR 5

_____ H.C. "TITO" HAGGARDT _____ KEN ARBO _____ DON GILLES	_____ JOE JENSEN _____ GEORGE WALLACE
--	--

I APPROVE THE 1999 BUDGET AND ROAD PLAN (ASSESSMENT TO BE \$95 PER LOT)
_____ YES _____ NO

I VOTE TO CHANGE THE BY-LAW (SECTION 3.1, ART. III) TO READ "ALL MEMBERS OF THE BOARD OF DIRECTORS MUST BE IN GOOD STANDING AND CURRENT WITH THEIR DUES OR ASSESSMENTS."
_____ YES _____ NO

I VOTE TO **RESCIND THE CHANGE** MADE TO THE ARTICLES OF INCORPORATION THAT ALLOWS "OUTSIDE ROAD RELATED WORK".
_____ YES _____ NO

COMMENTS

H.O.V.E. ROAD MAINTENANCE CORP.
P.O. BOX 6227
OCEAN VIEW, HI 96737-6227
ADDRESS SERVICE REQUESTED

NEWSLETTER

H.O.V.E. ROAD MAINTENANCE
CORPORATION
SEPTEMBER/OCTOBER 1999

PRESIDENT'S MESSAGE

by Steve McKinney

A year of change: new procedures, new equipment, new personnel. For those of you who live here, or have recently visited, the significant changes in the appearance of some of our roads due to fog sealing and line painting are most noticeable. The fog seal (a layer of thin oil sprayed on the road surface) should extend the life of the road material three to four years. The STOP markings at the intersections and the center line are primarily for safety, and they seem to help. I've noticed more people stopping at intersections and driving on their own side of the road than ever before. This work is starting in the heavily traveled areas and on boulevards, but will eventually cover all our roads.

Also for safety reasons, we are building four-foot shoulders on the roads that we work on, and we are increasing the line-of-sight at our intersections. Both of these jobs were difficult in spots where our crew ran into dense "blue rock", and our small backhoe with the light hammer just couldn't handle it. So we recently bought a used backhoe considerably heavier and more powerful than our old one, and you should see the rocks fly. In the months to come, you should

notice increased visibility and openness along our roads.

We have hired a part-time Director of Operations, Cecil Hiett, to supervise our road crew and provide training for them, to schedule and track the road maintenance work, to assist in the budgeting process, and to monitor the status of our equipment and assure it is always ready to go. Cecil is a lot owner in H.O.V.E. and retired here this year from Weaverville, CA. He has over 30 years of experience in road construction and heavy equipment repair.

We have also obtained the services of a road consultant, Henry Otani, to assist us in setting standards that closely match County and State standards (but are applicable to our rural roads), establishing guidelines for improved road safety, and inspecting our roads to assure we are using efficient procedures and are meeting quality control standards. Henry was born, raised, and is now living in Hilo, HI. He has an engineering degree, a general contractor's license, and over 30 years of experience in construction, including road construction in subdivisions similar to H.O.V.E. on this island.

With the assistance of these two individuals, we are expecting more emphasis on safety, and more cost effective and professional results for our road maintenance program.

Another change which we hoped you noticed is the larger rebate on your assessment we offered this year. Our trust fund, started initially by the subdivision developer, has grown over the years until the interest from it is quite significant. Although we are limited by our By-laws in the use of the principal, we are not limited in the use of the interest, and have decided the best use is to return it to those of you who help the corporation by paying your assessments on time. Of course, the size of the rebate will depend on how our trust fund does in any one year. Also new this year is the charge of 10 percent interest on all unpaid balances as of December 31 of each year. This is the stick to go with the carrot of rebates, and we would be extremely pleased if we didn't have to use it. Please pay up your account by the end of each year.

And we now have a web page. Come and visit us via the internet and see for yourself what is happening with YOUR road maintenance corporation. Please see Page 5 for our web site address.

Of course, even with all the changes, our regular work goes on. The crew will completely rebuild some roads where necessary (due either to an older cinder rather than rock base, or to heavy traffic); otherwise they will just apply a single oil/chip seal to add another layer to the road. And

then there are the seemingly never ending jobs of patching holes and replacing signs. Again, we ask all of you to keep us informed of potholes and downed signs and if you have any information on someone damaging our road signs, please notify our office. We are currently budgeting \$3,000 a year on signs, not including labor. To help with these tasks, we have obtained a maintenance utility truck which carries all the necessary equipment and materials to repair potholes and signs. We hope this truck will allow us to provide a faster and more effective response to these problems.

One major project which we are trying to get started within the year is a rebuild of the intersection at Aloha Boulevard and Highway 11. We believe this is a potentially dangerous intersection, but we need cooperation from the State in order to effect the changes we desire. When work on this project begins, the lower end of Aloha will be blocked off during construction, and traffic will need to detour to other entrances off Highway 11. We apologize for the inconvenience this will cause to those of you travelling to or from Kona, but the results in improved safety will be worth it.

OCEAN VIEW TRASH DUMP
by Rex Brumley

No, it's not what you think. We are not getting a transfer station any time soon that I know of, although we certainly need one. This letter is about the trash dump that is becoming Ocean View Estates. We of course have many considerate people that live here, but it is becoming more apparent each day that we also have many very inconsiderate people as well. I'm sure most residents have seen the increase in garbage along roadsides, especially beer cans and beer bottles. There has also been an increase in large trash items such as couches, refrigerators, and junk cars left by the roadsides as well as on other people's property. As a Real Estate agent, I probably see more of it than most. It is becoming more and more embarrassing to show property here. It is the same as having someone come to your home and walk in the door to be greeted by garbage all over the floor. I am also a member of the Board of Directors for the road corporation. We are investigating legal options at this time as to how we can enforce and penalize the inconsiderate few that are making our community into an undesirable place to live. Some of the ideas so far are to offer a reward upon conviction to residents that witness people trashing our community, and having a trash day where everyone picks up the trash on their block. I encourage each member of this community to add their suggestions on how we can stop this repulsive problem: take a

strong stance against the trash dumpers and have more pride in where you live. Please address your welcomed comments to the road corporation.

WE NEED BOARD MEMBERS

by Steve McKinney

The By-laws of this Corporation state that the Board of Directors shall consist "of not less than three (3) or more than eleven (11) members". We currently have eight members and need more to provide a better representation from the community. The only requirement is that "all members of the Board of Directors must be members in good standing and current with their dues and assessments". Directors serve three year terms, and during that time are expected to attend monthly Board Meetings (4:00 P.M. on the first Tuesday of each month at the Road Maintenance Office). However, if a Director has a trip planned, or a conflict with some other business, he may be excused from the meeting. During these meetings, the basic guidelines and regulations which direct the Corporation are formulated, discussed and voted on. No knowledge of roads is required, but a knowledge of planning, organization, or general management is helpful. Certainly the desire to improve the Corporation is a necessity. So if you think you can help toward better roads with lower

assessments, drop by the office or attend a Board meeting, which are open to the public. We'd love to help you become a Board member.

IT'S A DOG'S WORLD

By Rex Brumley

But, do they have to drive us crazy? I'm sure most of you know what I'm talking about. As more people move into our community the dog problem is becoming more pronounced. This, as with most issues, can be controlled by simply common courtesy and consideration. Why not try to treat other people as you would have them treat you? If you are a pet owner, by a responsible pet owner. We have a problem when we think we are the only people on this planet. Think about it!

MAHALO FROM OVVF

Dear Residents & Friends,

We would like to thank all of you for your financial support, and the thousands of hours so many of you have put in. Because of all your hard work and the extra funds acquired by Councilman John Santangelo we have been able to build a first class Fire Station that we can all be extremely proud of!

We are now beginning work on our next big project and are asking again for your support. Because of the water situation in this area and the lack of a well, we need to add a large water tanker. With a

tanker we will have the amount of water needed to put out any major fire. All of your donations will go towards the purchase of such a tanker for our Fire Department and for your protection.

There is also an immediate need for Medical services in this area. Please take the time to write your government officials asking that our Fire Department be manned with medical personnel. We have the facilities now with our new Station to house an ambulance and the personnel needed to man the equipment.

Thank you again for your continued support!

Jim Steenburg, Chief, Ocean View Volunteers P.O. Box 7011, Ocean View, HI 96737

ROAD RIGHTS-OF-WAY

by Steve McKinney

This is another reminder on the subject of H.O.V.E. roads rights-of-way and how they could impact you if you build within the right-of-way. First, some facts:

- 1) H.O.V.E. boulevards have 60-foot wide rights-of-way.
- 2) Other H.O.V.E. roads have 40-foot wide rights-of-way.
- 3) The current pavement widths are approximately 20 feet.
- 4) The pavement is not necessarily centered in the right-of-way.

These last two facts can cause problems for H.O.V.E. lot owners who are not aware of where their front property line is, and assume

their property continues until the pavement. These problems are becoming more apparent now that we are widening our roads and adding shoulders. If you have built a stone wall or planted trees or shrubs near the pavement, you may find that these "improvements" are 30 feet inside the road right-of-way, and are about to be demolished as the road grader widens your road. Another problem is driveways. Many people slope their driveways directly to the edge of the pavement, just following the natural slope of the land. When the road is widened, their driveway may end either above or below the new shoulder, and may be impassable without further work on their part. This can be even more serious if they have poured concrete to the edge of the pavement, and their concrete is now torn up.

So, what can you do? The first thing is to find the front property pins on your lot; this will give you an exact definition of your property line. The second thing is to call the Road Maintenance Office and arrange to get a no-fee "Owner's Notice of Work" before beginning any work near the road. This approach was started last year and allows the foreman of our road crew to inspect the area along the front of your property, and to give you (or your contractor) advice as to where to situate and how to slope your driveway, ditch, wall, etc. This cooperative effort will

assure your work will not need to be changed or removed when the road is widened in the future. There is NO CHARGE for this service. Please take advantage of our road crew's smarts and get their advice, and help yourself in the process.

ANNUAL MEETING DATE

The annual meeting of the general membership of the H.O.V.E. Road Maintenance Corporation will be held on Saturday, October 9, 1999 at 10:00 A.M. at the Ocean View Community Center on Leilani Parkway in Ocean View. All property owners are encouraged to attend this meeting. Please note that monthly Board of Directors meetings are held on the first Tuesday of each month at the road maintenance office at 4:00 P.M. These meetings are open to all lot owners.

BUDGET NOTES

by Frank Harper

As you look at the proposed budget for the year 2000, there are a few notes that are included here for consideration. This budget has been reviewed and approved by the Board of Directors for your acceptance.

In 1998, we purchased extra base course that was crushed specifically for the road corporation at a reduced price. The inventory at December 31, 1998 was 17,150 cubic yards. Twenty five (25) percent of this inventory is scheduled for use in

1999, therefore the budgeted amount for base course has been reduced accordingly.

There was an increase in the actual amount of money paid out in 1998 in the "Delivery & Auto Removal" category. This was due to the fact that our trash pick-up had not been billed by the vendor, but was paid in 1998. We have cancelled future trash pick-up.

Increase in "Bank Service Fees" in 1998 is due to the use of VISA and other credit cards for payment of road maintenance fees.

Estimates for chip and oil are based on 40% chip and 60% oil.

In the "Contract Labor" department we have included \$15,000 for Henry Otani, Consultant. "Wages and Annuities" include salary and benefits for the new director of operations.

These budget figures are the best estimates that the finance committee can project when calculating that particular year's budget in March of the prior year.

ASSESSMENTS & COLLECTIONS

In January of 1999, \$1,016,500 was billed out for the 1999 court ordered road maintenance fees. A credit of \$12 was extended to those lot owners whose past & present balances were paid in full. Fortunately, we have many who qualified and were able to take advantage of that reduction. We have collected 73% of the amount

billed, and are continuing to file liens against those owners who refuse to comply. If you still have an outstanding balance, please remit payment to avoid penalties.

2000 ROAD MAINTENANCE PLAN

by Ken Arbo

During the year 2000 we plan to continue rebuilding those roads which were built over the existing cinder-based roads in the early 1990's, to widen and chip seal those roads which are beginning to show wear but have an acceptable rock base, and to fog seal roads that are in fairly good condition to prolong their life. Work to improve road safety, such as widening/clearing intersections and painting center stripes and stop bars, will also continue. We plan to complete the following work:

13 blocks to be rebuilt

13 blocks to be widened and chip sealed

160 blocks to be fog sealed

19 intersections to be cut back, shaped, and chip sealed

180 blocks to be painted (center stripes and stop bars)

14 days assigned to patching

20 days assigned to stop, safety, and other signs

5 days assigned for the improvement of Aloha Boulevard and Highway 11 (if the State cannot coordinate their work at the same time, the time will be reallocated to other related work)

Most of this work will be done on the more heavily used roads in the lower third of the subdivision, but some boulevards (i.e., Trade Wind and Kailua) will also be improved.

BITS AND CHIPS

Your Board of Directors for this year are Steve McKinney, President; Joe Jensen, Vice-President; Frank Harper, Treasurer; Rex Brumley, Secretary; Board Members, "Tito" Haggardt, Ken Arbo, Don Swangel and George Wallace.

The office for the Road Maintenance Corporation is located in the Ocean View Town Center with office hours Monday through Thursday 7:30 A.M. to 4:30 P.M. The telephone number is (808) 929-9910. Our e-mail address is hovroad@hialoha.net. As indicated earlier, we have a web site containing minutes of monthly board meetings as well as other information and some photos of road work in progress. This may be accessed at:

<http://st4.yahoo.com/kaubusiness/hovroadmainc/html>

We hope that this site as well as the e-mail access will help bring us a little closer to our off Island owners.

PROBLEMS WITH ADDRESSES, BILLS

Routine updates are done on our database to maintain current ownership of property within Hawaiian Ocean View Estates. This information is obtained

through the State of Hawaii Bureau of Conveyances, as well as the County of Hawaii Real Property Tax Division. It is becoming obvious that a number of transactions take place without the benefit of a Realtor and/or Escrow Company.

As with the property tax, the court-ordered road maintenance assessment runs with the property. For example, if the property has a balance owing for the road maintenance fees from prior years, this becomes the responsibility of the new owner. If liens have been placed on the property, they also become the new owner's responsibility.

When a bill for the past road maintenance is sent to the new owner, we often get calls saying that it is not fair because they didn't own the property at that time. While we sympathize with the new owners, the fault really lies elsewhere, most likely with the seller who did not disclose that there was a road assessment owing. But whatever the reason, we must ask that these assessments be brought current so as to avoid any lien and possible foreclosure process.

REWARD

The Corporation is offering a \$500 reward to anyone having information that will lead to the arrest and conviction of the person/persons vandalizing the street and traffic signs in H.O.V.E. Information will be held in strict confidence.

Operating	Actual 1998	Budget 1999	Actual thru 6/30/99	Budget 2000
Materials Chip & Base	230,530	217,538	22,132.95	149,828
Materials Road Oil	232,862	274,075	53,728.63	224,742
Delivery	0	500	0.00	1,000
Fuel, diesel, lube & oil	25,911	25,000	8,356.11	25,000
Water Hauling	0	500	120.00	500
Tires	5,203	5,000	8,580.37	10,000
Equipment Repair - Parts & Labor	25,728	25,000	31304.51	25,000
Traffic Signs & Poles	16,173	3,000	6,193.74	3,000
Baseyard Upkeep-Supplies	1,640	1,500	1514.41	1,500
Tools	2,943	2,000	604.73	2,000
Licensing	768	1,000	394.12	1,000
Truck & Equipment Insurance	6,629	7,500	3246.00	7,500
Payroll & Related expenses	268,127	288,900	145,326.18	330,465
Contract Labor	3,881	5,000	3,651.97	20,000
Automobile Removal	0	0	0.00	0
Total Operating Expenses	820,395	856,513	285,153.72	801,535
Administrative Expenses				
Taxes, dues, fees, penalties	919	1,000	458.12	1,200
Insurance - liability	26,823	28,000	558.00	26,000
Bank Service Fee	442	100	2,043.26	2,000
Legal	0	5,000	65.00	5,000
Office Rent	3,336	4,000	4,946.04	8,300
Printing	1,317	2,200	0.00	2,200
Supplies	1,699	2,000	723.76	2,000
Travel	205	500	0.00	500
Postage	9,890	10,000	2,245.02	10,000
Telephone/Fax (baseyard & office)	2,587	2,500	1,344.62	2,500
Electric (baseyard & office)	441	2,000	544.32	2,000
Employers Council	575	500	250.00	500
Advertising	56	250	0.00	250
Professional Services/Audit	9,139	10,000	4,465.52	10,000
Computer/Copy Machine	3,515	2,000	1,401.75	2,000
Miscellaneous Expense	367	3,000	192.00	1,000
Other Office Expenses - Lease	0	300	0.00	0
Total administrative Expenses	61,311	73,350	19,237.41	75,450
Depreciation	59,523			
Total Budget	941,229	929,863	304,391.13	876,985

THE ASSESSMENT FOR 2000 WILL BE \$95 / LOT BASED ON THE ABOVE BUDGET.