

**HAWAIIAN OCEAN VIEW ESTATES  
ROAD MAINTENANCE CORPORATION**  
P.O. Box 6227, Ocean View, HI 96737. (808) 929 9910  
Toll Free: 866 241 7294, email: office@hoveroad.com

## **2010 NEWSLETTER**

**Annual Membership Meeting  
Saturday, October 09, 2010, 10:00 AM  
Ocean View Community Center**

### **MEETING AGENDA**

- I. QUORUM.
- II. CALL TO ORDER
- III. ADOPTION OF THE AGENDA.
- IV. LAST CALL FOR VOTING.
- V. REPORTS.  
Presidents Report.  
  
Treasurers Report.  
2011 Budget.  
  
Secretary's Report.  
  
Road Supervisors Report.  
2011 Road Plan.
- VI. VOTING RESULTS.
- VII. OPEN FORUM.
- VIII. ADJOURNMENT.

### **RMC BOARD OF GOVERNORS.**

**President: Laura Foster, Vice President: Mike Finn  
Treasurer: Bob Armstrong, Secretary: Mike Million  
2<sup>nd</sup> VP: Bill Vinson, Directors: Mary Kastle, Jim O'Hara**

## A LETTER FROM YOUR BOARD OF DIRECTORS.

### Aloha Members,

The year 2009-2010 has brought about many changes to our Road Maintenance Corporation (RMC). These changes are designed to ensure that you, the members, receive the most roadwork for the lowest possible cost. Your Board of Directors has taken steps to return the Corporation to its original purpose. That is to maintain, repair and restore the roads of HOVE, and to accomplish those tasks at the lowest cost to the lot owners. Although the road maintenance assessments have been kept low through the past eight years the roads have seriously deteriorated and our capital had all but vanished. Changes were necessary.

We have gone back to a four-man crew with a Road Supervisor. In 2003 our roads were being actually rebuilt with a four-man crew so the present crew can easily maintain the roads. Our office was overstaffed with four full time employees, so we have reduced that number to two full time employees and one part timer whose focus is on collecting past due assessments.

Past due assessments are vital to the RMC's financial recovery, and for fairness to those who do pay their assessments on time. The Corporation can continue to operate and to keep the assessments low only if all lot owners pay their assessments when due. Owners who are unable to meet the due dates should contact the RMC office, as other arrangements may be possible. Failure to pay assessments can result in a lien and/or foreclosure on the property.

Several other changes are being considered to lower RMC expenses. Cinder sales fees must be raised. The cost of digging, hauling and loading the cinders has been higher than the selling price. This is not only a drain on the Corporation's finances, but it is unfair to the majority of lot owners who do not use the cinders.

We are considering buying an office trailer to be located in the base yard, rather than constructing the planned expensive office building or continuing with the high rent of our present

office. Other cost-cutting ideas are also being considered, and any suggestions from members are welcomed.

Upcoming projects will include better control of heavy vehicular traffic including commercial trucks using our roads. These commercial vehicles that cause considerable damage to the roads should be paying their share of the road maintenance costs. We also will be looking very closely at damage to our roadways caused by prohibited tracked vehicles and levying fines for those responsible. We plan to achieve control of the traffic that uses our roads to access outside subdivisions. Update to our accounting system is also underway at present.

Governor Lingle recently signed a bill that gives absolute authority to the police to enforce traffic laws in private subdivisions if the general public commonly uses the roads. The courts now have a clear mandate to support the police in enforcing traffic laws in HOVE. So please, drive carefully and obey the laws.

The HOVERMC is a community effort. We receive no county, state or federal funds for the maintenance of our roadways. The Directors receive no pay for their time and efforts, and are always looking for volunteers to help. We especially can use volunteers who have experience in business, finances, legal or other management areas. We encourage everyone who may have ideas or suggestions to contact us by either email, phone, letter or by visiting our office. We have openings on the Board of Directors and we have several committees that could use your input. Contact information is available on our web page [www.hoveroad.com](http://www.hoveroad.com).

Finally, a big MAHALO to all of you members who took the time to vote in the July Special Meeting. The official vote tally is shown on page 5 of this newsletter. An audited version of the voting will be on our web site and available at our office shortly.

Please take the time to vote in this coming October election. Your vote on this ballot will guide the future of our Corporation and our community roadways.

# BUDGET & FINANCE

## 2011 Assessments

We have worked to keep our budget to the basics and have proposed a budget we feel is well within the amount of the assessments we can reasonably expect to collect. We can function at this level but only if members pay their assessments on time to provide the funds we need to work. Therefore we will continue to be aggressive about the application of the late fee and the 12% per annum penalty.

**The assessment in 2011 will be \$90 per lot and is due by March 31, 2011.** After that date the late fee will be applied to the bill, and a 12% per annum penalty will be applied to each billing until paid. Your invoice will go out in January 2011. We accept check, cash (at the office only), money order, Visa, or MasterCard. You may mail your payment to us, or call us with a credit card payment at **808-929-9910**. Do not send cash! You may also go to our website at **www.hoveroad.com** to make a payment using PayPal or most Credit Cards. If you own multiple properties, you may pay for all lots using one payment. Please enclose the top portion of all statements with your payment. You can also take advantage of installments by calling the office and making arrangements for a payment program.

## Payment Plan for Past Due Accounts

The Corporation has a payment plan for members whose accounts have fallen behind. A payment agreement will allow the member to

make monthly payments to their road assessment and, instead of being charged a 12% per annum finance charge beginning 60 days after the due date, you will pay only the late charge. This is huge savings for those who are seriously delinquent. Payments must be consistent or a lien will be placed on the property. If a lien is already in place, default on the payment plan will initiate a foreclosure on the property per Corporation Bylaws, Art V, Sec. 5.10. If default occurs you will be removed from the payment plan. As with any lot remanded to foreclosure, payment in full will be required. If you have not already joined our payment plan and wish to, please contact our office using the contact information found at the top of page 1.

## Revenue

The Corporation receives its revenue from the annual road assessments charged to each property owner. Collection of past due assessments, finance charges, liens & release fees, transfer fees and cinder loading, continue to keep assessments at a low rate. However, there is still more than a **million dollars in delinquent payments**. Diligence in collections will continue to decrease this amount.

The Corporation reinvests its income when available into the Merrill Lynch operating and investment accounts, which in return earn dividends and interest.

Below is the chart showing revenue received.

REVENUE	2009	2010 (As of 06/30/10)
Assessment Income	\$794,901	\$777,207
Cinder Loading	27,437	4,652
Misc. Income	1,304	679
Refunds	17,682	
County Auction Income	<u>          </u>	<u>20,492</u>
<b>TOTAL:</b>	<b>\$841,324</b>	<b>\$803,030</b>

**2011 HOVE ROAD MAINTENANCE CORPORATION PROPOSED BUDGET.**

<b>Operating Expenses Operating</b>	<b>2009 Actual</b>	<b>2009 Budget</b>	<b>2010 Actual</b> as of 06/30/10	<b>2010 Budget</b>	<b>2011 Budget</b> (proposed)
Base Yard Expenses	7,550	16,200	11,794	12,500	12,200
Equipment Expenses	65,018	64,200	6,102	55,700	40,700
Fuel	24,255	75,000	3,549	50,000	50,000
Road Construction Materials	265,727	419,500	16,059	241,200	262,000
<b>Total Operating Expenses</b>	<b>\$362,550</b>	<b>\$574,900</b>	<b>\$37,504</b>	<b>\$359,400</b>	<b>\$364,900</b>
<b>Operating Expense in Percent</b>	<b>34%</b>	<b>40%</b>	<b>14%</b>	<b>38%</b>	<b>41%</b>
<b>Administrative Expenses</b>					
Fees	21,753	21,400	7,538	23,050	17,100
Office Expenses	21,516	31,000	12,101	24,500	29,000
Insurance-Liability/Property/Equipment	55,712	75,200	43,562	62,400	62,400
Postage/Printing	16,825	25,000	14,188	21,500	18,000
Professional Services	66,606	35,000	30,061	35,000	60,000
Utilities	8,106	11,000	4,029	10,000	9,500
<b>Total Administrative Expenses</b>	<b>\$190,516</b>	<b>\$198,600</b>	<b>\$111,479</b>	<b>\$176,450</b>	<b>\$196,000</b>
<b>Administrative Expense in Percent</b>	<b>18%</b>	<b>14%</b>	<b>41%</b>	<b>19%</b>	<b>22%</b>
<b>Personnel Expenses</b>					
Benefits-Medical/Annuity	60,898	78,000	14,350	52,000	43,500
Employee Certification	381	1,450	522	950	700
Employee Payroll Taxes	45,250	78,000	14,207	26,700	41,000
Labor-Office	117,873	130,000	26,362	80,000	90,000
Labor-Road Crew	277,698	360,000	66,301	245,000	160,000
<b>Total Personnel Expenses</b>	<b>\$502,100</b>	<b>\$647,450</b>	<b>\$121,742</b>	<b>\$404,650</b>	<b>\$335,200</b>
<b>Personnel Expense in Percent</b>	<b>48%</b>	<b>46%</b>	<b>45%</b>	<b>43%</b>	<b>37%</b>
<b>TOTAL FUNDS SPENT/BUDGETED</b>	<b>\$1,055,167</b>	<b>\$1,420,950</b>	<b>\$270,726</b>	<b>\$940,500</b>	<b>\$896,100</b>

## RMC ROAD PLAN.

Our near term objective for the road plan is to get as much roadwork done as possible while staying within our allotted budget. After the close call with finances of 2009 it will be a challenge to get back on track with normal RMC business. This Board's goal for the Corporation is to get back to the original mandate, which is to repair, maintain and rebuild the road system within our subdivision. We believe our road crew, with the experience they have collectively, will be able to do just that. One cost that remains uncertain and will be of concern is the rise in the price of oil. This is one of the major costs controlling the amount of work accomplished. Another consideration will be the increased traffic in the future that will cause additional stress on our road system.

**2011 ROAD PLAN.** Comparing the funds that are available in the 2011 Budget with the estimated costs to do the work, the following roadwork is planned to be carried out next year.

### **Chip Seal eight (8) blocks.**

Chip Sealing is used on our more degraded roadways and consists of laying down a fine layer of gravel in a bed of asphalt. This is normally followed by another layer of asphalt called fog sealing or "Fogging".

### **Fog Seal Ten (10) miles.**

The Fog Seal (Fogging) is used to protect a good road surface from further deterioration. It is far less expensive than the chip seal process.

### **Paint and Illuminate Fifty (50) Blocks.**

This includes center and edge line painting and placing reflective markers on the roadway. It

also includes intersection marking and greatly improves the safety of our roads.

### **Cut back Rock Shoulders at Ten (10) Intersections.**

This is to improve Line of Sight at intersections and requires the use of the excavator and hammer. Blind intersections are reduced which enhances road safety.

### **Lateral Support for Ten (10) Blocks.**

This is work on the road shoulders to improve road support (edge cracking) and water drainage. It basically improves the longevity of the roadway.

In 2011 we will also continue to mow, cut line of sight, repair or replace signage and repair potholes. All complaints concerning road problems will continue to be covered in a timely manner.

**Roadwork for the remainder of 2010.** Funds are now available to accomplish a considerable amount of roadwork for the remainder of this year. Our near term roadwork will be focused on road repairs and preservation to keep what we already have in good condition. Some major re-work will be accomplished.

**Projected Future Roadwork.** Keeping in mind the money problems we are working with, it is our intention to create long term planning that will benefit our subdivision. A yearly plan will take into consideration the carry over of funds into the following year. The ideal situation would be to have carry over funding available so the next years planning would be funded and not just a dream.

## RESULTS OF THE JULY 3, 2010 SPECIAL MEMBERSHIP MEETING VOTE.

Total Votes Counted: 2782. Spoiled Ballots not counted: 2.

**Question: *Do you want the six Board members named on the petition to remain in office?***

YES vote: 1922                      NO vote: 707                      Nonvotes: 153

**Question: *Do you desire the Board to continue toward reorganization of the Corporation?***

YES Vote: 551                      NO Vote: 1955                      Nonvotes: 276

**VOTE OF 2008.** In 2008, the membership was asked to vote on three issues: Outside Work (roadwork in other subdivisions), Private Driveways (paving), and Assessment per Acre.

The first two issues, Outside Work and Private Driveways called for a vote to approve a change to our Bylaws and allow the Corporation to expand into these ventures. Since we are chartered under the HOVE Articles of Incorporation to do work only within the roadways of the HOVE subdivision, these changes should have been directed to our Articles of Incorporation. Our Bylaws were not the proper venue for these two changes and would have been in conflict with the Articles of Incorporation.

The attorney of record at that time asked the question, *“Why would the directors or officers and owners, who cannot be paid for added work and liability for this additional business, even want to do this outside work? I assume there is some underlying rationale to the business proposal”*. Well, there was one member of the previous Board who owns property in one of the adjacent subdivisions where the outside work was being requested.

This type of alteration to our Articles and Bylaws would change our tax status as a non-profit corporation. It would also escalate our liability insurance, our staffing levels, and eventually the cost to members. The cost to hire additional staffing is an expense that created the economic difficulties from which we are just now beginning to emerge. There is currently a private contractor who offers this service to members. At the time of the vote, there was not even the beginning of a plan for implementation of either of these programs. The previous Board President was asking you to sign a blank check and allow him to work out the details at a later date. In actuality, the effects and cost to you had not even been determined. For this vote you were not given sufficient information to make an informed decision on any of the subjects.

The third issue, which is assessment per acre or lot consolidation, has related problems. This was the previous Board President’s attempt to alter the Bylaws and modify the way assessments are determined. Again, he had no specific plan to

offer for a vote. This is evident by his statement at the 2008 annual meeting; *“The current vote allows us to begin to examine better methods of assessment that would be acceptable to all property owners. There are many possibilities in determining a change in the assessments, some of which could be to charge ‘per acre’, or by road frontage, by number of driveways, or even a ‘grandfathering’ clause to be in effect until the property next changes hands. There may also be other choices”*. Asking the members to vote on an item that may adversely impact their corporation forever, with no formal plan and method of implementation, is simply not responsible. The members have a right to know all of the details of any vote they are being asked to make. They have a right to know how it will affect them, how much it will cost and if the change will be beneficial.

The notion began as an idea during a Safety Committee meeting in February of that year. The intent was to increase revenue. Had they been managing their budget appropriately, this would never have been an issue. The vote on this Bylaws change equated to 6 out of every 100 members desiring the change.

In conclusion, there are two ways to look at lot consolidation. The first is when lots are consolidated the owner pays less for assessments and therefore less income for the RMC. To date that adds up to less than 2.5% of the total assessments paid which is a small percentage of the total. On the other hand, when lots are consolidated only one home will be permitted on that consolidated lot. If a person consolidates say five lots that means that there will be only one home permitted and therefore five times less road usage. Less road usage equates to less money required for road maintenance and therefore it lowers assessment fees. Currently consolidated lot owners receive only one (1) vote and one (1) assessment. This Bylaw change could increase the number of assessments per consolidated lot, but would leave the number of votes at one. Is this fair?

As a Board we feel it is not appropriate to simply dismiss the vote of the membership. In order to clean this mess up properly, we are asking that you please vote **YES** to rescind the 2008 vote on these three issues.

**BYLAWS CHANGE.** An important part of this year's annual meeting is to make some changes to our Bylaws that will provide more protection for our members. Regardless of who sits on our Board of Directors in the future, these modifications are a positive step to insure that the rights of the members to participate in the process of managing our corporation will not be impaired.

The most important issue is that of **Quorum**. Our current Bylaws, Art II, Sec 2.6 and Art IV, Sec 4.1, indicates that either a majority of those **voting** or two-thirds (2/3) of the members **voting** determine the outcome of the election. A future Board would be able to manipulate the outcome of any vote by minimizing member participation and obtaining an unrealistic membership voice. Our desire is to make sure that your Board does all it can legally to be in compliance with Hawaii State Statutes to enhance your ability to give input on these changes.

**BYLAWS Art II, Sec 2.6 and Art IV, Sec 4.1.** Our recommendation is to comply with HRS 414D-111 which would establish a minimum of ten percent (10%) of those votes **entitled** to be cast on a matter be represented in order to constitute a quorum on that matter. This will apply to all operational matters of the Corporation including Budget, assessment, road plan and election/ratification of the Directors).

**ARTICLES OF INCORPORATION Art. IX, and BYLAWS ART IV.** We further recommend that fifteen percent (15%) of those votes **entitled** to be cast on a matter be represented in order to modify any of our governance documents, specifically the **Articles of Incorporation or the Bylaws**. Any changes to our governance documents will directly impact all of our members and every consideration must be given to insure that members who wish to participate in a decision have an opportunity to do so.

**BYLAWS ART. II, SEC. 2.11, 2.12 and 6.3.** The next most important issue is that of the time allotted to members for participation in the election process. Currently, the minimum amount

of time allowed under State law is 30 days prior to the date of the meeting. Our current Bylaws, Art. II, Sec. 2.11, reflect this minimum date. Since many of our members reside outside the subdivision, it is imperative that we allow the maximum amount of time for their returns. The law prescribes a maximum of sixty (60) days prior to the meeting date. Since it is difficult for this Corporation to physically send all 7,000+ envelopes in one day, we believe that increasing the minimum time for mailing newsletters/ballots to members should be increased to fifty-five (55) days. This will give the Corporation the ability to mail ballots not more than 60, but not less than 55 days prior to the date of the meeting. The past two election returns are proof that many members desire to be heard on issues.

In the financial category, the recommended addition should have been common sense for anyone charged with the management of our organization. Members should never be asked to approve a budget that exceeds \$1.5 million dollars with a maximum attainable income of less than \$1 million dollars. It was judgments like this that almost brought financial ruin to our corporation. **Bylaws Art. VI, Sec 6.1, Determination of Budget** needs to have a simple sentence added after; "for which the operating budget has been prepared". Add the sentence; **"The Board shall set the total amount of the assessments to equal no less than 100% and no more than 110% of the total Budget amount"**. This will insure that no Board will have the ability to dramatically increase the size of the budget while pacifying the membership with a low annual assessment. This is not only deceptive but it is also unethical.

A final change is the removal of the obsolete section in our Bylaws, Art. VI, Sec. 6.4. This section was intended to be in force for a period of seven years or until the master road program was completed. The time limit for this section has long expired.

We ask you to please vote **YES** and approve these changes to the Bylaws and Articles of Incorporation that will be found on your Ballot.

The current HOVE Articles of Incorporation and Bylaws may be viewed in their entirety on our web site [www.hoveroad.com](http://www.hoveroad.com). See the Articles and Bylaws page. The changes to the bylaws as described on page 7, can also be viewed in full on our webpage. On the main page, click on "Proposed Bylaws Changes".

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## **PROSPECTIVE BOARD MEMBERS. Four (4) members to be elected.**

### **MIKE MILLION.**

I have been on this new Board since May 2009. I bring my previous 22 years of managerial experience, my postgraduate education in Public Administration, and a belief that as a Board and a community, we can achieve our expectations of good roads at a reasonable cost.

My goals are to insure that more members take an interest in their corporation by providing us with information that is critical to our purpose. I will be working toward the goal of 50% participation in our elections. I believe that we must follow our simple mandate, "to maintain, repair or restore roads within our subdivision" and by doing this, we also need to keep the costs to the membership as low as possible. If you agree, I would appreciate your support.

### **JIM O'HARA**

I was appointed as a Director at a RMC Board of Directors meeting on June 15, 2009. At the Annual Members meeting on October 10, 2009 I was ratified as a Director by the membership vote.

Since becoming a Director, I have spent a considerable amount of my own time compiling the Newsletters for 2009 and 2010 and rebuilding and keeping up to date the RMC Web Page.

I have been in attendance and participated in most every RMC Board and Committee meetings since joining the Board and have assisted in writing new procedures for various RMC programs.

I am running for another term on the Board of Directors with the sole intent to help assure that RMC business is maintained in the most economical and efficient manner. I thank you for your vote for my re-election.

### **BRUCE PETROVIC.**

I have been a resident of Ocean View since 2003. Over the past twenty years I have participated in many West Hawaii community improvement projects.

Having been the facilities manager of a large private ship builder I have extensive knowledge of planning, building and maintaining roadways, buildings and heavy equipment.

I would like to serve on the Board of Directors so that I can contribute to the planning and maintenance of our roadways. Thank you.

### **JIM STEENBURG.**

I have been acquainted with HOVE since 1987 when I bought my lot on Tree Fern Lane. I became a full time resident in February 1989 when I moved here from California. I built my home in the spring of 1989 and after completion I went to work with Rancho True Value Hardware. Not long after I bought into the business and became a partner with Ken and Maggie Arbo. I assisted in the management of that business until Maggie decided to sell. After my home was completed I also built my cabinet shop and have been running that business since 1989 as Custom Cabinets by Jim.

I was a volunteer fire fighter and worked my way up to Fire Chief. During my time as the Chief, we built a new fire station, which is still in use today. I was one of the original members of the Ocean View Business Association, which later became the Ocean View Chamber of Commerce. I held office in that organization as President and Vice President.

I am a four-year Viet Nam era Navy Veteran and I am now running for the RMC Board of Directors as a concerned homeowner. Your vote would be appreciated. Thank you.



**H.O.V.E ROAD MAINTENANCE CORPORATION**  
**P.O. Box 6147, Ocean View, HI, 96737**  
**Telephone: 808 929 9910**  
**bod@hoveroad.com**

## **2010 BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – Vote early.

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

In the **First Section** of the Ballot, **Election for the Board of Directors**, multiply the number of lots you own by four (4). You can then split this total number of votes between any or all candidates. Just don't exceed your total number of votes when you add up all the boxes in this section. Enter your **number** of votes in the box(s) next to the candidates. There are four openings on the Board of Directors.

In **all other sections**, you have one vote per lot for each item on the Ballot. Place your total number of votes in either the **YES** or **NO** box.

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least TEN DAYS mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, October 09, 2010. Our office will close at 5:00 pm, HST, on Friday, October 08, 2010.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: [bod@hoveroad.com](mailto:bod@hoveroad.com). You may also call the RMC office at **808 929 9910**.

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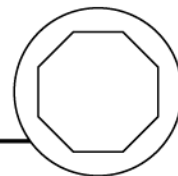
### **IMPORTANT CHANGE OF OWNERSHIP FORM.**

**If you have received this ballot in error because you no longer own the lot(s) in Hawaiian Ocean View Estates or, if your mailing address is incorrect, please notify the Corporation Board immediately at either address above. (RMC Bylaws Art II, 2.5).**

**If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).**

**(THE VOTING BALLOT IS ON THE REVERSE SIDE OF THIS PAGE).**

# 2010 BALLOT



## Election for the Board of Directors

(For this section only, take the number of lots you own and multiply by four (4). This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between any or all of the candidates. Don't exceed your total number of votes when you add up the boxes).

Mike Million       Jim O'Hara       Bruce Petrovic       Jim Steenburg

(For all the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the questions in each section below).

I approve the 2011 Budget. (The assessment is \$90.00 per lot)       YES       NO

I approve the 2011 Road Plan.       YES       NO

(For this section please take the time to carefully read page 6, entitled VOTE of 2008).

I want to rescind the 2008 vote Outside Work:       YES       NO

I want to rescind the 2008 vote Private Driveways:       YES       NO

YES, I want to rescind the 2008 vote Assessment per Acre (consolidated lots).

NO: I want to retain the Bylaws change and allow the Board to work out the details.

(For this section please take the time to carefully read page 7, entitled BYLAWS CHANGE).

I approve the change to BYLAWS Art II, Sec 2.6 and Art IV, Sec 4.1: regarding QUORUM:       YES       NO

I approve the change to ARTICLES OF INCORPORATION Art. IX, and BYLAWS ART IV. regarding QUORUM:       YES       NO

I approve the change to BYLAWS ART. II, SEC. 2.11, 2.12 and 6.3 regarding the 55 day time frame:       YES       NO

I approve the change to Bylaws 6.1, regarding Budget method:       YES       NO

I approve the removal of obsolete Bylaw Sec. 6.4:       YES       NO

If you have any problems with this Ballot please check on the reverse side of this page.

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Bob Armstrong, Secretary: Mike Million, 2<sup>nd</sup> VP: Bill Vinson,  
Directors: Jim O'Hara, Bruce Petrovic, Jim Steenburg.**

## **Aloha Members,**

### **THE H.O.V.E. ROAD SYSTEM.**

The primary focus of this Board is to properly maintain and rebuild the roads in HOVE for the lowest possible assessment cost to the Membership. Our main problem as always is funding because the high cost of oil, labor and materials continues to drive prices skyward. This year our Road Crew rebuilt 8 miles of roads

The Board is coordinating many projects to cut costs and increase funding including aggressively collecting past due accounts. At the present time there is over a MILLION DOLLARS outstanding because many lot owners have not paid their road assessments. However, this year our office has collected about \$345,000 of delinquent accounts. More stringent methods are being put in place to help solve this problem.

We are looking at permitting large trucks such as water, cinder, and gravel haulers since they do considerable damage to our roads. They would buy a yearly permit to use our roads which would help pay for the damage caused by their heavy loads. We are also working on a plan to control the access to the HOVE road system from adjoining properties.

Another concept that has been discussed for years by former Boards and that is being discussed now, is using outside contractors to do our roadwork. The ideal scenario would be to resurface 15 miles of roads per year so we can redo the whole subdivision in about 10 years. The last road resurfacing job cost over **\$200,000.00** for **one mile** of road. Private contractors have estimated the cost at \$55,000.00 per mile.

The RMC Board is trying to assure safe roads for our members without having to increase your road assessments at a time when so many people are struggling to make ends meet.

### **Our own Office Building. Twenty One Years in the making - from the RMC archives.**

On July 26, 1990 the first Special Use Permit # 740 was issued by the County of Hawaii for the purpose of building a maintenance shop and

office building. The maintenance shop was built, however, the office building designed to be 864 sq. ft., was never constructed.

In early 2003, the idea was once again discussed and the concept was placed on the 2004 membership ballot for final determination by a vote of the entire membership. It was simply stated as follows: "Do you approve of an office building being built next to the existing maintenance yard building at Lehua and Aloha, to house the administration portion of our road maintenance personnel for a cost not to exceed \$100,000." In October of 2004, at the Annual Membership Meeting, members approved this proposal. The idea was that within about ten years, we would have paid for the building through savings in monthly rent. (\$662.72 per month in those days and \$1,000 today).

In February 2004 a motion was approved by the Board and \$100,000 was placed in a Capital Reserve Fund for eventual construction. The year 2005 saw no movement toward erecting an office building. In 2006, six (6) adjacent acres were purchased by the Board for a cost of \$235,000 (without the required membership approval). Later that year, the office location was moved to the lower 3 acres, bordering on Aloha Blvd.

In 2007, a change to the Special Use Permit was submitted to incorporate the "new" ten acre consolidation and the office building was increased to 1500 sq. ft. In June 2008, in an email to an architect consulted for an improved office building totaling 2448 sq. ft., the notion of cost surfaced for this project. The Office Manager stated in the email to the architect; "I hope to spend around \$230,000 for everything." Thankfully this project was never brought to fruition.

The 2011 RMC Board is pleased to announce that we have contracted for the construction of a new office building which includes a conference/meeting room with a combined size of 1280 sq. ft. The good news is that this project will cost under the allocated budget of \$100,000 per previous membership approval. The building is also being placed in the location originally approved by the membership and it may well be completed before our Membership meeting this

October. The site will be the location for all of our monthly Board meetings as well as our Annual Membership Meeting.

### **Electronic Transmission of Information.**

The Board is considering using Email to keep our members more up to date on information concerning our road system. If you haven't already sent your Email address to the office, you can do so at [office@hoveroad.com](mailto:office@hoveroad.com). There is also considerable information available on our website at [www.hoveroad.com](http://www.hoveroad.com).

### **BUDGET AND FINANCE.**

#### **2012 Assessments.**

We have worked to keep our budget to the basics and have proposed a budget we feel is well within the amount of the assessments we can reasonably expect to collect. This is becoming increasingly difficult to do with the rapid rise in oil prices causing sharp increases in the price of road construction materials. This not only applies to the cost of the road oil itself, but to the cost of the crushed rock used which requires energy to crush. We are continuing to scrutinize our road construction techniques and our administrative operations in order to utilize our resources in the most efficient manner. However, we can continue to function at this level of assessment only if members pay their assessments on time to provide the funds we need to work. Therefore, we will continue to be aggressive about the application of the late fee and the 12% per annum penalty.

**The assessment for 2012 is \$99.00.** For those who pay early, **before March 1, 2012**, you pay a reduced fee of \$90.00. For those that pay late, **after March 31, 2012**, a \$10.00 late fee applies and you must pay \$109.00. An additional 12% per annum penalty will be applied to each unpaid billing after March 31, 2012, until paid.

We accept check, cash (at the office only), money order, PayPal, Visa, or MasterCard. You may mail your payment to us, or call us with a credit card payment at 808-929-9910. Do not mail cash! If you own multiple properties, you may pay with one transaction. Please enclose the top portion of all statements with your payment. You may also go to our website,

[www.hoveroad.com](http://www.hoveroad.com), to make a payment online with PayPal using most major credit cards. You may also take advantage of this program by calling the office and making arrangements for a payment program.

The Corporation has a payment plan for members whose accounts have fallen behind. A payment agreement will allow the member to make monthly payments on their road assessment(s) and, instead of being charged a 12% per annum finance charge beginning 60 days after the due date, you will pay only the late charge. This is huge savings for those who are seriously delinquent. Payments must be consistent or a lien will be placed on the property. If a lien is already in place, default on the payment plan will initiate a foreclosure on the property per Corporation Articles & Bylaws 5.11. If default occurs you will be removed from the payment plan. As with any lot remanded to foreclosure, payment in full will be required. If you have not already joined our payment plan and wish to, please contact the RMC office using the contact information shown on page 1.

#### **Revenue.**

The Corporation receives its revenue from the annual road assessments charged to each property owner. Collection of past due assessments, finance charges, liens & release fees, and transfer fees, continue to keep assessments at a low rate. Added income from past due assessments has increased, but there is still more than a **million dollars in delinquent payments**. Diligence in collections will continue to decrease this amount.

The Corporation reinvests its income when available into the Merrill Lynch operating and investment accounts which in return earn dividends and interest. The following is a chart showing revenue received. **The figures for 2011 are as of May 31, 2011.**

<b>REVENUE</b>	<b>2010</b>	<b>2011</b>
Assessment Income	997,901	865,741
Cinder Loading	5,833	
Misc. Income	13,486	626
Refunds		
County Auction Income	<u>20,492</u>	<u>31,947</u>
<b>TOTAL</b>	<b>\$1,037,712</b>	<b>\$898,314</b>

**H.O.V.E. Road Maintenance Corporation  
Proposed 2012 Budget**

<u>Operating Expenses</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>2011 Actual</u> <u>05-31-2011</u>	<u>2011 Budget</u>	<u>2012 Budget</u> <u>(proposed)</u>
Base Yard Expenses	22,072	12,500	1,003	12,200	5,500
Equipment Expense	12,251	55,700	7,644	40,700	55,500
Fuel	5,155	50,000	11,109	50,000	40,000
Road Construction Materials	221,473	241,200	180,129	262,000	337,000
<b>Total Operating Expenses</b>	<b>\$260,952</b>	<b>\$359,400</b>	<b>\$199,885</b>	<b>\$364,900</b>	<b>\$438,000</b>
<b>Operating Expense in Percent</b>	<b>37%</b>	<b>38%</b>	<b>46%</b>	<b>41%</b>	<b>47%</b>
 <u>Administrative Expenses</u>					
Fees	17,349	23,050	18,836	17,100	24,100
Office Expenses	23,148	24,000	10,268	29,000	22,000
Insurance - Liability/Property/Equipment	51,869	62,400	45,299	62,400	56,400
Postage/Printing	26,340	21,500	5,245	18,000	27,500
Professional Services	43,022	35,000	14,442	60,000	30,000
Utilities	7,776	10,000	3,286	9,500	9,500
<b>Total Administrative Expenses</b>	<b>\$169,504</b>	<b>\$175,950</b>	<b>\$97,375</b>	<b>\$196,000</b>	<b>\$169,500</b>
<b>Administrative Expense in Percent</b>	<b>24%</b>	<b>19%</b>	<b>22%</b>	<b>22%</b>	<b>18%</b>
 <u>Personnel Expenses</u>					
Benefits - Medical/Annuity	35,367	52,000	14,623	43,500	42,500
Employee Certification/Training	874	950	0	700	4,000
Employee Payroll Taxes	29,142	26,700	18,864	41,000	36,000
Labor - Office	56,772	80,000	25,846	90,000	70,000
Labor - Road Crew	150,528	245,000	62,509	160,000	160,000
Contract Labor	10,668	500	14,527		20,000
<b>Total Personnel Expenses</b>	<b>\$283,351</b>	<b>\$405,150</b>	<b>\$136,369</b>	<b>\$335,200</b>	<b>\$332,500</b>
<b>Personnel Expense in Percent</b>	<b>40%</b>	<b>43%</b>	<b>31%</b>	<b>37%</b>	<b>35%</b>
 <b>TOTAL FUNDS SPENT/BUDGETED</b>	 <b>\$713,807</b>	 <b>\$940,500</b>	 <b>\$433,629</b>	 <b>\$896,100</b>	 <b>\$940,000</b>

## 2012 Road Plan.

The budget for 2012 allocates \$300,000 for road building materials (base gravel, chip and oil). The unknown variable here is the fluctuating cost of oil. With some assistance from our supplier, we are proposing that we resurface the entire length of Tiki Lane from highway 11 at the bottom, up to Seaview at the top. This is a distance of approximately 5 miles. At a cost of roughly \$55,000 per mile, the estimated material cost for this project will be \$275,000. This leaves us a small margin in the event of oil price variance. Other needed road repairs will continue as usual including pothole repairs, signage repairs and roadway weed control.

## 2011 Election of Directors. Two Directors are to be elected.

The deadline for filing applications for the RMC Board of Directors is 30 days before the Newsletter is mailed.

Only two persons applied to run for office and both of them are presently serving on the Board. Laura Foster, our President and Bob Armstrong who is our Treasurer both have volunteered to remain on the Board for another term.

Laura joined the Board in April 2009, and states; "The past 2 1/2 years have gone by quickly. I have enjoyed working with a Board which sets goals and gets things done. Our primary focus is to keep assessments low while improving the maintenance to our road system. I would appreciate your vote for a new 3 year term".

Bob has served on the Board for a number of terms and during his tenure he has spent many hours each month to keep the accounts of RMC accurate. The hard work on his part is finally paying off as our corporate audits are now getting much closer to being up to date. Simply stated "a good Treasurer is a Treasure".

## Proposed Bylaws Changes.

**The changes we ask you to consider relate directly to the Directors of the Corporation.** We believe that the persons elected to the trust position of Director should be efficient,

accountable, and acting without regard for their personal agendas. The changes should help make that happen.

We seek to modify **Bylaw 3.1**, Number of Directors. In the 1990's, the **minimum** number of directors was reduced by a vote of the members from five (5) to the current level of three (3). The current **maximum** number stands at eleven (11). We are asking that you vote to reduce this number to seven (7). By reducing the number to seven you will provide for a more competitive process in the selection of Board members. Essentially, the current number assures anyone running for a Board seat to be guaranteed a spot. By reducing that number, members will have a true choice of the Board member to represent their best interest. Also, in the 1990's, the addition was placed in the bylaws that Board Members **must** be current in their dues and assessments. What was never addressed was a remedy to deal with those who are not. Our proposal would add language that would allow for the automatic removal of any Board Member who was not current with their dues and assessments by the due date. ***Any member of the Board of Directors not current with their dues and assessments by the due date shall automatically be removed from their position(s) on the Board at the next monthly Board of Directors meeting.*** A **YES** vote will insure that all directors are current in their assessments.

The next section we are asking you to modify is **Bylaw 3.3**, Election and Tenure. We are asking to install "term limits" for Directors positions to reflect the following. ***Directors will have term limits of two (2) terms after which a required mandatory one (1) term break in service prior to any further appointment or election. No Director shall be allowed to serve more than eight (8) continuous years.***

The final issues dealing with Directors are **Bylaw 3.4**, Removal of Directors and **Bylaw 3.18**, Removals, Resignations, Vacancies. We recommend adding the following language to **Bylaw 3.4**: ***Any Director who has been removed from office by a vote of the membership shall be permanently prohibited from further nomination, election, or***

**appointment to the Board of Directors.** It is our belief that the cost to remove a Board member through a vote of the members is extremely expensive and if the reasons for removal are affirmed by the members, the individual does not deserve to again place the membership in a similar situation. It is also essential that Directors be diligent in their duties and attend regular meetings of the Board in order to be current with the issues concerning the Corporation. We would like to change the absence section of **Bylaw 3.18** to read as follows: ***A Director shall be removed from the Board for any three (3) non-excused absences from regular Board meetings during any calendar year.***

**Below is how the affected Bylaws will read if an affirmative vote is received.**

**Bylaw 3.1, Number of Directors;** There shall be a Board of Directors of the Corporation of not less than three (3) nor more than **seven (7)** members. Subject to the foregoing limitations, the number of directors shall not be less than the number of members of the Corporation willing to 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 in good standing and current with their dues and assessments. ***Any member of the Board of Directors not current with their dues and assessments by the due date shall automatically be removed from their position(s) on the Board at the next monthly Board of Directors meeting.***

**Bylaw 3.3, Election and Tenure;** Directors shall be elected to serve a term of three (3) 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. ***Directors will have term limits of two (2) terms after which a required mandatory one (1) term break in service prior to any further appointment or election. No director shall be allowed to serve more than eight (8) continuous years.*** Any Director elected before the adoption of these Bylaws shall continue to serve until his term expires

**Bylaw 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 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 annual or any special meeting called pursuant to paragraph 2.10 for that purpose. ***Any Director who has been removed from office by a vote of the membership shall be permanently prohibited from further nomination, election, or appointment to the Board of Directors.***

**Bylaw 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 from the Board for any three (3) non-excused absences from regular Board meetings during any calendar year.***



**H.O.V.E ROAD MAINTENANCE CORPORATION**  
**P.O. Box 6147, Ocean View, HI, 96737**  
**Telephone: 808 929 9910**  
**bod@hoveroad.com**

## **October 08, 2011, BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – **Vote early.**

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

On Ballot Questions, except Election of Directors, you have **one vote per lot for each item on the Ballot.** Place your total number of votes in either the **YES** or **NO** box. (See the Ballot sheet for instructions on voting for Directors).

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least **TEN DAYS** mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, October 08, 2011. Our office will close at 5:00 pm, HST, on Friday, October 07, 2011.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: **bod@hoveroad.com**. You may also call the RMC office at **808 929 9910**.

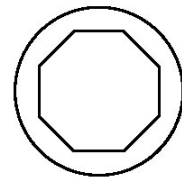
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### **IMPORTANT CHANGE OF OWNERSHIP FORM.**

**If you have received this ballot in error because you no longer own the lot(s) in Hawaiian Ocean View Estates or, if your mailing address is incorrect, please notify the Corporation Board immediately at either address above. (RMC Bylaws Art II, 2.5).**

**If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).**

# October 08, 2011 BALLOT



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## Election for the Board of Directors. (Two (2) Directors to be elected).

(For this section only, take the number of lots you own and multiply by two (2). This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between any or all of the candidates. Don't exceed your total number of votes when you add up the boxes).

Bob Armstrong

Laura Foster

---

(For the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the questions in each section below).

---

I approve the 2012 Budget.

YES

NO

---

I approve the 2012 Road Plan.

YES

NO

---

## Changes to the Bylaws.

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I want to change Bylaw 3.1, Number of Directors.

YES

NO

---

I want to change Bylaw 3.3, Election and Tenure.

YES

NO

---

I want to change Bylaw 3.4, Removal of Directors.

YES

NO

---

I want to change Bylaw 3.18, Removals, Resignations, Vacancies.

YES

NO

---

If you have any problems with this Ballot please check on the reverse side of this page.

**HAWAIIAN OCEAN VIEW ESTATES  
ROAD MAINTENANCE CORPORATION**  
P.O. Box 6227, Ocean View, HI 96737. (808) 929 9910  
Toll Free: 866 241 7294, email: [office@hoveroad.com](mailto:office@hoveroad.com)  
Visit our website at [www.hoveroad.com](http://www.hoveroad.com)

## **2012 NEWSLETTER**

**Annual Membership Meeting  
Saturday, October 13, 2012, 10:00 AM  
Ocean View Community Center**

### **MEETING AGENDA**

- I. QUORUM.
- II. CALL TO ORDER
- III. ADOPTION OF THE AGENDA.
- IV. LAST CALL FOR VOTING.
- V. REPORTS.  
Presidents Report.  
  
Treasurers Report.  
2013 Budget.  
  
Secretary's Report.  
  
Road Report.  
2013 Road Plan.
- VI. VOTING RESULTS.
- VII. OPEN FORUM.
- VIII. ADJOURNMENT.

### **RMC BOARD OF GOVERNORS.**

**President: Laura Foster, Vice President: Mike Finn  
2<sup>nd</sup> VP: Bill Vinson, Secretary/Treasurer: Stephanie Macdonald,  
Directors: Jim O'Hara, Jim Steenburg**

You can also view this Newsletter on our Website: [www.hoveroad.com](http://www.hoveroad.com)

## A letter from the RMC President and Board of Directors.

Aloha to all Members and families.

Over the past three years, the progress we believe the Board has achieved has been monumental. We have pulled the corporation out of virtual financial disaster and now have sufficient funds with which to operate as well as measures in place within our organizational documents which will hopefully prevent anything of this magnitude to ever happen again.

The progress of our auditing schedule has exposed numerous poor business practices which are now in the process of being corrected. We have completed an equipment building, which had lay in a decaying state for the previous six years.

We are now well underway in the erection of our own office building, a project which has been looming in the plans of previous boards for the past twenty years.

We are once again completing actual road work and spending the membership's money in a responsible and appropriate manner. Our accomplishments are many and there are still many on the horizon awaiting completion. We believe the corporation is now moving in a direction which will be good for the membership as a whole.

Two of the hard working Board Members that have helped immeasurably with these projects have recently had to reluctantly resign due to pressing personal reasons. Our long time Treasurer, Bob Armstrong and hard working Secretary, Mike Million have both invested innumerable hours of their own time for the Corporation. Without their help we could not have accomplished our goals. Mahalo to both of you and the best of luck in your future endeavors.

This year we hired a private contractor to do the major road resurfacing work that was called out in our 2012 Road Plan. The contractor resurfaced 5½ miles of road that included all of Tiki Lane from the top to the bottom. Costs per mile were considerably lower compared to previous year's work that was accomplished in-house. We also remained well within budget on this project.

One of the most pressing issues that now stand ahead of us is that we must formulate a plan to accomplish more road resurfacing per year. The target that your Board has in mind is 15 miles of road a year that would allow rebuilding all roads in Ocean View once every 10 years. Of course the downside of this plan is that the yearly costs will increase. To overcome these additional costs to the Membership the Board is now looking at venues to offset these costs. One concept under discussion would be to charge commercial truckers that utilize our road system a fair usage fee. Heavy trucks on our roadways cause considerably more damage than a member's automobile. Further information will be on our website.

Other issues that are of a continuing nature include

damage to our roadways, damage to signs and markers, speeders, drivers ignoring our stop signs and heavy vehicles not using the truck routes. The County of Hawaii has recently passed a Truck Route ordinance and HPD will now be able to ticket truckers using the wrong road. Members are encouraged to report damage or misuse of our roads to the RMC office. Your reports will be held confidential.

## BYLAWS CHANGES.

There has been a continuing problem of finding a fully qualified person to manage the day to day operation of the Corporation. At the present time Board Members spend countless hours accomplishing this task for zero compensation. A Board Member who has served one or more terms in office is very likely to be very qualified for this position. However, at the present time, we are unable to utilize these skills of a retiring Board Member until a year after leaving the Board.

Your Board of Directors recommends a change in the Bylaws, **Article III, Section 3.6** to eliminate the stipulation concerning a Board member receiving compensation after termination from the Board. Section 3.6 below shows that correction as indicated by the words lined out.

**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 term.~~ However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

The revised section would read as follows;

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

## 2013 ROAD PLAN.

As noted earlier, during 2012 5½ miles of roadway was chip sealed.

Based on this cost per mile, the 2013 Road Plan is to chip seal approximately 1 mile of roadway. In addition to this, we will chip seal a number of full intersections including rebuilding where necessary. The intersections included are in poor condition and the cost of each intersection is equal to about 1/4 mile of roadway.

We also have many roads that are presently in good condition but are losing their surface. Therefore, included in the plan is to fog seal 10 miles of these roadways to help keep them in top shape.

Along with this major road work, the crew will continue to fix potholes and damaged road edges along with keeping signage and road marking up to date.

## **BOARD MEMBER APPLICANTS. (Two to be elected).**

The following members in good standing have applied for a seat on the RMC Board of Directors. Included is a brief biography of each candidate.

### **Mike Finn.**

Mike Finn- I am a 63 year old former Hawaii resident who has moved back permanently, Married for 20 years, I have four children including a daughter on Maui. I have been a builder for over 30 years and a General Contractor on the Big Island since 2006. After serving on the Board for the last 3 years, I would like to thank those who voted for me then and ask for your vote for the next 3 year term on the Board. Things are looking better and I believe they can be better still. Once again thank you and please vote in this year's board election regardless of whom you vote for.

### **Bruce Petrovic.**

I have been a resident of Ocean View since 2003. Over the past twenty years I have participated in many West Hawaii community improvement projects. Having been the facilities manager of a large private ship builder I have extensive knowledge of planning, building and maintaining roadways, buildings and heavy equipment. I would like to serve on the Board of Directors so that I can contribute to the planning and maintenance of our roadways. Thank you.

### **Mike Taylor.**

Aloha. My name is Mike Taylor and I am seeking nomination to the Board of Directors. I have lived on Hawaii Island for 30 years. 16 of those years I have lived in Ka'u. My interest in running for a position is I want to be involved in our road maintenance procedures; to spend a day here and there to meet with and support our road crews so that when we have town meetings they will have back-up and support. My wife, Marion, and I ran the Desert Rose Café and I am an author. We have always been involved in our community. Mahalo for your time and consideration.

### **Kathy Garner.**

My husband and I moved to Hawaii in 1987. We retired (semi) and moved from Oahu to the Big Island and Ocean View in 2003. I have continued with part-time employment and enjoy my days at Kahuku Gift & Garden Shop in Pohue Plaza. I enjoy meeting Ocean View residents and tourists alike. My working experience is in office management and I was fortunate to move to several states with my husband as a result of his job in construction.

## **BUDGET AND FINANCE.**

### **2013 Assessments.**

Our proposed budget for 2013 is slightly higher than the 2012 budget. The increase reflects continued rising costs of road construction materials. The proposed budget is still well within the amount of total assessments that we expect to collect. During the current year we have evaluated every area of expenditure to find and implement more efficient processes for a cost-savings operation and effective road plan.

The 2013 assessment will remain at \$99 per lot. For members who pay before March 1, 2013, the assessment for early pay is \$90 per lot. A late fee of \$10 will be applied to lot owner bills after March 31<sup>st</sup>, 2013 along with a 12% per annum interest applied to each billing until all payments are made. We accept check, cash (at our office only), money order, payments by PayPal, Visa or MasterCard. If you own multiple properties, you can pay with one check and enclose the top portion of all statements with your payment.

You can mail your payment to us or call us at 808-929-9910 with a credit card payment. Please do not send us cash by mail or a credit card number by e-mail. A great payment option is to pay your assessment at our website [www.hoveroad.com](http://www.hoveroad.com).

### **Payment Plan for Past Due Accounts.**

A payment agreement allows members to make monthly payments to their account. The 12% per annum finance charge is waived and only the late charges are applied. Payments must be kept up to date to avoid the placement of liens on the property and foreclosure proceedings. For more Information, please call our office at 808-929-9910.

### **Revenue.**

The Corporation receives its revenue to operate from the annual road assessments charged to each property owner. We consistently strive to keep member assessments as low as possible. To accomplish this we remain aggressive in our efforts to collect past due assessments, finance charges, fees, as well as placements of liens and foreclosure action. We have reduced past due assessments over the past 2 years, and the overall compliance of the membership is increasing, and doing so at earlier times of the year. This year we had nearly 70% of all members pay their assessments on time, up from approximately 50% in 2011. In July of this year, 80% of the membership was in compliance.

## 2013 H.O.V.E. ROAD MAINTENANCE CORPORATION BUDGET

<u>Operating Expenses</u>	<u>2011 Actual</u>	<u>2011 Budget</u>	<u>2012 Actual</u> 6/30/2012	<u>2012 Budget</u>	<u>2013 Budget</u> (proposed)
Base Yard Expenses	58,937	12,200	3,390	5,500	8,500
Equipment Expense	15,568	40,700	9,137	55,500	45,500
Fuel	20,223	50,000	7,109	40,000	30,000
Road Construction/Contracts/Materials	202,686	262,000	310,427	337,000	330,000
<b>Total Operating Expenses</b>	<b>\$297,414</b>	<b>\$364,900</b>	<b>\$330,063</b>	<b>\$438,000</b>	<b>\$414,000</b>
<b>Operating Expense in Percent</b>	<b>39%</b>	<b>41%</b>	<b>57%</b>	<b>47%</b>	<b>44%</b>
 <u>Administrative Expenses</u>					
Fees	23,220	17,100	12,052	24,100	31,100
Office Expenses	27,601	29,000	22,801	22,000	22,000
Insurance-Liability/Property/Equipment	54,320	62,400	37,696	56,400	56,400
Postage/Printing	15,905	18,000	10,102	27,500	22,500
Professional Services	36,375	60,000	30,933	30,000	30,000
Utilities	7,790	9,500	3,598	9,500	9,500
<b>Total Administrative Expenses</b>	<b>\$165,211</b>	<b>\$196,000</b>	<b>\$117,182</b>	<b>\$169,500</b>	<b>\$171,500</b>
<b>Administrative Expense in Percent</b>	<b>22%</b>	<b>22%</b>	<b>20%</b>	<b>18%</b>	<b>18%</b>
 <u>Personnel Expenses</u>					
Benefits-Medical/Annuity	37,179	43,500	19,948	42,500	55,800
Employee Certification/Training	0	700	0	4,000	3,000
Employee Payroll Taxes	26,402	41,000	12,571	36,000	32,000
Labor-Office	67,962	90,000	46,159	70,000	100,000
Labor-Road Crew	146,034	160,000	49,433	160,000	172,000
Contract Labor	25,088		80	20,000	3,000
<b>Total Personnel Expenses</b>	<b>\$302,665</b>	<b>\$335,200</b>	<b>\$128,191</b>	<b>\$332,500</b>	<b>\$365,800</b>
<b>Personnel Expense in Percent</b>	<b>40%</b>	<b>37%</b>	<b>22%</b>	<b>35%</b>	<b>38%</b>
 <b>TOTAL FUNDS SPENT/BUDGETED</b>	 <b>\$765,290</b>	 <b>\$896,100</b>	 <b>\$575,436</b>	 <b>\$940,000</b>	 <b>\$951,300</b>
 <b>REVENUES</b>	 <b>985,520</b>		 <b>812,831</b>		
Assessments	952,947		803,594		
Other Income	32,573		9,237		

**H.O.V.E. ROAD MAINTENANCE CORPORATION  
2012 BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – Vote early.

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

In the **First Section** of the Ballot, **Election for the Board of Directors**, multiply the number of lots you own by four (4). You can then split this total number of votes between any or all candidates. Just don't exceed your total number of votes when you add up all the boxes in this section. Enter your **number** of votes in the box(s) next to the candidates. There are two openings on the Board of Directors.

In **all other sections**, you have one vote per lot for each item on the Ballot. Place your total number of votes in either the **YES** or **NO** box.

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least **TEN DAYS** mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, October 13, 2012. Our office will close at 5:00 pm, HST, on Friday, October 12, 2012.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: [bod@hoveroad.com](mailto:bod@hoveroad.com). You may also call the RMC office at **808 929 9910**.

**IMPORTANT CHANGE OF OWNERSHIP FORM.**

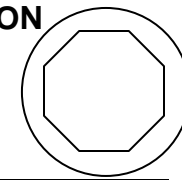
If you have received this ballot in error because you no longer own the lot(s) in Hawaiian Ocean View Estates or, if your mailing address is incorrect, please notify the Corporation Board immediately at either address above. (RMC Bylaws Art II, 2.5).

If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).

**THE VOTING BALLOT IS ON THE REVERSE SIDE OF THIS PAGE.**

**H.O.V.E. ROAD MAINTENANCE CORPORATION**

**2012 BALLOT**



**Election for the Board of Directors. Two (2) to be elected.**

For this section only, take the number of lots you own and multiply by four (4). This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between any or all of the candidates. Don't exceed your total number of votes when you add up the boxes.

<b>Mike Finn</b>	<input type="checkbox"/>	<b>Kathy Garner</b>	<input type="checkbox"/>
<b>Bruce Petrovic</b>	<input type="checkbox"/>	<b>Mike Taylor</b>	<input type="checkbox"/>

**Voting to Ratify an Appointed Board Member until Term Expiration.**

Ratification is only to approve and not an election. The number on your label is the number of LOTS you have. You may cast **one** yes or no vote for each lot owned for each appointee.

<b>Stephanie McDonald</b>	<b>YES</b>	<input type="checkbox"/>	<b>NO</b>	<input type="checkbox"/>
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For all the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the questions in each section below.

**I approve the 2013 Budget. (The assessment is \$99.00 per lot)**

<b>YES</b>	<input type="checkbox"/>	<b>NO</b>	<input type="checkbox"/>
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**I approve the 2013 Road Plan.**

<b>YES</b>	<input type="checkbox"/>	<b>NO</b>	<input type="checkbox"/>
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**I approve the change to Bylaws Article III, Section 3.6.**

<b>YES</b>	<input type="checkbox"/>	<b>NO</b>	<input type="checkbox"/>
------------	--------------------------	-----------	--------------------------

**If you have any problems with completing this Ballot please refer to the instructions on the reverse side of this page.**

**HAWAIIAN OCEAN VIEW ESTATES  
ROAD MAINTENANCE CORPORATION**  
P.O. Box 6227, Ocean View, HI 96737. (808) 929 9910  
Toll Free: 866 241 7294, email: [office@hoveroad.com](mailto:office@hoveroad.com)  
Visit our website at [www.hoveroad.com](http://www.hoveroad.com)

**2013 NEWSLETTER**

**RMC BOARD OF GOVERNORS.**

President, Mike Finn; VP, Jim Steenburg; Secretary, Jim O'Hara;  
Treasurer, Bruce Petrovic; Director Mike Taylor.

**Annual Membership Meeting,  
Saturday, October 12, 2013, 10:00 AM  
Ocean View Community Center**

**MEETING AGENDA**

- I. QUORUM.
- II. CALL TO ORDER.
- III. ADOPTION OF THE AGENDA.
- IV. LAST CALL FOR VOTING.
- V. REVIEW OF THE PAST YEAR AND THE 2014 ROAD PLAN.
- VI. 2014 BUDGET.
- VII. VOTING RESULTS.
- VIII. ADJOURNMENT.
- IX. OPEN FORUM.

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**From the General Manager.**

Aloha. As the new General Manager of your corporation I would like to take this opportunity to share with you a few of the many accomplishments of your BOD, Staff, and Crew. In November of 2012 after many years of planning, we moved into our new office, located above our base yard at 92-8979 Lehua Lane.

This past year we have worked on our accounting procedures to make our office more efficient and environmentally friendly. We will accept Visa, Master Card, American Express, and Discover Cards along with e-checks paid on-line at [www.hoveroad.com](http://www.hoveroad.com) or via telephone 808-929-9910 or our toll free number 866-241-7294. We no longer accept credit card payment through the mail.

Our audits performed by accounting firm TIH have been completed including year 2012.

Our crew is working hard at maintaining our roads and they

have changed several intersections to 4 way stops due to safety concerns. They are currently sealing cracks to prevent water damage and are readying for fog sealing to preserve the good roads, while preparing to do major work on the roads in need.

We have not done individual driveway aprons since 2009, as it is a considerable drain on our roadway resources. However, we are offering members the opportunity to tie in driveways utilizing their own contractor. To insure proper tie-in to our roadway, permits are required and are available free of charge at our office.

In closing, on behalf of the BOD, Staff and Crew we would like to thank members who pay their road assessment on time and encourage those who don't to become current.

On a personal note, I am very proud to be affiliated with HOVERMC, its BOD, Staff, Crew and the Members I represent.

Thank You All, Laura Foster.



**Note:** Laura Foster, who previously was the President of the Board of Directors, has been recently hired as General Manager. Laura, with her knowledge of Ocean View and her experience as a Board Member, is doing an excellent job overseeing the day to day operation of RMC. The Board wishes her well in her future endeavors in performing this very important and difficult task.

## **H.O.V.E. ROADS – PAST, PRESENT AND THE FUTURE.**

For those of you that have lived here for many years, you may remember the poor condition of our road system in the seventies and early eighties. In the early days of road building a cinder base was laid under the chip seal layer. This proved to be a disaster as after several years the roads would start cracking and many potholes would develop caused by water washout of the cinder. In the late 1980's a project was started to rebuild all the roads to be completed in 5 years. Although it took longer than estimated, most of our roads were rebuilt by the late 1990's.

The roads today are gravel based and last with periodic maintenance for many years. They are far better than most of the other urban subdivisions in Hawaii. If you have a computer you might go to Google Maps and take a look around at some of the ungated communities. It might be eye opening. The Board continues to look closely at utilization of the in-house road crew and outside contractors to provide the best roads at the least cost. The price of oil over the years has shot up and is presently one major factor in doing roadwork and in setting the road assessment fee.

The GM has been researching future alternative ways to upkeep our roads at a more economical price. It is also planned to continue evaluation and implementation of four-way stop signs at the hazardous intersections in the near future. We are going to move stop signs further back from the intersections to avoid the continual sign damage.

Over weight vehicles contribute to major wear and tear on our road system. RMC is setting up a process to assess these vehicles for road usage. These fees will be used primarily for the upkeep of our truck routes.

## **2014 ROAD PLAN.**

The RMC Board of Directors has approved the following Plan for 2014.

1. Fog seal and paint up to 30 miles of roadway. The cost is estimated at \$10,000.00 per mile (4 blocks). It is planned that most fog sealing will be done by the RMC Road Crew.
2. Set aside funds to rebuild 4 blocks of deteriorated roads. Cost estimate is approximately \$70,000 per mile.
3. To use the balance of the roadwork funds to rework deteriorated intersections.

We have many miles of roads that are still in good condition but need fog sealing to protect them for future years. Roads that will be fogged sealed will also be repainted with lines and markers. Other funds from the 2014 road work budget will be utilized for routine pothole patching, mowing, weed control and sign and marker replacement.

## **2014 ROAD ASSESSMENT FEE.**

The 2014 assessment is proposed to be \$120 per lot. For members who pay before March 01, 2014, the assessment for early pay is \$110 per lot. A late fee of \$10 will be applied to lot owner bills after March 31, 2014. There is also a 12% per annum interest applied until all payments are made.

We accept checks, cash (at our office only), money order, payments by PayPal, or by credit card. If you own multiple properties, you can pay with one check and enclose the return portion of all statements with your payment. You can mail your payment to us or call our office with a check or credit card payment. Please do not send us cash by mail or a credit card number by e-mail. A great payment option is to pay your assessment at our website, [www.hoveroad.com](http://www.hoveroad.com).

## **FINANCIAL REPORT.**

We are happy to report that the financial condition of the Corporation is in excellent shape and although we expect to close 2013 slightly over budget the expenditures are strictly for the road system. (See the chart on last page).

One of our big problems is those lot owners that are able but unwilling to pay their fair share of maintaining the road system. Although our office staff over the last 36 months has cut the outstanding balance down considerably, there is still a balance of about \$740,000.00 owed by 1630 lot owners as we sent out this newsletter.

## **Volunteers are needed for the Board of Directors.**

We are presently lacking in the area of **Volunteerism**. Being a Director on the RMC Board can be very rewarding because you will be doing something that benefits your community. Maintaining our roads is of utmost importance and to accomplish that goal, we need good people to properly oversee the funds that are utilized for that program. We have a working Board charged with the overall management of the Corporation.

If you are a person or know someone that has experience as a CPA, an Attorney, a Road Contractor or in business management, we could use that expertise on the Board. If you are willing to invest some time for your community, please step forward and offer your services either as a Board Member or in an advisory position.

## **RULES OF THE ROAD.**

**Speed limit** on all H.O.V.E. roads is **25 MPH**.

**Parking on Roadways** is not permitted.

**Stop Signs** are for your safety so stop at each one.

**Headlights** always to be used in poor visibility.

**Trucks over 10 Tons** will use Truck routes.

**Courtesy** to be used on all of our roads.

## PROPOSED BYLAWS CHANGES FOR 2013.

(Deletions are strike through. Additions are underlined. A final copy of these changes is on our Web Page).

**AUDITS.** RMC has spent thousands of dollars on yearly outside audits that were basically a waste of member's money. Recent audits were checking records that were up to six years old. It is noted that after many years the Board has finally got the audits up to date through 2012.

There are no requirements for RMC as a nonprofit corporation to do yearly outside audits. We would spend far less money to have in-house audits and they would be up to date. There are many checks and balances that could be initiated to prevent accounting irregularities from occurring on a more timely manner.

A change to the bylaws this year would specify in-house audits and we then could move forward with a far less costly accounting plan.

**9.4 Annual Accounting.** An annual in-house audit report and account, including statements of income and disbursements on an accrual basis, shall be available for inspection by members at the Corporation office not later than 220 days after the close of the Corporation's fiscal year or sent to any member, in good standing, for a fee of ~~four ten~~ ten dollars (~~\$4.00~~) (\$10.00).

**ROBERTS RULES OF ORDER:** We have a very small Board of Directors consisting of 5 to 7 members and RMC is also a non profit Corporation. With this in mind, it is generally accepted that the formality of following Roberts Rules for a small Board is not required and at times can be detrimental. Further, there is no law mandating that nonprofits must make decisions using Robert's Rules. Section 9.10 was not in our original bylaws but was added for some reason in 1995.

### Delete section 9.10 Parliamentary Authority.

**Art 1, DEFINITIONS.** There are a number of our members that have not remained current with their financial obligations to RMC and even a few that have never paid their road maintenance fees and refuse to do so. This is quite unfair to the majority of members that stay current in their assessments. Therefore the changes to define "Dues" and add "Member in good standing" are proposed with the idea that it might motivate those members in arrears to bring their accounts up to date. Section 1.13 and 1.14 are additions while Section 2.6 is modified.

**1.13 "Dues"** includes Road Assessments, Fines and any other Fees billed to a lot owner from the Corporation.

**1.14 "Member in good Standing"** means a lot owner who is current with all payments for "Dues" billed from the Corporation.

**Art II, MEMBERSHIP. Section 2.6 Voting Rights; Ballots; Proxies.** At annual or special meetings of the members of

the Corporation, ~~each a~~ a member in good standing 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 the~~ the 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 vote of at least ten percent (10%) of the votes entitled to be 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.

## BOARD MEMBER APPLICANTS.

The following members have applied for a position on the RMC Board of Directors. Three (3) to be elected.

### JIM O'HARA

Since becoming a member of the RMC Board of Directors in 2009, amongst other duties, I have edited our last five yearly Newsletters and designed and kept current the present RMC Web Page.

I have participated in almost all of the RMC Board and Committee meetings since joining the Board. I am presently serving as the Board Secretary.

I am running for another term on the Board of Directors with the sole intent to help assure that our Roads are maintained in the most economical and efficient manner. I thank you for your vote for my re-election.

### JIM STEENBURG.

I have been acquainted with HOVE since 1987 when I bought property here. I became a full time resident in February 1989 when I built my home on Tree Fern Lane. Shortly thereafter, I went to work with Rancho True Value Hardware. I later became a partner with Ken and Maggie Arbo and helped manage the business until it was sold. I built a cabinet shop and have been running that business since 1989 as Custom Cabinets by Jim.

In the past I was a HOVE volunteer fire fighter and worked my way up to Fire Chief. I held office in the Ocean View Chamber of Commerce as President and Vice President.

I have served three years on the Board and wish to serve a second term as a concerned homeowner. Your vote would be appreciated. Thank you.

### MIKE TAYLOR.

Aloha. I was appointed to the Board of Directors in October of 2012. I am now seeking your support to be elected and continue serving in that position.

I have lived on Hawaii Island for 30 years and 16 of those years I have lived here in Ka'u. My interest in running for the Board is that I want to continue to be involved in our road maintenance procedures. My wife, Marion, and I ran the Desert Rose Café and I am an author. We have always been involved in our community. Mahalo for your consideration.

## H.O.V.E. Road Maintenance Corporation Proposed 2014 Annual Budget

	2012 Actual	1st Half 2013 Actual	2nd Half 2013 Projected	Total	2013 Budget	2014 Budget (Proposed)
<b><u>Operating Expenses</u></b>						
Base Yard Expenses	5,969	4,451	3,500	7,951	8,500	48,500
Equipment Expense	18,623	17,090	25,700	42,790	45,500	61,500
Fuel	12,193	2,607	23,000	25,607	30,000	30,000
Road Construction/Contracts/Materials	427,575	22,316	450,000	472,316	333,000	546,750
<b>Total Operating Expenses</b>	<b>464,360</b>	<b>46,464</b>	<b>502,200</b>	<b>548,664</b>	<b>417,000</b>	<b>686,750</b>
<b>Percentage</b>	<b>52%</b>	<b>18%</b>	<b>68%</b>	<b>55%</b>	<b>44%</b>	<b>59%</b>
<b><u>Administrative Expenses</u></b>						
Fees	13,157	11,442	7,540	18,982	31,100	23,200
Office Expenses	37,166	11,551	12,000	23,551	22,000	18,100
Insurance-Liability/Property/Equipment	38,842	35,853	8,000	43,853	56,400	21,700
Postage/Printing	21,619	3,936	15,000	18,936	22,500	24,500
Professional Services	41,572	20,399	35,000	55,399	30,000	30,000
Utilities	7,474	2,273	4,500	6,773	9,500	7,000
<b>Total Administrative Expenses</b>	<b>159,829</b>	<b>85,454</b>	<b>82,040</b>	<b>167,494</b>	<b>171,500</b>	<b>124,500</b>
<b>Percentage</b>	<b>18%</b>	<b>33%</b>	<b>11%</b>	<b>17%</b>	<b>18%</b>	<b>11%</b>
<b><u>Salaries &amp; Related Expenses</u></b>						
Benefits Medical/Annuity	41,973	19,625	18,949	38,574	55,800	40,500
Employee Certification/Training	1,092	165	600	765	3,000	4,000
Employee Payroll Taxes	24,595	14,145	17,164	31,309	32,000	32,500
Labor- Office	90,551	43,994	50,520	94,514	100,000	125,000
Labor- Road Crew	103,067	51,426	62,475	113,901	172,000	150,000
<b>Total Personnel Expenses</b>	<b>261,278</b>	<b>129,354</b>	<b>149,708</b>	<b>279,062</b>	<b>362,800</b>	<b>352,000</b>
<b>Percentage</b>	<b>30%</b>	<b>50%</b>	<b>20%</b>	<b>28%</b>	<b>38%</b>	<b>30%</b>
<b>Total funds spent/budgeted</b>	<b>885,467</b>	<b>261,273</b>	<b>733,948</b>	<b>995,220</b>	<b>951,300</b>	<b>1,163,250</b>
<b><u>Revenues</u></b>						
Assessment Income	1,014,158.90	942,674.05				
Investment Income	17,165.54	7,226.01				

**H.O.V.E. ROAD MAINTENANCE CORPORATION  
2013 BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – Vote early.

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

In the **First Section** of the Ballot, **Election for the Board of Directors**, multiply the number of lots you own by three (3). You can then split this total number of votes between any or all candidates. Just don't exceed your total number of votes when you add up all the boxes in this section. Enter your **number** of votes in the box(s) next to the candidates. Three (3) to be elected to the Board of Directors.

In **all other sections**, you have one vote per lot for each item on the Ballot. Place your total number of votes in either the **YES** or **NO** box.

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least **TEN DAYS** mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, October 12, 2013. Our office will close at 4:00 pm, HST, on Friday, October 11, 2013.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: [bod@hoveroad.com](mailto:bod@hoveroad.com). You may also call the RMC office at **808-929-9910** or toll free at **866-241-7294**.

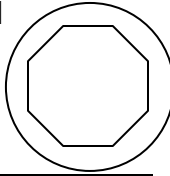
**IMPORTANT CHANGE OF OWNERSHIP FORM.**

If you have received this ballot in error because you no longer own the lot(s) in H.O.V.E. or, if your mailing address is incorrect, please notify the RMC office immediately by email or telephone as listed above. (RMC Bylaws Art II, 2.5). If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).

**THE VOTING BALLOT IS ON THE REVERSE SIDE OF THIS PAGE.**

**H.O.V.E. ROAD MAINTENANCE CORPORATION**

**2013 BALLOT**



**Election for the Board of Directors. (3 to be elected).**

For this section only, take the number of lots you own and multiply by three (3). This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between any or all of the candidates. Don't exceed your total number of votes when you add up the boxes.

Jim O'Hara  Jim Steenburg  Mike Taylor

For all the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the questions in each section below.

**I approve the 2014 Budget.**

YES  NO

**I approve the 2014 Road Plan.**

YES  NO

**I approve the change to the Bylaws Sec. 9.4 Annual Accounting.**

YES  NO

**I approve the change to the Bylaws sec. 9.10 Parliamentary Authority.**

YES  NO

**I approve the change to the Bylaws Art 1, Definitions.**

YES  NO

**I approve the change to the Bylaws Art II, Membership.**

YES  NO

**If you have any problems with completing this Ballot please refer to the instructions on the reverse side of this page.**

**HAWAIIAN OCEAN VIEW ESTATES  
ROAD MAINTENANCE CORPORATION**  
P.O. Box 6227, Ocean View, HI 96737. (808) 929 9910  
Toll Free: 866 241 7294, Email: [office@hoveroad.com](mailto:office@hoveroad.com)  
Visit our website at [www.hoveroad.com](http://www.hoveroad.com)

**2014 NEWSLETTER**

**RMC BOARD OF GOVERNORS**

President, Mike Finn; VP, Jim Steenburg; Secretary, Jim O'Hara;  
Treasurer, Bruce Petrovic; Director, George Campbell.

**Annual Membership Meeting**  
**Saturday, October 11, 2014 at 10:00 AM**  
**Ocean View Community Center**

**MEETING AGENDA**

- I. QUORUM.**
- II. CALL TO ORDER.**
- III. ADOPTION OF THE AGENDA.**
- IV. LAST CALL FOR VOTING.**
- V. REVIEW OF THE PAST YEAR AND THE 2015 ROAD PLAN.**
- VI. 2015 BUDGET.**
- VII. VOTING RESULTS.**
- VIII. ADJOURNMENT.**
- IX. OPEN FORUM.**

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**Aloha Members.** Another year has come and gone all too fast. The road work for 2013 got off to a good start only to be slowed by an unusually wet winter. We finished the 2013 road plan in late February of this year. Currently work scheduled for 2014 is underway and we anticipate that all of the chip sealing and fog sealing will be done by the end of this summer.

After the 2014 major road work is complete, our crew will then resume the task of filling potholes, painting and removing vegetation from the sides of the road. As a reminder to members, anything planted or assembled, such as rock walls that are on HOVE road right-of-ways are subject to removal. Please make sure that your projects are on your property.

Mahalo to those of you who report illegal dumping, abandoned vehicles and vandalism to our signs and

roadways. As our community continues to grow it is imperative that we all look out for our best interests.

We have come a long way in implementing a commercial use fee for vehicles over 10 tons. If you see a commercial vehicle without a HOVE sticker, please report it. To support those businesses contributing to our roadways you may view the list at [www.hoveroad.com](http://www.hoveroad.com) or call our office.

On behalf of the Board of Directors, Staff and Crew, we would like to thank all of you who obey speed limits and traffic signs. We encourage those who don't to remember it only takes one time for a catastrophe to happen.

Have a safe year and please take the time to vote.

Laura Foster, COO and your RMC Board of Directors.

**2015 ROAD ASSESSMENT FEE.** The 2015 assessment is proposed to remain the same as 2014 at \$120 per lot. For members who pay in full before March 01, 2015, the assessment for early payment is \$110 per lot.

**PAYMENT INFORMATION.** A late fee of \$10 will be applied to lot owner bills after March 31, 2015. There is also a 12% per annum interest applied until all payments are made. A lien fee of \$235 is charged if unpaid after 2 years. Any property is subject to be foreclosed if not paid in full by 1 year after the date of lien.

We accept checks, cash (at our office only), money orders, payments by PayPal, or by credit/debit card. If you own multiple properties, you can pay with one check and enclose the return portion of all statements with your payment. You can mail your payment to us using a check or credit/debit card but please do not send us cash by mail. You can also call our office with your credit/debit card number. A great payment option is to pay your road assessment at our website, [www.hoveroad.com](http://www.hoveroad.com).

We also have a new paperless billing option being initiated. To receive your statement by email, send us your email address and billing information to [office@hoveroad.com](mailto:office@hoveroad.com).

For members who are unable to pay their assessment in full before March 31<sup>st</sup>, a **Monthly Payment Plan** is available to avoid additional fees. If the account is paid in full before the end of the year, no fees will be added to the account for delinquency. For more information contact our office.

## **REVENUES.**

The Corporation receives its revenues from the annual road assessments charged to each property owner. Collection of past due assessments, finance charges, lien fees and transfer fees continues to keep assessments at a low rate. Continued diligence and aggressive collections will remain important in order to maintain high membership compliance. Thank you to all members who paid their assessments on time in 2014 resulting in an on-time payment compliance of over 70%. As of the printing date of this newsletter, over 86% of all accounts have been paid.

## **2015 ROAD PLAN.**

The RMC Board of Directors has approved the following Road Plan for 2015.

1. Chip seal 5 miles of deteriorated roads. The cost estimate is approximately \$75,000 per mile.
  2. Fog seal and paint up to 10 miles of roadway. The cost is estimated at \$10,000 per mile.
- The actual roads to be worked on will be decided at a later date. The normal routine maintenance such as pot holes, signage and painting will continue using available funds.

There is a problem with making a Budget and Road Plan early for work to be accomplished over six months in the future. The price of oil, which makes up a large part of road work, may vary considerably by the time the work is scheduled. However, our Bylaws define how far ahead of the voting that the Membership must be notified.

## **THE HARD FACTS.**

All Members should be aware that we have 157 miles of roads

in HOVE. We are presently funding 5 miles of chip seal per year. The ideal target for chip seal should be at least 15 miles of road per year so all roads would be chip sealed every 11 years. Our roads would be in far better shape in the future.

The present cost per mile for chip seal is approximately \$75,000 per mile. This means the yearly cost would be a minimum of \$75K X 15 = \$1,125,000. Divide this by 10,500 lots and it comes out to \$107 per year. Adding in the other operating expenses would mean approximately \$150 per year per lot holder. There are many roads that could be fog sealed at present and in return, do several less miles of chip seal.

What we are seeing is that the present Road Assessment is not enough to keep our roads in good condition and we need to increase the assessment to at least \$150 per lot. The RMC Board of Directors is recommending this approximate increase in 2016 to get closer to that goal of 15 miles per year.

Please check our website at [www.hoveroad.com](http://www.hoveroad.com), for an explanation of chip seal and fog seal.

## **INCREASED ROAD WEAR BY COMMERCIAL ENTITIES.**

Several years ago a new shopping center opened at the foot of Lotus Blossom Lane and the County opened new water spigots on the lower end of Lehua Lane. These certainly were welcome additions for the residents but the traffic on Lehua, Keaka and Lotus Blossom has increased significantly and those roads are now showing the additional wear.

A new shopping center is in the process of approval by the County at the foot of Lehua Lane. This complex may include offices and even an apartment building along with other stores. If this complex is approved, the lower section of Lehua Lane will be completely over burdened and a maintenance nightmare.

Commercial truckers and water haulers continue to follow their own rules and add considerable wear and tear on our roads.

Ten years from now we could well see double the usage of our road system if only because of new residents moving into our community.

The RMC Management is working diligently to come up with the answers to these problems. Our target is to get commercial entities to help pay for the road wear they create to keep the Road Maintenance Fees paid by Members at a minimum.

Input on solving these problems from all Members may help keep your costs down. For our Members that live here, we would appreciate reporting any misuse of our Road System.

## **POSTING NOTICES ON HOVE ROADWAYS AND SIGNS.**

We are having an ongoing problem with persons erecting signs on the HOVE roadways and taping notices up on the HOVE traffic signs and posts. This practice is detrimental to road safety. Posting notices on the traffic signs has many times caused damage to the signs and sign posts. These costs are paid for by you, the Members.

The BOD has approved a rule that prohibits posting notices or signs of any kind on the HOVE Road System or traffic signs. Effective January 1, 2015 there will be a \$25 fine for the first offense and \$100 fine for any subsequent violation.

## **ENCROACHMENTS ON THE HOVE ROADWAYS.**

Anything on the HOVE right-of-ways are subject to removal. This includes, but is not limited to cars, rock walls, wooden fences, gates, shrubs, trees and yes, even basketball hoops.

With the increased traffic on our roads these items are becoming more of a traffic hazard.

Property owners placing any item on the road right-of-way may be liable for removal costs. Cars may be towed at the owner's expense. Please keep in mind that it is the property owner's responsibility to keep our road right-of-way clear and free of all obstructions. Thank you for your co-operation.

### **H.O.V.E. RULES OF THE ROAD.**

Speed limit on all roads is 25 MPH.

Parking on roadways is not permitted.

Stop signs are for your safety so stop at each one.

Headlights are to be used in poor visibility.

Trucks over 10 tons must be registered with HOVE RMC and will use Truck Routes when entering and departing HOVE.

Use courtesy on all of our roads.

### **PROPOSED BYLAWS CHANGES.**

Over the years our road system has been misused by both residents and others, including commercial vehicles, which has increased costs for road maintenance. To have the Bylaws be more specific in the use of the HOVE Road System, The BOD recommends a change to Art.VII, Section 7.1 as shown here.

#### **Present Wording of Art VII, Section 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.

#### **Proposed revision of Art VII, Section 7.1.**

The HOVE Road System is for the exclusive use by Members, Members' invited guests and commercial vehicles providing services for Members. All commercial vehicles will be registered with, and be approved by, the HOVE RMC. Vehicles over 10 tons shall utilize Truck Routes for entry and departure of the HOVE Road System and utilize the Truck Routes as much as possible within the subdivision. Use of the HOVE Road System is for the sole purpose of access from the public highway (HWY 11) to a HOVE lot, from a HOVE lot to the public highway or from one HOVE lot to another HOVE lot. Any usage of the HOVE Road System from the public highway to any bordering properties must be first approved by the HOVE BOD and the HOVE RMC full Membership. All vehicles shall utilize the HOVE Road System in a reasonable manner and obey all traffic signs.

**The second Bylaws change** is in regards to cumulative voting. HRS 416-74 has been repealed and we are now under HRS 414D-114. This Bylaws change would be a minor correction to one sentence that would read as follows in Art II, Sec 2.6: (The underlined is the only change).

"Cumulative voting is permitted as provided in Section 414D-114 Hawaii Revised Statutes, as the same now exist or is hereafter amended".

#### **Volunteers are needed for the Board of Directors.**

We are still lacking in the area of volunteerism. Being a Director on the RMC Board can be very rewarding because you will be doing something that benefits your community. Maintaining our roads is of utmost importance and to accomplish that goal, we need good people to properly

oversee the funds that are utilized for that program. We have a working, non-paid Board of Directors charged with the overall management of the Corporation.

If you are a Member or know a Member that has experience as a CPA, attorney, road contractor or in business management, we could use that expertise on the Board. If you are willing to invest some time for your community, please step forward and offer your services either as a Board Member or in an advisory position.

### **BOARD MEMBER APPLICANTS.**

The following member has applied for a position on the RMC Board of Directors. Two (2) positions are open for election.

#### **Eugene Phillips.**

I possess the following experience: AS Accounting, AAS Business and BA Business. Professional Licensing through a 4 year academy as Officer aboard very large ships. Numerous certificates recognized by the International Maritime Community ranging from shipboard medical to the handling of explosives.

The first half of my career was dedicated to finance and accounting, most notably Division Level Specialist for International Paper, Imaging Products Division. This position required that I summarize data through multiple software platforms to provide top management clear and concise financial information.

The last half of my career was devoted to the Maritime Industry which mostly supported our US Navy in the Persian Gulf. I was also responsible for the moving of dangerous liquids between international ports. Responsibility was not a byword. It was practiced fulltime for the safety of the crew, the ship and its cargo.

I come to you with a diverse background and am confident that I can be an asset to HOVE RMC.

Thank you for your consideration.

#### **The following Board Member is up for ratification.**

**George W Campbell.** (Elected to the Board at the March 6, 2014 Board Meeting in accordance with Bylaws Art. III, Sec. 3.5).

In November 2012, my spouse Eunice and I moved to Ocean View from Manchester, CA. I have a long history of serving the communities in which we lived. I was the Chair of the Manchester Elementary School Board for many years and I served as a Director of the Redwood Coast Fire District for several years in that same community.

One of my degrees is an MBA from Golden State University, which I put to good use while I was employed at Lawrence Livermore National Laboratory (LLNL). There I served in many positions such as the Head of the Hazards Control Department. As the Deputy for Plant Operations I helped to lead Environmental Safety & Health, and Security and Plant Engineering. One of the many functions of Plant Engineering was maintenance of roads and facilities. My years as a Manager at LLNL gave me experience in leading personnel, developing budgets, meeting goals and completing projects on-time and within budget.

My work experience coupled with my community volunteer experience in serving the public, should allow me to be a productive member of the HOVE Board.

## 2015 H.O.V.E. Road Maintenance Corporation Budget

	2013 Actual	2014 Actual	2014 Projected	Total	2014 Budget	2015 Budget
<b>Operating Expenses</b>						
Base Yard Expenses	52,541	34,130	5,940	40,070	54,700	42,000
Equipment Expense	62,860	9,529	45,500	55,029	61,000	86,800
Fuel	10,166	5,427	10,000	15,427	30,000	15,000
Road Resurfacing/Contracts/Materials	224,406	270,478	395,000	665,478	546,750	529,000
<b>Total Operating Expenses</b>	<b>349,974</b>	<b>319,564</b>	<b>456,440</b>	<b>776,004</b>	<b>692,450</b>	<b>672,800</b>
Percentage	49%	66%	61%	63%	60%	58%
<b>Administrative Expenses</b>						
Fees	14,838	10,848	6,300	17,148	16,700	18,100
Office Expenses	19,128	7,315	16,900	24,216	25,100	42,300
Insurance - Liability/Property/Equipment	2,756	3,397	2,850	6,247	6,500	6,500
Postage/Printing	13,178	10,821	12,000	22,821	24,500	21,000
Professional Services	51,322	5,043	25,000	30,043	30,000	46,000
Utilities	4,543	2,208	3,000	5,207	5,000	5,000
<b>Total Administrative Expenses</b>	<b>105,764</b>	<b>39,630</b>	<b>66,050</b>	<b>105,682</b>	<b>107,800</b>	<b>138,900</b>
Percentage	15%	8%	9%	9%	9%	12%
<b>Salaries &amp; Related Expenses</b>						
Benefits Medical/Annuity	36,709	24,320	26,100	50,420	51,000	42,500
Employee Certification/Training	519	724	3,000	3,724	4,000	3,500
Employee Payroll Taxes	26,754	11,943	17,000	28,943	32,500	30,000
Labor - Office	88,882	42,607	80,000	122,607	125,000	125,000
Labor - Road Crew	100,695	47,381	100,000	147,381	150,000	150,000
<b>Total Personnel Expenses</b>	<b>253,559</b>	<b>126,976</b>	<b>226,100</b>	<b>353,075</b>	<b>362,500</b>	<b>351,000</b>
Percentage	36%	26%	30%	29%	31%	30%
<b>Total funds spent/budgeted</b>	<b>709,297</b>	<b>486,170</b>	<b>748,590</b>	<b>1,234,761</b>	<b>1,162,750</b>	<b>1,162,700</b>
<b>Revenues</b>						
<b>Assessment Income</b>	<b>1,124,003.85</b>	<b>1,101,064.69</b>				
<b>Investment Income</b>	<b>42,821.95</b>	<b>15,387.60</b>				



**H.O.V.E. ROAD MAINTENANCE CORPORATION  
2014 BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – Vote early. To view a copy of the RMC Bylaws go to our website [www.hoveroad.com](http://www.hoveroad.com).

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

In the **First Section** of the Ballot, **Election for the Board of Directors**, multiply the number of lots you own by two (2). You can then split this total number of votes between any or all candidates. Just don't exceed your total number of votes when you add up all the boxes in this section. Enter your **number** of votes in the box(s) next to the candidate(s). (Two (2) positions open).

In **all other sections**, you have one vote per lot for each item on the Ballot. Place your total number of votes in either the **YES** or **NO** box.

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least **TEN DAYS** mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, October 11, 2014. Our office will close at 4:00 pm, HST, on Friday, October 10, 2014.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: [bod@hoveroad.com](mailto:bod@hoveroad.com). You may also call the RMC office at **808-929-9910** or toll free at **866-241-7294**.

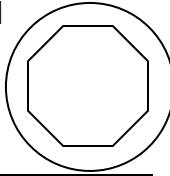
**IMPORTANT CHANGE OF OWNERSHIP.**

If you have received this ballot in error because you no longer own the lot(s) in H.O.V.E. or, if your mailing address is incorrect, please notify the RMC office immediately by email or telephone as listed above. (RMC Bylaws Art II, 2.5). If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).

**THE VOTING BALLOT IS ON THE REVERSE SIDE OF THIS PAGE.**

**H.O.V.E. ROAD MAINTENANCE CORPORATION**

**2014 BALLOT**



**Election for the Board of Directors.** (Two (2) positions open).

For this section only, **take the number of lots you own and multiply by two (2).** This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between any or all of the candidates. Don't exceed your total number of votes when you add up the boxes.

**Eugene Phillips**

**Ratification of an appointed Board Member.**

For this section, you get one (1) vote for each lot you own. Take this total figure and enter it in either the Yes Box to Ratify or the No Box not to Ratify.

**George Campbell** Yes  No

For all the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the question in each section below.

**I approve the 2015 Budget.**

YES  NO

**I approve the 2015 Road Plan.**

YES  NO

**I approve the change to the Bylaws Art VII, Sec. 7.1.**

YES  NO

**I approve the change to the Bylaws Art II, Sec. 2.6.**

YES  NO

**If you have any problems with completing this Ballot please refer to the instructions on the reverse side of this page.**

**HAWAIIAN OCEAN VIEW ESTATES  
ROAD MAINTENANCE CORPORATION**  
P.O. Box 6227, Ocean View, HI 96737. (808) 929 9910  
Toll Free: 866 241 7294, Email: office@hoveroad.com  
Visit our website at www.hoveroad.com

**2015 NEWSLETTER**

**RMC BOARD OF GOVERNORS**

President, Mike Finn; VP, Jim Steenburg; Secretary, Jim O'Hara;  
Treasurer, George Campbell; Director, Eugene Philips

**Annual Membership Meeting**

**Saturday, October 10, 2015 at 10:00 AM**

**St Jude Episcopal Church, 92-8606 Paradise Circle, Mauka.**

**MEETING AGENDA**

- I. QUORUM.
- II. CALL TO ORDER.
- III. ADOPTION OF THE AGENDA.
- IV. LAST CALL FOR VOTING.
- V. REVIEW OF THE PAST YEAR AND THE 2016 ROAD PLAN.
- VI. 2016 BUDGET.
- VII. VOTING RESULTS.
- VIII. ADJOURNMENT.
- IX. OPEN FORUM.

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**Aloha Members,**

**President, Mike Finn.**

Work on the roads in HOVE has been challenging but fruitful this year. More Chip seal is being laid and the condition of the roads look better. They are starting to be brought up to a standard that we can be proud of. Kudos to our COO and Crew for their hard work. I would like to once again ask the resident Members to be involved by volunteering to be on the Board. Some of us will be retiring from our positions and new blood will be needed to continue the work.

Thank you.

**COO, Laura Foster.**

Last year we re-surfaced 5 miles of roadway. Work was done on Tree Fern Lane, Ginger Blossom Lane, Plumeria Lane, Luau Drive, and Mahi Mahi Drive.

The five miles of roadway scheduled to be resurfaced in 2015 have been completed. These included upper Reef Parkway, Coconut Drive, Liliana Lane and Lotus Blossom Circle. In August of 2014 the Board voted to resurface an additional

5 miles in 2015. This projected 20 blocks of roadway is in the mid and lower west section and includes sections of Hukilau Drive, Ocean View Parkway, Palm Parkway and several of our deteriorated intersections.

In 2013, RMC implemented a Commercial Use Fee for vehicles over 10 tons and asked those vehicle owners to obey our truck routes and rules of the road. This was to decrease wear on our road system. To date very few owners have complied and continue to ignore the truck routes and rules.

These people can be fined by HPD. If you see abuse please call the non-emergency police number and report it.

The increased heavy truck traffic in the cinder pit area has left several of our roads severely damaged. In addition, increased digging is undermining our right-of-way shoulders making the roads in that area hazardous. We are currently working with the County Planning Department to help insure the parties responsible are held accountable for damages. Our main concern is to make all our roads safe for our Members use.

We are still trying to work out an agreement with the owner of the lots above our subdivision. This concerns paying for the use of our roads and preventing any further heavy truck traffic.

To help prevent the edges of the pavement from being destroyed by grass and weeds we are spraying up to 18 inches of the road easements with weed killer. We are also experimenting with the use of compacted cinder to eliminate this same problem.

If you need notice before we spray please call or e-mail our office. As a reminder any plants, trees, rock walls etc. protruding into the right-of-way may be subject to removal. On behalf of the Board of Directors, staff and crew, we would like to thank all our members who pay their road assessments for a successful year. Please remember to VOTE. Mahalo.

### **2016 ROAD PLAN.**

Next year we are upgrading the amount of road work from 5 miles to 10 miles yearly. This will get us closer to our goal of completing the rework of all 157 miles of our roads every 10 years which will improve their condition. Early in 2016 we will evaluate road conditions and decide which roads to resurface.

### **2016 ROAD ASSESSMENT FEE.**

The 2016 assessment is proposed to be \$140 per lot. For members who pay in full before March 01, 2016, the assessment for early payment is \$130 per lot. The assessment is based on the 2016 Budget that has been approved by the RMC Board of Directors for your consideration. (See page 4).

**PAYMENT INFORMATION.** A late fee of \$10 will be applied to lot owner bills after March 31, 2016. There is also a 12% per annum interest applied until all payments are made. A lien fee of \$235 is charged if unpaid after 2 years. Any property is subject to be foreclosed if not paid in full by 1 year after the date of lien.

We accept checks, cash (at our office only), money orders, payments by PayPal, or by credit/debit card. If you own multiple properties, you can pay with one check and enclose the return portion of all statements with your payment. You can mail your payment to us using a check or credit/debit card but please do not send us cash by mail. You can also call our office with your credit/debit card number. A great payment option is to pay your road assessment at our website, [www.hoveroad.com](http://www.hoveroad.com).

For members who are unable to pay their assessment in full before March 31, a **Monthly Payment Plan** is available to avoid additional fees. If the account is paid in full before the end of the year, no fees will be added to the account for delinquency. For more information contact our office. Also you might look into our paperless billing plan. To receive your statement by email, send us your email address and billing information to [office@hoveroad.com](mailto:office@hoveroad.com).

### **ENCROACHMENTS ON THE HOVE ROADWAYS.**

Anything on the HOVE right-of-ways is subject to removal. This includes, but is not limited to vehicles, rock walls, wooden fences, gates, shrubs, trees and yes, even basketball hoops. With the increased traffic on our roads these items are becoming more of a traffic hazard.

Property owners placing any item on the road right-of-way may be liable for removal costs. Vehicles may be towed at the owner's expense. Please keep in mind that it is the property owner's responsibility to keep our road right-of-ways clear and free of all obstructions. Thank you for your co-operation.

### **PROPOSED BYLAWS CHANGES.**

The proposed change to Sec. 2.9 is to make the elections and voting more compatible with the end of the fiscal year.

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

The proposed change to Sec. 3.12 is clarification of Member attendance at the executive sessions. Personal and confidential information may be discussed that should not be open to the general public. Also, the change is to include all contract discussions in an executive session.

**3.12 Attendance by Members.** Any member may attend any meeting of the Corporation Board, except an executive session. ~~save that~~ The Board, in its discretion, may declare call for an executive session to discuss and make decisions concerning the following issues provided that such resolved decisions are announced to the next membership meeting:  
(a) ~~labor~~ Contracts involving the Corporation  
(b) Litigation involving the Corporation  
(c) The hiring, firing and disciplinary action concerning employees.

The proposed change to Sec. 6.1 brings up to date the maximum Assessment Fee to \$120. This is applicable only to the conditions set forth in the last sentence of 6.1. See below.

**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 on 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 attributed 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. The Board shall set the total amount of the assessments to equal no less than 100% and no more than 110% of the total Budget amount. 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~~ \$120.00 per lot, whichever is lower.

## **The Bylaws if approved will read as follows:**

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

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

- (a) Contracts involving the Corporation
- (b) Litigation involving the Corporation
- (c) The hiring, firing and disciplinary action concerning employees.

**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 on 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 attributed 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. The Board shall set the total amount of the assessments to equal no less than 100% and no more than 110% of the total Budget amount. 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 \$120.00 per lot, whichever is lower.

## **WEED CONTROL.**

There has been considerable discussion and complaining about the method of how to control the weed growth that infringes on our roadways and creates a safety hazard.

Residents must remember that there is at least a 10 foot wide easement between the paved road and a person's property. This area is the responsibility and under the control of RMC. Spraying for weed control is done to no more than 18 inches from the paved road on that adjoining easement. This is not on or does it affect your property.

We are going to try an alternative plan if a lot owner is against spray. You maintain the frontage of your lot by eliminating or mowing all growth on the road easement and then post a small sign "Don't spray" and verify with the RMC office. If this procedure is followed the crew will not spray on that frontage.

## **Volunteers are needed for the Board of Directors.**

We are still lacking in the area of volunteerism. This year not one resident Member has stepped forth to help their community and become a member of the Board of Directors. Being a Director on the RMC Board can be very rewarding because you will be doing something that benefits your community. Maintaining our roads is of utmost importance and to accomplish that goal, we need good people to properly oversee the funds that are utilized for that program. We have a working, non-paid Board of Directors charged with the overall management of the Corporation.

If you are a resident Member or know a resident Member that has experience as a CPA, attorney, road contractor or in business management, we could use that expertise on the Board. If you are willing to invest some time for your community, please step forward and offer your services either as a Board Member or in an advisory position. Although the time to be elected this year has passed, you can still become a Board Member by appointment. Please check with our office.

Any Member or group of Members that have problems or suggestions about our roadwork should come forth and we can set you up as a committee to work out the details that will be presented to the Board.

If you don't participate as a Board Member, on a Committee, or at least attend Board Meetings, please do not complain!

## **TREASURER'S REPORT. George Campbell.**

I am happy to report that HOVE Road Maintenance is in a solid financial position. As of June 2015, we have received 76% of the annual road maintenance fees from our members. The staff is continuously working hard to collect the delinquent assessments and past due fees.

The 2013-14 audit report is completed. This audit has been done by an accredited, outside firm. It shows that our accounting processes are sound and that our Corporation has been properly managed in allocating and protecting your funds. The audits are available for review in the RMC office.

The Board has decided to resurface 10 miles of roads this year which will cause a shortfall in our budget for road resurfacing. As noted elsewhere in this Newsletter, our goal is to be able to resurface 15 miles of roadway per year.

As discussed in last year's Newsletter, an increase in the 2016 road maintenance fees must be implemented so that our goal of resurfacing more roads each year can be met. That Newsletter stated that we would need to increase the annual fee to \$150 dollars per lot. However, after a detailed review of the costs, we feel that the 2016 fee should be \$140 per lot.

Mahalo to all of you for helping maintain a functional road system in HOVE.

## 2016 H.O.V.E. Road Maintenance Corporation Budget.

	2014 Actual	1st Half 2015 Actual	2nd Half 2015 Projected	Total	2015 Budget	Proposed 2016 Budget
<b>Operating Expenses</b>						
Base Yard Expenses	40,070	34,468	4,025	38,493	42,000	38,800
Equipment Expense	55,029	13,362	130,400	143,762	86,800	150,000
Fuel	15,427	7,945	12,000	19,945	15,000	25,000
Road Resurfacing/Contracts/Materials	665,478	326,916	328,800	655,716	529,000	773,000
<b>Total Operating Expenses</b>	<b>776,004</b>	<b>382,692</b>	<b>475,225</b>	<b>857,917</b>	<b>672,800</b>	<b>986,800</b>
	<b>63%</b>	<b>67%</b>	<b>68%</b>	<b>67%</b>	<b>58%</b>	<b>72%</b>
<b>Administrative Expenses</b>						
Fees	17,148	10,760	4,600	15,360	18,100	16,000
Office Expenses	24,216	5,687	15,000	20,687	42,300	20,500
Insurance-Liability/Property/Equipment	6,247	3,500	2,200	5,700	6,500	5,800
Postage/Printing	22,821	7,815	13,000	20,815	21,000	21,000
Professional Services	30,043	34,898	65,000	99,898	46,000	40,000
Utilities	5,207	2,143	2,400	4,543	5,000	5,000
<b>Total Administrative Expenses</b>	<b>105,682</b>	<b>64,802</b>	<b>102,200</b>	<b>167,002</b>	<b>138,900</b>	<b>108,300</b>
<b>Percentage</b>	<b>9%</b>	<b>11%</b>	<b>15%</b>	<b>13%</b>	<b>12%</b>	<b>8%</b>
<b>Salaries &amp; Related Expenses</b>						
Benefits Medical/Annuity	50,420	23,426	19,200	42,626	42,500	42,400
Employee Certification/Training	3,724	190	350	540	3,500	950
Employee Payroll Taxes	28,943	11,879	12,000	23,879	30,000	25,000
Labor- Office	122,607	33,162	35,000	68,162	125,000	85,000
Labor- Road Crew	147,381	57,147	60,000	117,147	150,000	125,000
<b>Total Personnel Expenses</b>	<b>353,075</b>	<b>125,803</b>	<b>126,550</b>	<b>252,353</b>	<b>351,000</b>	<b>278,350</b>
<b>Percentage</b>	<b>29%</b>	<b>22%</b>	<b>18%</b>	<b>20%</b>	<b>30%</b>	<b>20%</b>
<b>Total funds spent/budgeted</b>	<b>1,234,761</b>	<b>573,297</b>	<b>703,975</b>	<b>1,277,272</b>	<b>1,162,700</b>	<b>1,373,450</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Revenues</b>						
Assessment Income	1,064,156	961,990				
Investment Income	62,682	19,995				



**H.O.V.E. ROAD MAINTENANCE CORPORATION  
2015 BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – Vote early. To view a copy of the RMC Bylaws go to our website [www.hoveroad.com](http://www.hoveroad.com).

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

In the **First Section** of the Ballot, **Election for the Board of Directors**, multiply the number of lots you own by two (2). You can then split this total number of votes between any or all candidates. Just don't exceed your total number of votes when you add up all the boxes in this section. Enter your **number** of votes in the box(s) next to the candidate(s). (Two (2) positions open).

In all **other sections**, you have one vote per lot for each item on the Ballot. Place your total number of votes in either the **YES** or **NO** box.

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least **TEN DAYS** mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, October 10, 2015. Our office will close at 4:00 pm, HST, on Friday, October 09, 2015.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: [bod@hoveroad.com](mailto:bod@hoveroad.com). You may also call the RMC office at **808-929-9910** or toll free at **866-241-7294**.

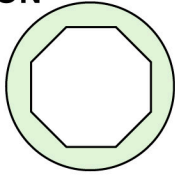
**IMPORTANT CHANGE OF OWNERSHIP.**

**If you have received this ballot in error because you no longer own the lot(s) in H.O.V.E. or, if your mailing address is incorrect, please notify the RMC office immediately by email or telephone as listed above. (RMC Bylaws Art II, Sec. 2.5). If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).**

**THE VOTING BALLOT IS ON THE REVERSE SIDE OF THIS PAGE.**

**H.O.V.E. ROAD MAINTENANCE CORPORATION**

**2015 BALLOT**



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**Election for the Board of Directors.** (Two (2) positions open).

For this section only, take the number of lots you own and multiply by two (2). This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between **any** or all of the candidates. Don't exceed your total number of votes when you add up the boxes.

(No resident Member has applied for the Board therefore none to be elected).

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For all the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the question in each section below.

**I approve the 2016 Budget.**

YES  NO

**I approve the 2016 Road Plan**

YES  NO

**I approve the change to the Bylaws Art II, Sec. 2.9.**

YES  NO

**I approve the change to the Bylaws Art III, Sec. 3.12.**

YES  NO

**I approve the change to the Bylaws Art VI, Sec. 6.1.**

YES  NO

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**If you have any problems with completing this Ballot please refer to the instructions on the reverse side of this page.**

**HAWAIIAN OCEAN VIEW ESTATES  
ROAD MAINTENANCE CORPORATION**  
P.O. Box 6227, Ocean View, HI 96737. (808) 929 9910  
Toll Free: 866 241 7294, Email: office@hoveroad.com  
Visit our website at www.hoveroad.com

**2016 NEWSLETTER**

**RMC BOARD OF GOVERNORS**

President, Jim Steenburg; VP/Treasurer, George Campbell; Secretary,  
Jim O'Hara; Director, Paul Greeson; Director, Peter Fleuret

**Annual Membership Meeting**

**Saturday, December 10, 2016 at 10:00 AM**

**The meeting will be held at St. Jude's Episcopal Church, 92-8606 Paradise Circle.**

**MEETING AGENDA**

- I. QUORUM.
- II. CALL TO ORDER.
- III. ADOPTION OF THE AGENDA.
- IV. LAST CALL FOR VOTING.
- V. REVIEW OF THE PAST YEAR AND THE 2017 ROAD PLAN.
- VI. 2017 BUDGET.
- VII. VOTING RESULTS.
- VIII. ADJOURNMENT.
- IX. OPEN FORUM.

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**GREETINGS TO ALL MEMBERS.**

**President, Jim Steenburg.**

It has been an interesting up hill path for the Corporation during my tenure as a Director and later as President. Our Operating and Investment funds have come from nearly zero in 2009 to a very comfortable level as of July 2016. This will help us in achieving our goal of the needed 15 miles of roadwork per year in the future.

The Roads are now in presentable shape and a lot of the credit goes to our COO Laura Foster. She is doing a great job.

The RMC Board of Directors is short handed at present so we need more dedicated Members to get involved.

After serving two full terms on the RMC Board, I now must say Aloha.

**COO, Laura Foster.**

Last year we lost then President Mike Finn who had served two full terms on our Board. This year we will be bidding farewell to our President, Jim Steenburg, who has served for six years, and Jim O'Hara, who has served over seven years, many of them as Secretary.

Because of the diligence of our Board Members, past and present, the Corporation has seen a remarkable change in our financial health. In 2015, we budgeted for 5 miles of roadwork and we were able to increase that to 10 miles by using some of our reserve funds. 2016 saw a small increase in assessment fees and we were again able to resurface 10 miles of road. Our goal for 2017 will once again be 10 miles.

I would like to remind everyone about the importance of voting. You are not only voting for Members to be elected to the Board, you are voting on the Budget and Bylaws change. A yes vote shows your support and appreciation of the many volunteer hours Board Members commit to keep this Corporation going in a forward direction. Remember, your sealed ballot is opened and counted by an independent non-profit organization.

**2017 ROAD PLAN.**

The Board of Directors is recommending resurfacing ten miles of roads in 2017. The detailed plan designating which roads to be done will be approved no later than the February 2017 BOD Meeting. The work will be covered in the 2017 Budget in the amount of \$750,000.00.

## 2017 ROAD ASSESSMENT FEE.

The 2017 assessment is proposed to remain at \$140 per lot. For members who pay in full before March 01, 2017, the assessment for early payment is \$130 per lot. The assessment is based on the 2017 Budget that has been approved by the RMC Board of Directors for your consideration.

### PAYMENT INFORMATION.

A late fee of \$10 will be applied to the lot owner's bill after March 31, 2017. There is also a 12% per annum interest applied until all payments are made. A lien fee of \$235 is charged if unpaid after one year. Any property is subject to foreclosure if not paid in full by one year after the date of lien.

We accept checks, money orders, payments by PayPal, or by credit/debit card. If you own multiple properties, you can pay with one check and enclose the return portion of all statements with your payment. You can mail your payment to us using a check or credit/debit card but please do not send us cash by mail. You can also call our office with your credit/debit card number. A great payment option is to pay your road assessment at our website, [www.hoveroad.com](http://www.hoveroad.com).

For members who are unable to pay their assessment in full before March 31, a Monthly Payment Plan is available to avoid additional fees. If the account is paid in full before the end of the year, no fees will be added for delinquency.

Also, you might look into our paperless billing plan. To receive your statement by email, send us your email and billing information to [office@hoveroad.com](mailto:office@hoveroad.com). For more information contact our office.

### PROPOSED BYLAWS CHANGES.

One existing problem is electing one-third 1/3 of a seven (7) Member Board. By changing to a 3,4,3,4 system of elections and the term from three to two years, the election process will then fit the number of Board Members.

Add the Stipulation of "resident" to the requirements for a Board Member. Lot owners that do not reside here normally will have little conception of the existing situation in HOVE. By requiring a Board Member to be a resident of HOVE, better decisions can be made at the Board level. In addition, a resident would be much more likely to be able to attend all Board meetings.

### Sections 3.1 of the Bylaws.

#### Existing.

**3.1 Number of Directors.** There shall be a Board of Directors of the Corporation of not less than three (3) nor more than seven (7) 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 in good standing and current with their dues and assessments. Any member of the Board of Directors not current with their dues and assessments by the due date shall automatically be removed from their position(s) on the Board at the next monthly Board of Directors meeting.

(3.1. Rev: 10-14-95, 10-08-11).

#### Revised.

**3.1 Number of Directors.** There shall be a Board of Directors of the Corporation of not less than three (3) or more than seven (7) 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. All members of the Board of Directors must be resident Members of the Corporation in good standing and current with their dues and assessments. Any member of the Board of Directors not current with their dues and assessments by the due date shall automatically be removed from their position(s) on the Board at the next monthly Board of Directors meeting.

(3.1. Rev: 10-14-95, 10-08-11, 12-10-16).

### Section 3.3 of the Bylaws.

#### Existing

**3.3 Election and Tenure.** Directors shall be elected to serve a term of three (3) 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. Directors will have term limits of two (2) terms after which a required mandatory one (1) term break in service prior to any further appointment or election. No director shall be allowed to serve more than eight (8) continuous years. Any director elected before the adoption of these Bylaws shall continue to serve until his term expires.

(3.3 Rev: 10-14-95, 10-08-11).

#### Revision.

**3.3 Election and Tenure.** Directors shall be elected to serve a term of two (2) years beginning when installed at the Annual Membership Meeting in December and shall continue to serve until their successor has been installed. The number of Directors to be elected each year will alternate between three (3) and then four (4). Additional Directors may be elected if openings occur. The tenure for a Director is limited to a continuous three (3) terms or, no more than eight years. After this, there is a mandatory one (1) year break in service prior to any further appointment or election. Any Director elected before the adoption of these Bylaws may continue to serve until his term expires.

(3.3 Rev: 10-14-95, 10-08-11, 12-10-16).



## **ENCROACHMENTS ON HOVE ROADS.**

It appears that more and more lot owners are erecting walls or fences on the edge of their property that borders the road. This is a good thing if the fence is placed within your property lines. Placing the fence on the HOVE right of way is a hazard and the property owner may be fined or the fence removed at their expense. To be safe, have a surveyor check your property pins along the road.

## **POSTING NOTICES ON HOVE ROAD SIGNS.**

Posting notices on road signs such as the stop signs is a distraction to drivers and may cause an accident. It also shortens the life of the sign due to the wear in the installation or removal of anything posted. Posting in this manner is against the regulations and can result in a fine.

## **STOP SIGNS AND SPEED LIMIT.**

There are many drivers who completely ignore the traffic signs and speed limit in HOVE which has led to a number of major accidents. The Speed limit within HOVE is twenty Five (25) miles per hour. Stop signs are installed at intersections to prevent accidents. Please drive safely and obey the speed limit and all road signs. You may not be aware that the Police are getting more vigilant in our subdivision. They are checking for motorists ignoring stop signs, speeding and not using seat belts.

## **VOLUNTEER FOR THE BOARD OF DIRECTORS.**

We are still lacking in the area of volunteerism. Being a Director on the RMC Board can be very rewarding because you will be doing something that benefits your community. Maintaining our roads is of utmost importance and to accomplish that goal, we need good people to properly oversee the funds that are utilized for that program. We have a working, non-paid Board of Directors charged with the overall management of the Corporation.

We invite ANY resident Member that is willing to invest some time for their community, to please step forward and offer your services either as a Board Member or in an advisory position. If you are a resident Member or know a resident Member that has experience as a CPA, attorney, road contractor or in business management, we could use that expertise on the Board. Although the time to be elected this year has passed, you can still become a Board Member by appointment. Please check with our office.

Any Member or group of Members that have problems or suggestions about our roadwork should come forth and we can set you up as a committee to work out the details that will be presented to the Board. If you don't participate as a Board Member, on a Committee, or at least attend Board Meetings, please DO NOT COMPLAIN!

## **BOARD MEMBER APPLICANTS.**

The following Members have applied for a position on the RMC Board of Directors. Three (3) positions are up for election and there will be four (4) other vacant positions. The three Members below are presently serving on the Board and wish to be re-elected.

### **George Campbell.**

In November 2012, my spouse Eunice and I moved to Ocean View. I have volunteered in the communities in which we lived previously as the Chair of the local School Board and as a Director of the Fire District. I have an MBA from Golden State University.

I was formally employed at Lawrence Livermore National Laboratory. There I served in many positions such as the Head of the Hazards Control Department, as the Deputy for Plant Operations and in Security and Plant Engineering. One of the many functions of Plant Engineering was maintenance of roads and facilities.

My years as a Manager gave me experience in leading personnel, developing budgets, meeting goals and completing projects on time and within budget.

I am currently the Vice-chair and Treasurer of the HOVE RMC and I humbly request your vote to serve you for another 3 years.

### **Paul Greeson.**

I grew up in Asheboro, North Carolina. After graduating from school, I enlisted in the Army and served with the 82nd Airborne as a Communications Specialist.

After leaving the service, I started a four-year Apprenticeship Program training as an Industrial Electrician. I gained experience at various places on the mainland in alternative power, including nuclear power plants along with steel production and the petro-chemical field. While working in Alaska, I had many hours of operating heavy construction equipment. Later I contracted with the Federal government for electrical work on Midway Island and finished as the electrical project manager.

Recently I took retirement and moved to HOVE where I am now providing electrical service for those on fixed income and at the poverty level.

Mahalo for your vote.

### **Pete Fleuret**

Five years ago, I moved to Ocean View from the mainland. I have 40 years of street maintenance experience that includes laboring, equipment operating, truck driving, estimating and inspection.

After a time I reached the position of the Street Superintendent of Maintenance for a city of 22 square miles.

In the past, I have been on three different Homeowner Boards. Currently I am a Board Member of HOVE RMC and would like to continue using my experience to assist with future Ocean View roadwork.

I would appreciate your vote. Thank you.

**TREASURER’S REPORT:**

I am happy to report that HOVE Road Maintenance Corporation is still in a solid financial position. Our Emergency and Investment accounts have grown over the past several years. This improvement is the result of prudent spending decisions by the COO and the Board of Directors. It has also been augmented by the dedicated assessment collection work performed by the RMC Office staff. As of July 2016, we have received 74% of the annual road maintenance fees from our Members. The 2015 report from the external auditor shows that our accounting processes are sound and that the Corporation has properly managed your funds. The 2015 year audit was completed in July and is now available for any Member to review at the HOVE Road Maintenance office.

The Board has set a goal to resurface 10 miles of roadway each year and we will be able to meet this goal with the proposed Budget. It is the intent of the Board to maintain a lean staff and spend the large share of our annual income directly on resurfacing our roads. The long-term goal is to be able to resurface 15 miles of roadway per year, which will allow us to resurface all of the HOVE roads within ten years.

It may be noted that the 2017 assessment will remain the same as this year. Fluctuating oil prices and higher labor costs have kept the cost of the road work considerably higher than in years past.

To all the Members that have paid your assessments on time, you are to be congratulated. Your cooperation has certainly been a great help in keeping our roads in good shape.

Aloha, George Campbell

**2017 H.O.V.E. ROAD MAINTENANCE CORPORATION BUDGET.**

	2015	2016	2016	2016	2016	2017
	Actual	1st Half Actual	2nd Half Projected	Total	Budget	Proposed Budget
<b>Operating Expenses</b>						
Base Yard Expenses	38,493	34,301	21,000	55,301	38,800	49,500
Equipment Expense	143,762	14,644	128,650	143,294	150,000	124,000
Fuel	19,945	10,601	1,200	11,801	25,000	6,000
Road Resurfacing/Contracts/Materials	655,716	710,888	56,150	767,038	773,000	778,000
<b>Total Operating Expenses</b>	<b>857,916</b>	<b>770,434</b>	<b>207,000</b>	<b>977,434</b>	<b>986,800</b>	<b>957,500</b>
	67%	78%	54%	71%	72%	70%
<b>Administrative Expenses</b>						
Fees	15,360	14,096	2,900	16,996	16,000	17,200
Office Expenses	20,687	12,159	7,250	19,409	20,500	38,400
Insurance-Liability/Property/Equipment	5,700	2,240	2,178	4,418	5,800	5,800
Postage/Printing	20,815	13,501	6,000	19,501	21,000	26,000
Professional Services	99,898	49,585	25,300	74,885	40,000	42,000
Utilities	4,543	2,347	2,400	4,747	5,000	5,000
<b>Total Administrative Expenses</b>	<b>167,003</b>	<b>93,928</b>	<b>46,028</b>	<b>139,956</b>	<b>108,300</b>	<b>134,400</b>
	13%	10%	12%	10%	8%	10%
<b>Salaries &amp; Related Expenses</b>						
Benefits Medical/Annuity	42,626	22,770	14,000	36,770	42,400	41,200
Employee Certification/Training	540	190	120	310	950	250
Employee Payroll Taxes	23,879	10,822	10,350	21,172	25,000	25,000
Labor- Office	68,162	34,676	40,000	74,676	85,000	89,450
Labor- Road Crew	117,147	54,724	65,000	119,724	125,000	125,000
<b>Total Personnel Expenses</b>	<b>252,354</b>	<b>123,182</b>	<b>129,470</b>	<b>252,652</b>	<b>278,350</b>	<b>280,900</b>
	20%	12%	34%	18%	20%	20%
<b>Total funds spent/budgeted</b>	<b>1,277,273</b>	<b>987,544</b>	<b>382,498</b>	<b>1,370,042</b>	<b>1,373,450</b>	<b>1,372,800</b>
	100%	100%	100%	100%	100%	100%
<b>Revenues</b>						
Assessment Income	1,016,061	1,095,374				
Investment Income	50,003	15,859				

**One final note.**

Several Members have asked the question, “Why is the Newsletter only four pages and contains just the basic information? It used to be considerably larger and included some pictures”.

The answer to that is quite simple. The format after 2009 was condensed as a cost saving measure. The cost of the Newsletter was cut in half. In addition, keeping the mailing at less than one ounce has also saved us money. Going from the present 1 ounce mailing to just 2 ounces for our 7500 mailings would add \$1500 dollars. -Thirty-

**H.O.V.E. ROAD MAINTENANCE CORPORATION  
2016 BALLOT INSTRUCTIONS.**

It is important that you vote on the issues included herein. This is your opportunity to be counted and help decide the issues. Do not wait until the last minute – Vote early. To view a copy of the RMC Bylaws go to our website [www.hoveroad.com](http://www.hoveroad.com).

**The number in the corner of your mailing label represents the number of lots you own.** If this number is incorrect, contact us. **Do not alter the number on your label.** If this number is altered your vote will not be accepted. Each consolidated lot has only one vote, regardless of the acreage.

In the **First Section** of the Ballot, **Election for the Board of Directors**, multiply the number of lots you own by three (3). You can then split this total number of votes between any or all candidates. Just don't exceed your total number of votes when you add up all the boxes in this section. Enter your number of votes in the box(s) next to the candidate(s). Cumulative voting will be used for this section which is authorized in our Bylaws, Art II, Sec. 2.6.

In all **other sections**, you have one vote per lot for each item on the Ballot. Place your total number of votes in either the **YES** or **NO** box.

The completed ballot must be returned in the envelope provided. Be sure to place a first class stamp on the envelope before mailing. Please allow at least TEN (10) DAYS mailing time. On the back of your mailing envelope, there is a line for you to sign your name across the sealing flap in order to insure that your ballot has not been tampered with. Your vote will still be totally secret.

**To be counted, your MAILED ballot must be received in our office prior to the meeting on Saturday, December 10, 2016. Our office will close at 4:00 pm, HST, on Friday, December 09, 2016.**

Hand carried ballots or proxy ballots will be accepted at the meeting up until the Last Call for Voting.

Note: If you intend to vote by proxy, please see our web page at [www.hoveroad.com](http://www.hoveroad.com) or contact our office for information.

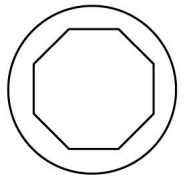
If you have any questions on this voting procedure, please check our Web Page, [www.hoveroad.com](http://www.hoveroad.com) or email any questions to: [bod@hoveroad.com](mailto:bod@hoveroad.com). You may also call the RMC office at 808-929-9910 or toll free at 866-241-7294.

**IMPORTANT CHANGE OF OWNERSHIP.**

If you have received this ballot in error because you no longer own the lot(s) in H.O.V.E. or, if your mailing address is incorrect, please notify the RMC office immediately by email or telephone as listed above. (RMC Bylaws Art II, Sec. 2.5). If you have sold the lot(s) and have the new owners mailing address, please forward this ballot and the attached Newsletter to the new owner. (RMC Bylaws).

**THE VOTING BALLOT IS ON THE REVERSE SIDE OF THIS PAGE.**

**H.O.V.E. ROAD MAINTENANCE CORPORATION**



**2016 BALLOT**

**Election for the Board of Directors.** (Three (3) to be elected).

For this section only, use cumulative voting. Take the number of lots you own and multiply by three (3). This is the total number of votes that you can split between any of the candidates. You may put your total on one candidate or split the number between any or all of the candidates. Don't exceed your total number of votes when you add up the boxes.

**George Campbell**

**Peter Fleuret.**

**Paul Greeson**

For all the sections below, you get one (1) vote for each lot you own. Take this total figure and enter it in either the YES or NO Box for the question in each section below.

**I approve the 2017 Budget.**

YES  NO

**I approve the 2017 Road Plan**

YES  NO

**I approve the Bylaws change to Art. III, Section 3.1.**

YES  NO

**I approve the Bylaws change to Art III, Section 3.3.**

YES  NO

**If you have any problems with completing this Ballot please refer to the instructions on the reverse side of this page.**

## 2017 NEWSLETTER

## A Message from the President:

Since the purchase last year of our new tractor mower, we have been able to do a much better job of keeping the weeds and grass mowed along our roads. We have a hard-working staff that is dedicated to keeping our roads safe for use. We have contracted to have 10 miles of our roadway resurfaced this year, which includes most of Aloha and Trade Winds. We have been having a large number of our road signs stolen and they are expensive to replace. We really need your help in catching whoever is carrying out these thefts. Our Board members are proud to represent all of our members and we will do our best to lead an efficient and lean organization. As always, we welcome your comments to help us continue to maintain our vast road system.

Mahalo

George

## C.O.O. Message to membership:

Aloha Members – The 2017 road work is underway, we are currently working on Aloha Blvd from the highway to the top, ending on Marlin Blvd. Next road will be Trade Wind Blvd from the top to the bottom. The other road work includes 1 mile on Hawaii Blvd and 1 mile on Hukilau Drive. That is 10 miles of chip-seal and plans to fog-seal an additional 10 miles to preserve the better roads in Ocean View. We expect all road work to be done by the end of the year. As our President mentioned our mower has been out on the right of way almost every day this year. Please remember, Do NOT plant or construct rock walls or build fences on our road right of way, they will be taken down at the owners expense. In addition to re-surfacing the roads our crew continually repair pot holes and the edges of the road. Painting continues on the stop bars and we will be striping the edge with white paint for better visibility. Addressing line of site issues is a never ending task, if you see a hazard please let us know.

I would like to remind members that voting is a very important part of membership, even if you cannot attend the Annual Meeting in December your vote counts. This year the ballots will be counted by the non-profit "Scenic byways" committee members.

YOU ARE INVITED

Annual Membership Meeting  
Saturday, December 9, 2017 at 11:30 am  
OV Community Association  
92-8924 Leilani Circle  
Ocean View, Hawaii

## MEETING AGENDA

- Quorum
- Call to order
- Agenda
- Last call for voting
- Review of the 2017 & 2018 road plan
- 2018 Budget
- Voting results
- Adjournment
- Open forum

## BOARD OF GOVERNORS

- President/Treasurer: George Campbell
- Vice President/Secretary: Peter Fleuret
- 2nd Vice President: Paul Greeson
- Director: Frank Loosli

HOVE Road Maintenance Corporation

PO Box 6227 . Ocean View . HI . 96737 .  
92-8979 Lehua Lane . Ocean View . Hawaii .  
(866) 241-7294 . (808) 929-9910 .  
Fax (808) 929-9623 .  
office@hoveroad.com www.hoveroad.com

PAYMENT OPTIONS & INFORMATION

For members who are unable to pay their annual assessment in full before March 31, a MONTHLY PAYMENT PLAN is available to avoid additional fees. If the account is paid off in full before the end of the year, no fees will be added for delinquency. We offer this MONTHLY PAYMENT PLAN for past due accounts also.

We accept checks, money orders, payments by PayPal, Sage Merchant Services or by credit/debit card. Another option is setting up automatic payments. No stamps! No forgetting! Payments are also accepted over the phone and the best payment option is on our Web-site at [www.hoveroad.com](http://www.hoveroad.com)

We offer paperless billing now. GO GREEN. To receive your statement (s) by email, sign up on our website, email [office@hoveroad.com](mailto:office@hoveroad.com) or call our office.

*A late fee of \$10.00 will be applied to a members bill after March 31. A 12% interest will be applied on December 31 for any past due accounts. A lien fee of \$235.00 is charged if unpaid after one (1) year. Once lien is placed property can/or will be foreclosed one (1) year from lien placement.*

*Did You Know....*

- HOVE offers a payment plan for those having a hard time keeping up. You can also set up automatic payments for your convenience.
- Back in 2010 a law was passed allowing the Hawaii Police Department to enforce traffic laws in private subdivisions including HOVE.
- If your road assessments are past due HOVE RMC has the right to place a lien on your property.
- Abandoned vehicles should be reported to the Hawaii Police Department non-emergency number 935-3311.
- The speed limit in HOVE is 25 MPH and stop signs are clearly marked and posted.
- If you are a landlord your tenants will not receive this newsletter, please share.
- That one day there could be 10,000+ homes in HOVE, more than 30,000+ people, and more than 20,000+ vehicles.
- If you are an absentee lot owner and have renters you may want to share this newsletter with them.
- As a property owner you should keep an eye on your property and report squatters to the Police Dept.

USEFUL CONTACTS & RESOURCES**State of Hawaii-Bureau of Conveyances**

Ph: (808) 587-0147

Web: <http://dlnr.hawaii.gov/boc/>**County of Hawaii -Real Property Tax**

Ph: (808) 961-8201

Web: [www.hawaiipropertytax.com](http://www.hawaiipropertytax.com)**County of Hawaii -Street Address Assignment**

Ph: (808) 961-8167

**Ocean View Community Association**

Ph: (808) 939-7033

Web: <http://ovcahi.org/>**Abandoned Vehicles Police Non-Emergency**

Ph: (808) 935-3311

**Hawaii Document Service (Property Attorney)**

Ph: (808) 331-1313

Toll Free 1(888) 628-9555

Web: [www.hawaiidocumentservice.com](http://www.hawaiidocumentservice.com)**Ranchos Road Maintenance**

Ph: (808) 929-9608

Web: [ranchos-roads.org](http://ranchos-roads.org)ATTENTION!

In 2017 we have seen an increase in graffiti and sign theft. Every infraction costs HOVE RMC and its MEMBERS money. If you witness this destructive behavior or theft please report it to our office or the Police at 935-3311.



# Ballot Information

## BOD Nominee

BIO: Frank Loosli

I have lived in Hawaii now for 4 years in the HOVE community with my wife of 45 years. Formerly from Anchorage Alaska for 47 years.

I have had a varied career over those 47 years. Most of which was either owning and operating businesses, from a franchise called ServiceMaster for 17 years, to owning a franchise of the Diet Center.

I worked with the Anchorage Community Mental Health Center for 7 years developing a work program for the severely and chronically mentally ill. I also developed a career exploration program for youth in Germany for the Department of Defense education system over a period of 7 years. I returned to Alaska and taught school age children computer skills, robotics, photography and digital art on the military base in Anchorage. My wife and I retired in 2013 and moved to HOVE. We have been coming to the Big Island for over 30 years and love the islands people and culture. HOVE is our home and community. We love to garden and have worked extensively building up our property with an orchard, various edibles, shrubs, trees and flowers. I am looking forward to more interactive experience in the community, volunteering for different community based improvement projects.

### Once Again....

....Do not build rock walls, fences or plant shrubbery outside your property line.

....it is illegal to dump trash, household goods, car batteries, etc. There is a 500.00 fine.

....do not park cars on the roadway.

....Please Vote!

If you see any of these infractions please contact the HOVERMC office 929-9910 or the police non-emergency # 935-3311.

### Volunteers Needed

Do you have extra time on your hands? HOVE Road Maintenance could really use a few individuals who wouldn't mind volunteering a few hours a month. BOD meetings are held the 4th Tuesday of every month at 10:00 am at our office. Contact our office for more information.

### 2018 BY-LAW CHANGES

None this year.

### 2018 Road Assessment

The 2018 Assessment is proposed to be \$150.00 per lot. For members who pay in full by February 28, 2018, you may take a \$10.00 early payment discount and pay \$140.00. The Assessment is based on the 2018 Budget. (Budget is on the back page)

### 2018 ROAD PLAN

The Board of Directors is once again recommending the resurfacing of ten miles of roads within the subdivision. They have asked for a small increase to cover the cost of rebuilding some of the more neglected roadways. We are always looking for more economical ways to maintain the nearly 157 miles of road and will continue to maintain as much of the road system as our budget allows. We continually monitor the roads for traffic and wear and will address the worst roads first. The final determination of roads to be resurfaced will be made in February with road work starting soon thereafter.

### TREASURERS REPORT

We are staying within our budget and plan to end the year on budget. We project that we will receive around 83% of the 2017 assessments billed. If we could get everyone to pay their assessments, we would not have to raise our assessment fee again this year. But to continue to meet our goal of 10 miles per year we will need to request approval of a small increase. We are in sound financial condition and we intend to continue to closely monitor our spending to stay that way. Our latest audit conducted by Carr, Gouveia + Associates has not found any problems with our financial system and we intend to keep it that way.

George

## 2018 H.O.V.E Road Maintenance Corporation Budget

	2016	2017	2017	2018
	Actual	1st Half Actual	Budget	Proposed Budget
<b>Operating Expenses</b>				
Base Yard Expenses	45,622	35,995	49,500	74,200
Equipment Expense	135,464	16,899	124,000	103,100
Fuel	7,991	7,808	6,000	10,000
Road Resurfacing/Contracts/Materials	763,956	318,631	778,000	833,000
<b>Total Operating Expenses</b>	<b>953,034</b>	<b>379,332</b>	<b>957,500</b>	<b>1,020,300</b>
	<b>73%</b>	<b>68%</b>	<b>70%</b>	<b>69%</b>
<b>Administrative Expenses</b>				
Fees	17,565	13,909	17,200	21,500
Office Expenses	17,676	17,432	38,400	33,700
Insurance-Liability/Property/Equipment	4,698	-	5,800	6,200
Postage/Printing	20,579	7,037	26,000	27,200
Professional Services	53,721	10,225	42,000	47,500
Utilities	4,081	2,492	5,000	5,000
<b>Total Administrative Expenses</b>	<b>118,320</b>	<b>51,096</b>	<b>134,400</b>	<b>141,100</b>
	<b>9%</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>
<b>Salaries &amp; Related Expenses</b>				
Benefits Medical/Annuity	42,760	27,199	41,200	56,800
Employee Certification/Training	553	156	250	500
Employee Payroll Taxes	21,652	10,830	25,000	25,500
Labor- Office	68,202	31,164	89,450	93,500
Labor- Road Crew	109,341	59,427	125,000	140,000
<b>Total Personnel Expenses</b>	<b>242,508</b>	<b>128,776</b>	<b>280,900</b>	<b>316,300</b>
	<b>18%</b>	<b>23%</b>	<b>20%</b>	<b>21%</b>
<b>Total funds spent/budgeted</b>	<b>1,313,862</b>	<b>559,204</b>	<b>1,372,800</b>	<b>1,477,700</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Revenues</b>				
Assessment Income	1,185,572	1,110,886		
	<b>93%</b>	<b>75%</b>		
Investment Income	40,638	12,568		



Check out our web-site! [www.hoveroad.com](http://www.hoveroad.com)

