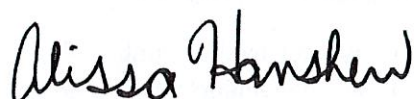


August 9, 2023

Aloha HPPOA Board of Directors,

Please find attached a letter from the Bylaws Committee to HPPOA's legal representation requesting review of the proposed bylaws amendments from the February 25, 2018 membership meeting. We, the Bylaws Committee, stand by that vote and still see these amendments as valid and necessary work to improve the bylaws of HPPOA. We seek legal review to ensure these bylaws amendments do not run afoul of any current statutes.

On behalf of the Bylaws Committee,



Alissa Hanshew  
Bylaws Committee Chair

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Attachment 4  
pg. 14

August 9, 2023


Aloha Anna Elento-Sneed and Associates,

As the bylaws of Hawaiian Paradise Park Owners Association (HPPOA) state, the membership has the right to amend HPPOA bylaws by presenting proposed amendments at a membership meeting. If those proposed amendments are positively voted on by more than two-thirds present, the amendments are then to be sent out to the membership for full vote. The attached amendments were passed by the required more than two-thirds vote at the February 25, 2018 membership meeting, but were never sent out for a full membership vote.

Our understanding under Robert's Rules of Order is that these are still valid motions made by the membership and passed that have not been acted upon by previous boards of directors. As these amendments were voted on at a membership meeting with quorum, and surpassed the required two-thirds vote, we would like to see these formally brought to the full membership for vote.

We seek legal review to ensure that these proposed bylaws amendments are not contrary to current federal or state statutes.

On behalf of the Bylaws Committee,

A handwritten signature in black ink that reads "Alissa Hanshew". The signature is written in a cursive, flowing style.

Alissa Hanshew  
Bylaws Committee Chair

Date

AMENDMENTS TO BYLAWS  
BALLOT

Hawaiian Paradise Park Owners Association Member  
«Address\_Line\_1»  
«City», «State» «ZIP\_Code»

«GreetingLine»

At the general membership meeting on February 25th, 2018, the Membership voted to have the Bylaws Committee prepare the following ballot as required by Article XIV – Amendments to Bylaws Section 1. (a) by over 2/3 vote.

1. Objective 1: Forensic Analysis
2. Objective 2: Special Projects Committee
3. Objective 3: Board of Directors Removal
4. Objective 4: Conflict of Interest
5. Objective 5: Professional Management

For current Bylaws visit: <https://www.hppoa.net/executive-information/current-bylaws/>

After selecting your choice for each objective, please sign and date where indicated and return your ballot to:

League of Women Voters of Hawaii County  
PO box 665, Hilo, HI 96721

Mahalo on behalf of the Bylaws Committees that have worked on these amendments since 2014.

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# BALLOT

## INSTRUCTIONS

TO VOTE: Please read each objective carefully, then circle YES or NO.

Complete and return pages 2&3 of this document by: [Insert date here]

TO: **League of Women Voters of Hawaii County**  
P.O. Box 665, Hilo, HI 96721

**Objective 1: Forensic Analysis<sup>h</sup>**

(circle one) >>>>

YES

NO

Amend Bylaw Article X - Committees Section 1 Committee Scope and Authority (b)2 Finance Committee.

**Add a new sub-section labeled "h". Proposed new subsection will state:**

"h. The first forensic analysis shall be initiated and contracted within ninety (90) days upon this Bylaw amendment approval by means of and retention of a professional forensic analysis company. Forensic analysis' of HPPOA's financial state shall be implemented by and under the authority of the Finance Committee. Furthermore, future forensic analysis shall be conducted upon the approval of a 2/3 vote of the Association Membership present at any Membership meeting."

**Objective 2: Special Projects Committee<sup>m</sup>**

(circle one) >>>>

YES

NO

Amend Bylaw Article X - Committees Section 1 Committee Scope and Authority (b) Committees of the Membership.

**Add a new subsection labeled "4". Proposed new subsection 4 shall state:**

"4. Special Projects Committee. The Association may establish, by a majority vote of the members at any membership meeting, a committee of at least three members to solicit voluntary donations and oversee all phases of a specific project. Project funding may also include other funding sources, excluding road maintenance assessments, as approved by a majority of the membership. Voluntary donations and other funding shall be overseen by the Finance Committee and deposited in a separate checking account. Monies drawn from the separate checking account shall require the signature of two board officers. General accounting practices shall be adhered to by the HPPOA bookkeeper and overseen by the Finance Committee. The Finance Committee shall also determine the project's scheduling based on funds available. Should funds be insufficient to cover the cost of the project, a reasonable effort shall be made to return the funds to the original sources within (1) year."

**Objective 3: Board of Directors Removal<sup>iv</sup>**

(circle one) >>>>

YES

NO

Article VIII – Board of Directors, Section 7. Removal, Par (a)

**Change wording of subsection (a). Proposed deletions are crossed out, additions are underlined:**

(a) A recall election for a director may be called by two-thirds majority of the board, or by a petition of not fewer than ~~200~~ 100 signatures of members from the director's District.

**Objective 4: Conflict of Interest Definition<sup>v</sup>**

(circle one) >>>>

YES

NO

Article V – Bylaws Definitions, Section 14. Conflict of Interest.

**Change wording of definition to the following: Proposed deletions are crossed out, additions are underlined:**

Section 14. Conflict of Interest. A conflict of interest exists when any director, officer, committee member ~~of a committee~~ or employee of HPPOA, has a direct or indirect financial interest in any matter involving the Association. See Article VIII, Sec. 11. ~~An indirect financial interest shall include financial benefit to a~~

~~relative of any director, officer, committee member or employee when so determined by a majority vote of the board or by policy established under Article VIII, Section 11.~~

**Conflict of Interest<sup>vi</sup>**

**Article VIII Section 11 Conflict of Interest.**

**Section 11. Conflict of Interest.** The board shall annually adopt a Conflict of Interest Policy that ~~applies to all board members and Association employees~~ conforms to these bylaws and will apply to any board director, officer, committee member or employee of HPPOA. The policy shall include the following:

(a) Relationships that suggest a conflict of interest shall be avoided. No director shall be employed by the Association for any reason, or have any direct or indirect beneficial, financial or business transaction with HPPOA. Any direct or indirect beneficial, financial or business transaction to a family member of any director, officer, committee member or employee shall be prohibited.

(b) No employee shall serve on the Finance Committee, the Human Resources Committee or any future committee that has any direct or indirect business that impacts employees with the exception of the general manager who is an ex-officio member of the Finance Committee.

(a)(c) A board director shall excuse themselves from participating in any board meeting discussion in which such member has a conflict of interest. No member of the board director shall vote at any board meeting on any issue in which such member has a conflict of interest. The director shall disclose the nature of the conflict of interest prior to a vote at the board meeting, and the minutes of the meeting shall record the fact that a disclosure was made.

(d) Any after-the-fact disclosure of a conflict of interest on the part of any director shall result in the nullification of any relevant vote of the director and shall be grounds for dismissal removal from the board. See Article VIII Section 7, Removal.

(b)(e) Any candidate for a board director seat through district election or by board appointment, shall not be eligible if there is a conflict of interest. If a conflict of interest is determined after the board director has been installed, the director shall be disqualified from serving and shall resign from the board.

**Objective 5: Professional Management<sup>vi</sup> (circle one) >>>> YES NO**

A Membership Committee shall be elected at the February 25, 2018 Membership Meeting to research and interview prospective professional management companies.

The companies and proposals shall be submitted to the Finance Committee for approval and company selection before submission to the Board of Directors for contract signatures. Upon sixty (60) days from the approval of this ballot objective by the Association, the Association shall implement the hiring of a professional management company for the administration of the Hawaiian Paradise Park Association. The Association shall direct the Bylaw Committee to amend, repeal and adopt new bylaws pertaining to professional management administration.

**# of Lots** \_\_\_\_\_ **HPPOA Member Name (PRINT)** \_\_\_\_\_

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

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## Information

### ARTICLE XIV – AMENDMENT TO BYLAWS

#### Section 1. Amendment to Bylaws.

- (a) These bylaws may be altered, amended or repealed and new bylaws may be adopted by not less than a two-thirds majority vote of the membership voting by mail-in ballot.
- (b) Mail-in ballots representing at least 600 votes must be returned by the membership to constitute a valid election on a bylaws amendment.
- (c) Notwithstanding any provision to the contrary herein, no amendment will alter the membership status, right-to-vote or the road maintenance obligations appurtenant to a lot without the express written consent or joinder of all owners of such lots.
- (d) These bylaws shall be subject to Chapter 414D, Hawaii Revised Statutes, as amended, and in case of any conflict, State law shall prevail.
- (e) Amendments shall be effective upon approval by the Association membership.

**Section 2. Bylaws Committee.** As per Article X, there shall be a bylaws committee of the membership. Subsequent to its being elected, the committee shall make recommendations to the members at a membership meeting. Any proposed amendments to the bylaws to be sent to lot owners for a vote shall first be passed by a two-thirds vote of the members present and voting at that or a subsequent membership meeting.

#### **<sup>i</sup>Bylaws Committee.**

When the membership decides that the bylaws need to be reviewed or specific changes to the bylaws need to be considered, it shall at that time elect a committee consisting of not fewer than five members.

The Bylaws Committee shall:

- a) Present proposed bylaws amendments and recommendations at a subsequent membership meeting.
- b) Assist with the preparation of ballots containing the proposed amendments and revisions of the bylaws document.
- c) Ensure the approved bylaws changes are signed by the secretary and notarized.
- d) Ensure approved bylaws changes are distributed to the membership.

#### **<sup>ii</sup> Forensic Analysis:**

HPPOA has never had a forensic analysis performed on the Association's finances. Forensic analysis and a financial audit are somewhat different in that the analysis delves deeper into a corporations' finances. It is not just looking for possibilities of fraud but for unhealthy financial practices that are not conducive to a corporation's sound business. In 2018, the majority members of the Association's Finance Committee were in support of a forensic analysis being conducted soon. The Association members at the October of 2017 Membership meeting unanimously voted in support of authorizing the HPPOA Board of Directors to hire a forensic analysis company to conduct an analysis. At the February 2018 Membership meeting, the Membership voted nearly unanimous in favor to proceed with this ballot objective in support of the Association conducting its first forensic analysis as soon as possible and giving the Association future capabilities of carrying out an analysis when deemed necessary (votes: 110 yes, 11 no). At the February 2022 membership meeting, the membership reaffirmed the previous vote (votes: 47 yes, 9 no). The current Bylaws have no clear mechanism for the Association Membership to require that a forensic analysis be conducted, this Bylaw amendment corrects that omission.

#### **<sup>iii</sup> Special Projects Committee:**

The Association has the capabilities to carry out many good things for this subdivision, but there has always been a small problem with achieving any of the goals the Membership may desire to pursue, which is funding. Even though the Charter and the beginning of the Bylaws encourages the improvement of the Association, the Bylaws did not provide a path to fund them. The only funding source (besides

some minor ones) is the mandatory road maintenance assessment fee and the Bylaws in many places, make it very clear, that those fees are for road maintenance purposes only.

This Bylaw amendment was overwhelmingly approved by the Membership at the February 2018 Membership meeting to be presented for Association approval as a ballot vote (votes: 85 yes, 3 no). By voting for approval, the Association will now have the capability to create their own Committee to provide needed services for HPPOA that are not related to road maintenance activities.

**iv Board of Directors Removal:**

After many discussions the Bylaw Committee concluded that changing the signature number to 100 would be fair to the members and to the directors. This decision was also based on the fact that reducing the signature number won't make it easier to remove the director as it only prompts a ballot recall election. The number of ballots returned with a 2/3's affirmative vote will be the deciding factor, which remains unchanged.

**v Conflict of Interest Definition:**

Intent is to give the definition more teeth and concise verbiage by eliminating redundant verbiage and information, and to refer the reader to the conflict of interest description in Article VIII Sec 11 Conflict of Interest bylaw.

**vi Conflict of Interest:**

It has been a long-standing goal of the Bylaw Committee to put more clarity and teeth into the Conflict of Interest bylaw that we deemed deficient. There have been many conflict of interest issues over the years. This proposed amended conflict of interest bylaw contains clearer verbiage including enforcement measures, which our current bylaws are lacking.

**vii Professional Management:**

The Association by an overwhelming majority vote at the February 2018 Membership meeting authorized the Association's Bylaw Committee to pursue these Bylaw amendments, however the Bylaw Committee thought it best to seek the approval of the entire Membership through a ballot vote (votes: 91 yes, 3 no, 4 abstained). Also, at the February 2018 Membership meeting, the Association Membership elected a "Professional Management Research Committee" to begin it's work toward selecting a Professional Management Company.

At the February 2018 Membership meeting, the Membership voted for this ballot objective after listening to many positive reasons for the Association's administrative responsibilities be conducted by professionals with expertise.

Another reason for the Associations approval of this ballot objective for hiring professional administrative management is; many lot owners throughout HPP have expressed concerns about the administration and operation of the Association and of the maintenance of the roadways, including a \$4300 fine from the Hawaii Department of Health in early 2017. Many hundreds of complaints about the poor road conditions have been lodged with the board of directors over the years. The membership also believes that professional management will be more transparent with HPPOA's finances. Implementing Professional Management is intended to be a cost saving measure.

**Should any conflicts or contradictions occur in the proposed bylaw changes and the current bylaws, the proposed bylaw changes, if approved, shall govern.**

Board of director removal, and conflict of interest changes made as one vote: 92 yes, 11 no.

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