

**Hawaiian Paradise Park Owners Association
Approved Minutes of the Board of Directors Meeting
September 18, 2013**

Call to Order: The meeting was called to order at 6:00 p.m. by Larry Brennan.

Directors: Larry Brennan, Vice President; Terry Michels, Secretary; Verne Presnall, Tom Nickerson, Bill Newman, Francis Ganon and Judy Sumter. [Skip McAlister and June Conant were absent.] Scott Reilling, General Manager, and Kirstie Goin, Recording Secretary, were also present.

Guests: Wally Tavares, Joan Galante, Cynthia Greenlaw, David Razlaff, Carnor Sumido, Elizabeth Weatherford, Derek Alatau, John Seastrom and Dick Koval.

Approval of Agenda: The agenda was approved with additions.

President's Report: Larry said that the President is "out of pocket for a couple of days," so he will chair tonight's meeting.

Owner Input: David Ratzlaff requested that periodical—weekly or monthly—reports be posted on the website homepage to explain what the road crew is working on, so members can "feel like the money is being used in a good way."

Elizabeth Weatherford requested that Directors not leave general membership meetings before they are adjourned, so that a quorum is maintained through the end of the meeting. Joan Galante asked why the President's message mailed to the owners mentioned that the Association is no longer using a particular vendor, when it "changes vendors all the time."

Larry Brennan, speaking as a lot owner, requested the Board to send a letter to the managers of Fed Ex and UPS, asking them to educate their drivers on the need to reduce their speed on the Park's dirt roads due to the dust issues. Terry said other vendors could be notified as well. Larry submitted a draft letter for the Board's consideration. Francis said he did not receive a ballot. Larry said they are in the office. Scott said he will put them in the Directors' boxes.

Approval of Minutes: The minutes of July 17, 2013, were approved as corrected. Tom Nickerson moved to approve the minutes of August 21, 2013, as amended, and the motion passed unanimously.

Committee Reports

Parks: [*moved to New Business*]

Hawaiian Path: John Seastrom said the committee is still in discussions with Paths Hawaii in Kona. They are making connections with the County and private individuals to discuss grant opportunities. They have also spoken to Councilman Ilagan concerning grants that are available.

John said they were advised to begin with a small project and carry it through to completion to demonstrate a track record, before seeking grants for the Paradise bike lane. The committee is considering volunteer or inexpensive projects, such as paths around the park areas or possibly development of archeological sites.

They still want to invite Paths Hawaii to give a pedestrian safety presentation at the February general membership meeting.

Larry suggested Paths Hawaii also give a bicycle safety demonstration before or after the meeting. John said public education is one of their primary functions.

Larry Brennan moved to approve for Paths Hawaii to be on the agenda of the February membership meeting, and to seek their input to develop a program either before or after the meeting to encourage children and family participation. The motion passed unanimously.

Road Traffic Safety: Verne said the committee did not meet last month. Larry said he met with Mayelin and Skip about developing a comprehensive road safety policy. It is in the initial phase.

Treasurer’s Report: June submitted a report of account balances as of August 31:

Bond Construction Fund	\$1,545,992
Savings, Checking, Investments & Bond Reserves	<u>\$4,341,569</u>
TOTAL	\$5,887,561

The annual financial statement has been mailed, with help from current and former Directors and lot owners.

The audit was completed and is being verified.

The committee recommended that HPPOA designate a Home Street Bank account as a capital improvement plan account. Scott explained that any expense to purchase new equipment that exceeds \$1500 has to go under capital improvement.

Joan said this provision would allow the account to be built up to replace equipment as needed.

Verne Presnall moved that HPPOA designate the Home Street Bank money market account of \$107,000 as its Capital Improvement Plan fund. Terry Michels, Verne Presnall, Larry Brennan and Bill Newman voted for; Francis Ganon, Tom Nickerson and Judy Sumter voted against. The motion passed.

Francis asked about the approval for \$10,000 to repair the New Holland tractor.

Joan said repair expenses are allowed by the operating budget.

Scott explained that the machine had multiple oil leaks, and the motor had to be stripped down to repair them. He said the leaks were the result of “fair wear and tear.”

General Manager’s Report

Paving: Scott reported that the Department of Health Clearwater Branch has returned the application for the National Pollution Discharge Elimination System (NPDES) for a signature. This concerns construction silt runoff into rivers and ocean waters. “It’s a permit requirement under certain circumstances, and the Board voted to get one for the Phase V paving.” He expects preliminary approval next week. Then the Association must decide whether to ask Yamada to rebid the job as a change order, or put it out as a request for bid. He submitted a draft request for bid for the Board’s review.

Scott requested that the Board allow him to negotiate with Yamada for an updated price. Tom said we do not yet have the permit from the State, as required by Board motion. He objected to giving Yamada a look at the project before it is put out for bid.

Larry Brennan moved at the General Manager’s request to allow the manager to contact Yamada to ask for a current unit rate regarding additional paving. Judy

Sumter and Verne Presnall voted for; Tom Nickerson, Terry Michels, and Francis Ganon voted against; Bill Newman and Larry Brennan abstained. The motion failed.

Small Claims Court: Scott reported that “small claims court is going well” and monies have been collected. One judgment is in place, because the defendant did not show in court and we went for default. The next step is to negotiate payment in full. If they refuse, the Association can choose garnishment of their paycheck or to freeze their bank account.

Scott added that since March 22, \$42,685 in delinquent payments has been received in response to collections letters.

Mailboxes: Scott said that Aaron Oya, the postal representative from Oahu, has said they will draw a line across the Park and not deliver to boxes below that line. Scott said this will send another 1000 residents to pick up their mail at General Delivery.

Tom said the post office has been asking for a list of the lot owners’ names, lot numbers and TMK’s for years. “We should have switched over from the HC box number to an address over 10 years ago.” Scott said he could not give the post office that information without Board approval.

Tom added that when boxes get damaged by getting hit by a car, it stands to reason they do not want to replace them in the same location.

Scott said that Oya has agreed to replace the 9 damaged mailboxes only on the condition that HPPOA take responsibility for all the boxes in the Park. Scott refused, offering to take responsibility for the 9 boxes only.

Larry suggested that the Board invite a postal representative to a Board meeting.

Scott said that the Kea`au postmaster supported replacement of the 9 boxes.

Dixie Chopper: Scott gave a cost breakdown for the machine. Some of the costs were known at the time of purchase; others were unknown “because the design of the front end was inadequate for our terrain.”

Road Materials: Scott has purchased mulch and mixed it in a pile that is 60% rock and 40% mulch. They will put down a small section at 6th and Maku`u and water it down, to see if the organic material will hold water longer. If it does, mulch can be added to road in front of the houses where residents have complained of dust.

Larry said he can see a soft organic material on a bike path, but not on a road for cars, because it will break down quickly.

Bill said Skip has proposed another test, perhaps on the same road, using red cinder with mulch. Bill said he put 4 inches of mulch down in front of his house and covered it with 2 inches of gravel. As cars drive over it, they imbed the gravel into the mulch. “I have almost no dust coming out of that particular patch.”

Scott said this is a stopgap measure only.

QuickBooks: The audit came back; it is “exceptionally clean.” Scott and June have signed it, and he will bring it to the Board as soon as Skip reviews and signs it.

The office is operating on the new QuickBooks system, though the bookkeeper is still doing some reconciliation.

The data management system shut the server down on Friday, and on Monday it blacked out a screen on the customer list in accounts receivable, in the same place as the original corruption. Today data in an account suddenly changed from the correct amount to a few million dollars. Scott said, “I have zero confidence in QuickBooks. We are using

QuickBooks in a manner that it is not designed to be used.” He said the payroll works fine, but not the accounts receivable. He plans “to look back into a business on the Mainland, which submitted a plan to customize a program which will work for us.”

Bill said we just spent a ton of money on resubmitting all the information into QuickBooks. Scott said the Association spent \$30,000 on the QuickBooks recovery.

Removal of Director: Scott said that Skip explained how the Bylaws allow a Director to be removed, but he failed to include a provision in Hawaii Revised Statutes 414D-140 for judiciary removal of a Director. If the Board feels that a member is a liability, they can vote to present their complaint to the Association’s lawyer. He can bring it to a judge, who can remove any sitting member. Scott asked the Association’s attorney to review the Hawaii statutes concerning this issue.

Tom questioned Scott’s “charging attorney bills to owners for an employee to talk about removing a Board member.” Scott said there was no charge.

Bill asked what interest Scott has in removing Directors. Scott said he has none, but “Skip put out partial information last month.”

Unfinished Business

Motions Log: Terry said she does not see any problems with the motions log right now.

Water Haulers: Scott said he would like to have a second hauler for when ours is busy during droughts.

Francis said he was unable to locate another hauler who is willing to work in the Park, but our current hauler now has 2 trucks.

Larry said an ad ran in the paper, and only one company that responded met the parameters.

Judy asked whether the \$1 million insurance requirement is exceptionally high. Scott said the PUC minimum requirement is for a \$100,000/\$300,000 policy.

Carnor Sumido said he submitted a bid in response to HPPOA’s ad, which was rejected.

“When a bid is submitted, I include my PUC price. You can’t just let a hauler pick a number out of the sky, and you as an Association can’t pick a number out of the sky. When you submit a bid, you have to have a set rate with the PUC.”

Tom said ACR’s trucks hold 4000 gallons while ANA’s trucks hold 3000 gallons, which may account for the difference in price.

Materials Costs: Bill said he talked to Scott about the quality of Sanford’s basecourse, because it is turning to dust while still in the pile. There are different grades of rock.

“What we need is clean rock, but Scott said the cost is enormous.”

Scott said all four quarries on this side of the island conform to County standard, but the quarry report must be compared with County requirements. A lab sample costs \$800 per proctor.

Francis said you can get any type of material, but a lot has to do with application when you lay it down.

Dust Policy/Test Roads: Larry suggested that a test be performed on a series of test roads while controlling for climate, traffic, a variety of materials, and application.

There must be appropriate signage to limit speed to 10-15 mph. “Test roads are a way to put to bed the arguments over what material works best on our roads to eliminate dust and maintain wearability.”

Larry moved that the Board accept the task of HPPOA test road development, work on the procedure and fine-tune materials, application and location, using best practice and best signage. Our engineer will evaluate the protocols. Furthermore, this will be developed by use of a Board/staff/consultant (as needed) committee to finalize the procedure. *[After discussion, the motion was withdrawn.]*

Larry said roads will be selected based on traffic, availability of a monitor, and proximity to other test roads. Suggested roads so far include 5th, 6th, 21st, 24th and 25th.

Bill said the hills on his dead-end road cause gully-washers, which change the road's condition dramatically.

Terry said the Board needs to honor the recommendations that the Dust Committee has already made.

Judy said the Board needs to form a committee, using Larry's specifications as guidelines.

Judy Sumter moved to form a Test Roads Committee composed of Directors, staff, consultants (as needed), and interested members. The motion passed unanimously.

Terry suggested that test roads be included on the agenda for the October membership meeting.

Larry said Skip wants to put traffic counters on prospective test roads. He offered to head the committee, if Skip will not. Bill, Judy, and Carnor Sumido also volunteered to serve on the Test Road Committee.

David Ratzlaff suggested that the tests will be more effective if conducted during dry summer months, not the rainy season.

Special Use Permit: Cynthia Greenlaw said she has lived in HPP since 1960. Since 1981 she has conducted children's activities—gymnastics, arts and crafts, theater, and musical productions—on her property. This evolved into tutoring and a homeschool. Four or five years ago they joined Hawaii Academy of Arts and Sciences (HAAS). She has a small elementary school, grades 3 through 6, on their 6 acres at the end of 19th off Maku`u.

They also have a water catchment business and own 3 water trucks. Last year the Planning Department asked them to come into compliance by applying for a special use permit for a light industrial business and the school.

Greenlaw said that she has put up 5 signs on the road asking parents to drive 10 mph, 5 if it is dry. Fourteen of the children arrive in the HAAS van; others walk or ride their bicycles to school.

The Greenlaws use their water trucks to water the road, as well as hauling gravel and basecourse to fill potholes.

Bill Newman moved to provide a letter of support for the Greenlaw's special use application. The motion passed unanimously.

Judy said that the Planning Commission has requested HPPOA's response by Oct. 11.

New Business

Special Use Permit: Carnor Sumido has reapplied for a special use permit for his business, ACR Water Hauling. The business is located on 33rd, near Wally's Auto Body and two other companies. These four businesses paid to pave the road as part of the

conditions of their original special use permits. The street has been designated for light industrial if the Planning Department changes the zoning in the Park.

Scott said although both businesses submitted their applications at about the same time, he has not received the paperwork for Wally's Auto Body.

Bill Newman moved to send a letter of support for renewal of the special use permits for ACR water hauling and Wally's Auto Body. The motion passed unanimously.

Mailboxes: Tom asked the Board to consider installation of a 10,000 square foot concrete pad for mailboxes on each of the six 20-acre parcels owned by the Park. He spoke to an architect and is waiting to hear back from the Planning Department on the number of parking spaces required. He also spoke to Malamalama School, and they are amenable to the project.

Tom said it is unsafe to have the mailboxes where they are now. Mr. Oya feels that boxes should not be on the main roadways, but has no problem with locating them on the Park lots.

Judy asked what the cost will be. Tom said with a contractor it will cost \$75,000 per location, including asphalt pavement of 14 parking spaces, ADA requirements, solar lighting, concrete caissons, and a hip roof. He said that we could do this as an owner-builder to reduce costs.

Judy asked whether this cost includes mailboxes.

Scott said the money would have to come from a non-roads fund. Also, the contract routes would have to be expanded, and the post office may not agree to do so.

Bill said he can not support the motion without a firm written commitment from the Post Office that they will deliver to a prescribed number of boxes at those locations.

Tom Nickerson moved to relocate the mailboxes from the main roadways to the six HPPOA parcels. Tom Nickerson voted for. Four opposed; Francis Ganon abstained. The motion failed.

Committee Election Delegation: Tom suggested forming a liaison committee composed of Directors in the second year of their term to assist the Nominating Committee. This year the committee would include Skip, Terry, and Tom.

Larry asked whether this proposal complies with the Bylaws.

Tom said the Nominating Committee is an advisory committee and cannot place an item on the Board's agenda. "The owners won't have to get involved in the operational part of the election. They can focus on the task at hand, which is getting candidates."

Tom added that candidates should be notified of the outcome of the election promptly.

Judy said that the Nominating Committee has specific things they are tasked to do.

Tom asked to table the item until the October meeting.

Larry recommended that the Directors coach the Nominating Committee. Bill added that candidates and Directors up for reelection should be barred from the committee.

Terry Michels moved to place the formation of the Nominating Committee at the top of the agenda for the October membership meeting. The motion passed unanimously.

Dust Fence: At Judy's request, Scott presented the draft of a letter to all owners who have complained of dust, to offer them a dust fence. If they decline the offer, they sign

that they have refused. The letters could be shown to the Department of Health as part of the Association's attempt to resolve the dust issue.

Sign Order: Scott said we have approximately 30% of the 15 mph speed limit signs, posts and anchors. A few other signs are needed as well. There are only 2 sign-makers in the islands, so he cannot obtain 3 bids. The low bidder is in Kona. "According to Skip, I can't authorize the purchase without your permission, even though it is a budgeted item."

The Board approved purchase of the signs.

Master Plan: Terry said she and Judy reviewed the HPPOA Master Plans. The 1997 document was approved by the County, but the 2005 revision was never approved. She said the original document is a better model, because it is simpler.

Terry said some people participated in both, and should be included again.

Terry Michels moved to form a Community Action Committee at the October membership meeting to update the HPPOA Master Plan. The motion passed unanimously.

Larry reported that June indicated there may be funding available to hire a consultant to help develop a community action plan.

Parks: Tom and Terry met with the Director of Malamalama School about fundraising and what they would like to do with the remainder of their property. They may want to pursue a community garden.

Tom prepared a list of allowable uses and allowable uses that require a special use permit. He said the first step may be to compile a list of uses the Board does not want. Terry said they need to collaborate with the Paths Committee.

Judy said she would like to be involved, because she wants to get Little League fields in the Park.

Tom suggested offering associate memberships for corporate members. "Our associate memberships are \$25; I'd like to see \$2500."

Nominating Committee: Judy said that the two correspondences mailed annually to the membership should include an extra page with as much information as possible on what is needed from the membership, such as volunteers for various committees.

Rainbow Friends: Howling Holidays will require closing 16th Ave. for a couple of hours in the morning during their parade.

Bill asked that they put up a sign to inform owners that the road will be closed.

Adjournment: The meeting was adjourned at 9:31 p.m.

Submitted by:

Kirstie Goin, Recording Secretary

Terry Michels, Corporate Secretary

Motions Log 9-18-13

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