

**Hawaiian Paradise Park Owners Association
APPROVED – Board of Directors Meeting Minutes
December 19, 2018**

I. Call to Order: President, Larry Kawaauhau (District 1) called the Board of Directors Meeting to order on December 19, 2018 at 6:03 p.m. Quorum was established. The meeting took place in the HPPOA Hui Activity Center Library.

II. Roll Call:

Board of Directors: Larry Kawaauhau, President (District 1), Kathleen Shaw, Vice President (District 3), Tanya Seaver, Treasurer (District 4), Craig Crely, Secretary (District 6), Mary Couch (District 2), Leslie Blyth (District 7), Chris Anderson (District 8), David Roe (District 9)

- **Absent:** Mayelin Stillwell (District 5)
- **Owners:** Terri Stratton, Shaw Merrill, Robert Merrill
- **Guest:** GM, Don Morris

III. Approve Agenda

Chris Anderson (District 8) moved to add: E) Owner Input in New Business. Kathleen Shaw (District 3) seconded the motion. Discussion: Placement of item on roster discussed. **Vote: Yes-8, No-0, Abstain-0. Motion carried.**

David Roe (District 9) moved to change item IV. From, “Adjourn” to “Recess” to Executive Session. Chris Anderson (District 8) seconded the motion. Vote: Yes-8. Unanimous. Motion carried.

Kathleen Shaw (District 3) moved to approve the Agenda as amended. Chris Anderson (District 8) seconded the motion. Vote: Yes-8. Unanimous. Motion carried.

IV. Recess to Executive Session

Kathleen Shaw (District 3) moved to recess to Executive Session. David Roe (District 9) seconded the motion. Discussion: It was unfortunate for those who needed to wait, but noted that the Agenda was posted on the website on Monday previous to the meeting. It was asked if anyone came for Owner Input. That person [Name Not Given] was heard and it was about a brush and pothole complaint on 19th off Kaloli/Paradise. He stated that he was new to the community and wanted to know of the General Plan. Discussion of the 100 plus miles of road and the six person crew to cover it. The Owner stated that he did roads on the mainland and he could not fathom how the crew manages to even do road maintenance without a patch truck? He went on to state that the crew needs certain equipment to do the job. There was agreement in the room that crew and equipment are thin for such a large amount of road mileage needing maintenance.

A Member of Nominating Committee came to give a presentation and was disappointed he would have to wait to give his presentation.

Vote: Yes-7, No-0, Abstain-1 (Leslie Blyth/District 7). Meeting recessed to Executive Session at 6:18 p.m.

V. Reconvene Meeting

The HPPOA Board of Directors Reconvened the Regular Board Meeting at 9:12 p.m.

Second Roll Call: David Roe (District 9), Kathleen Shaw (District 3), Craig Crely (District 6), Leslie Blyth (District 7), Tanya Seaver (District 4).

Quorum was established.

A discussion occurred regarding the following items to be tabled in the interest of time.

- Approval of Past Minutes
- President’s Report
- Treasurer’s Report – Tanya Seaver (District 4) moved to use the credit from the payment from the bond to pay toward the principle of the bond. Leslie Blyth (District 7) seconded the motion. Vote: Yes-Unanimous. Motion carried.
- GM Report - tabled to present and will be added by the Recording Secretary to the Minutes during preparation - It was noted that the GM was able to negotiate an extra \$250 from AT&T and an extra \$50 out of Spectrum,
- Community Resource Report - Judy Houle absent/no report.

- ATT and Spectrum – see GM's report info mentioned above.
- Forensic analysis
- Bylaws
- Format of meeting minutes
- New biz except "Inventory" tabled.
- Under road paving and AggreBind – See GM Report

David Roe (District 9) moved to approve the Agenda as amended. Craig Crelly (District 6) seconded the motion. Vote: Yes-5. Unanimous. Motion carried.

VI. Treasurer Report – Tanya Seaver - They want to look into moving from First Hawaiian to Home Street Bank in order to earn that better special rate being offered, which is a Higher interest rate than at present. The GM alerted the Board to the Special, so he will follow up for the board as directed to get further information. **Tanya Seaver (District 4) moved to have the GM Don Morris investigate the business money market special at Home Street Bank with Tanya Seaver, the Treasurer, with the stipulation that if it's a good deal for the \$2.2 million transfer from First Hawaiian to the Special Money Market account at the Homestead account, which allows for removal of Principle at anytime, the board will vote to do that by email to approve the fund transfer. David Roe (District 9) seconded the motion. Vote: Yes-5. Unanimous. Motion carried.**

Bank Balances as of the end of November 2018:

- TOTAL Checking, Savings, Investments and Bond Reserve: \$5,414,838.98
- TOTAL Accounts Receivables: \$2,111,654.98. This account balance represents unpaid road maintenance fees, lien fees, finance charges, legal fees, Collection expenses and bounced check charges, as well as, a few transfer fees that have been billed but not paid. The office appears to be collecting on these past due balances as the balance of the account has to decreased from June 30 (\$2,368,357.78) by approximately \$256,000. Some of the decrease can be credited to the unpaid Consolidated lot accounts as well as a couple of bankruptcies that were written off (will review in allowance below); however, a large portion is payment receipts.
- Allowance for Doubtful Accounts balance is: \$1,165,174.64. The allowance account has decreased since June 30 (\$1,177,399.92) by approximately \$12,000. This decrease relate to bankruptcy and foreclosure accounts that were written off because they are uncollectible, as well as General manager waiving some finance charges in order to collect payoff's on accounts. We can expect to see the Allowance for Doubtful Accounts balance decrease significantly once the audit is completed, since this is an estimate and General manager has worked with the auditors to come up with a quantifiable estimation method going forward, resulting in a much lower estimate of collectability. (This is a Contra-asset Account required by Generally Accepted Accounting Principles (GAAP) that records the estimated amount of receivables, which may not be collectible.)
- The expense account "Board Expense" represents the Road Maintenance Fees and interest refunded to the consolidated lot owners based on the Board vote. The General Manager discussed it with the auditor and because these fees had already been paid and were not part of the Accounts Receivable balance they could not be written against the Allowance for Doubtful Accounts and had to be expensed in the current year. Since the Board approved this action it is not part of the budgeted line items, it was labeled Board Expense.
- There were 56 transfers completed during the month.

Statement Regarding Unaudited Financial Information – the unaudited financial information set forth above is preliminary and subject to adjustments and modifications. The audited financial statements and related notes are to be included in our annual report for the year ending June 30, 2018. Adjustments and modifications to the financial statements maybe identify during the course of the audit work, which could result in significant differences from this preliminary unaudited financial information.

VII. Nominating Committee Report

The Nominating Committee form submitted was discussed by the board because it has a changed Conflict of Interest clause on the application form that is not in parity with the bylaws qualifications. Discussion of Conflict of Interest and what the form says because it was noted that technically every time a Board member votes for road fees, they have a conflict of interest. A discussion about that ensued.

David Roe (District 9) moved to send the form back to nominating committee with the reason wanting removal of the "Conflict of Interest" portion accompanied with the reasons discussed above. Kathleen Shaw (District 3) seconded the motion. Discussion: Kathleen Shaw will let them know. They don't have a chairman yet. Mayelin Stillwell a member of the committee. A Discussion regarding not having board members on the committee when Mayelin Stillwell used that as a conflict of interest in past having

said that a board member was on the last one. It was noted that they have yet to see the Minutes from nominating committee from last year. The form must be filled out by deadline, it was incorrectly commented on in Punaweb forum that Craig Crely was the only one who didn't fill out his form fully, when that wasn't actually true. David Roe, noted that when the Nominating Committee got the forms last time, they gave them to the office. Craig Crely requested to see the Minutes where the Nominating committee decided he was disqualified. More discussion. It was noted that the committee is supposed to find qualified candidates and basically get people to run for office, not find ways to disqualify them. It was noted that Robert's Rules says don't have to get two choices but HPPOA Bylaws say to do so. **Vote: Yes-4, No-1 (Leslie Blyth/District 7), Abstain-0. Motion carried.**

Announcement in Newsletter – David Roe (District 9) moved to approve the Nominating Committee to put their recommend announcement submitted for the 12-19-18 BOD meeting in the newsletter on the website. Leslie Blyth (District 7) seconded the motion.

Vote: Yes-5. Unanimous. Motion carried.

VIII. General Manager's Report

Recording Secretary will add GM report for November 2018 to these Minutes.

- Paving Bid – Tanya Seaver recused herself from the conversation and the vote, citing it would be a conflict of interest for her to participate. She did note that whoever gets bid, needs proof of worker's comp Insurance, and that the GM will request that information. Liability coverage/Insurance certificate would also be a standard stipulation. Tanya suggested using mix three because it's bigger rock, more stable. Mix 4 looks nicer.
- Inventory – Tanya Seaver – would like to do an inventory of all assets, striping machines, everything, even broken things. The GM has a list from 2016 that he created for the insurance company, which they could work from– so we know what we have – Tanya Seaver and Kathleen Shaw were willing to do it.

David Roe (District 9) moved that Kathleen Shaw and Tanya Seaver follow up with the inventory using the list that the office provides for accuracy. Tanya Seaver (District 4) seconded the motion. Vote: Yes-5. Unanimous. Motion carried.

Loeffler Construction has started the striping on Maku'u. They were supposed to start the first week of December but were delayed due to the rain. I also requested that they do the stop bars on the cross roads, which at \$15.00 per bar comes to under \$1,000 per main road except Shower Drive, which will be around \$250. The road crew will be starting the AggreBind on the dead end of 22nd and Maku'u after the first of the year. The AT&T contract is at the attorney's office for review. I renegotiated (the monthly from AT&T that HPPOA is to receive) from (AT&T's initial offer of) \$1,500 a month to \$1,750 a month. In your board packet is a site plan that has been provided for your review by AT&T. At this point, we are waiting on feedback from the attorney's office. Then it is up to the board.

We have not received the contract back from Spectrum yet, but I think I got an extra \$50.00 a month out of them.

Liens: The office has processed 178 liens for this fiscal year. They will also be starting the annual road maintenance billing process next week.

Equipment: The Volvo grader is still in the repair shop. The John Deere is still having fuel issues. All other equipment is running fine at this time.

Mowing: The road crew mowed 106 miles of roadway easement with the side arm mower and 52 miles with the deck mower.

Graded & Compacted: The road crew has graded 19.5 miles of road.

Rubbish Pickup: 2.25 tons of rubbish picked up.

Roads Watered: 31 Miles of roadway

Safety Report: No accidents or injuries for the past 51 months.

Thank you for your support.

IX. Announcements:

Next scheduled BOD Regular Meeting is January 16, 2019 at 6pm

X. Adjournment

David Roe (District 9) moved to adjourn. Kathleen Shaw (District 3) seconded the motion. Vote: Yes-Unanimous. Motion carried. Meeting adjourned at 10:08 p.m.

Respectfully Submitted:

Secretary

Susan Bambara, Recording Secretary

Date

Date

Motions Log for BOD Meeting 12-19-18

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David Roe (District 9) moved to adjourn. Kathleen Shaw (District 3) seconded the motion. Vote: Yes-Unanimous. Motion carried.