

Hawaiian Paradise Park Owner Association
Approved Minutes of the Board of Directors meeting of
November 13, 2001 (continued on November 19, 2001)

Nancy Cabral, Property Manager (PM) called the meeting to order at 7:00 p.m. As the agenda is quite lengthy, guests will not be recognized tonight.

Board Members present: Chuck Cartwright, Jesse Crawford, Robert Daley, Wayne Graber, Floyd Lundquist, Walter Moé, Dan Payne, Don Tinker, and Frank Wooten. There were self-introductions and gave information about themselves and their qualifications. All Directors have a box in the Administration office for correspondence, the PM recommended they go to the office, meet the employee, Morgan Sky, and check out the map of residences in Hawaiian Paradise Park.

Other Members present: Pauline Brault, Bill Carlson, Doris Carlson, Gary Jung, Marlene Lundquist, Mike McMillian, Ron Phillips, Denise Smith, Clarence Smith, Gloria Whiteley, and Les Whiteley.

Advisory Meeting Minutes: Notes of September 26, 2001 were distributed to the Board members.

Financial Statements: The General Fund has a total of \$37,629 and the Road Fund has \$237,139 as of October 31, 2001. We collected \$778,807 in road fees between July 1, 2000 to June 30, 2001. Between July 1, 2001 to October 31, 2001 we collected \$35,677. We have liens placed on 367 lots that have not paid since 1998 or owing more than \$300. The financial statements for September and October 2001 were distributed to the Board. As per the Bylaws \$2000 monthly is paid into the General Fund from road fees for use of the road shed, office, activity center and library for road maintenance purposes. The 2000/2001 financial records have been turned over to Ron Dolan, CPA for an audit.

Unfinished Business:

Temporary Master Receiver - The TMR is working on filing a Motion for Discharge and Transfer of Authority to discharge all authority vested in the TMR by the Court in Civil No. 96-38, it should be heard by the end of November 2001.

A motion was also filed for the payment of the TMR's fee, between 1-1-00 to 8-31-01, of \$41,952.56 plus \$3,904.57 for reimbursement of costs, which will be heard on November 20, 2001.

Administration Office computer - The Association purchased a new computer and software early this year, Jesse Crawford is overseeing the conversion from the old system, which should be completed for the 2002 payments. We have purchased one year of technical support by phone.

We have used Mail-It mailing service when sending the billings, newsletter and ballots.

Waterline - Loeffler Construction has installed the waterline on Paradise Drive to the fire station at 21st. This section of roadway is in poor condition and now needs an asphalt overlay similar to what was put on Kaloli and Maku'u. Continual laterals being cut into the road are causing more

damage, after we pave they should not cut any more laterals. The State doesn't allow any for one year. We can notify the lot owners that we will do the same.

A 12 inch waterline is to be installed along Highway 130. Hook-ups are being offered to lots which abut the highway or are one lot away.

Cinder Maintenance - Excavation Tech has been contracted for the past several years to maintain the cinder roadways, which includes spreading cinder, grading and rolling. They have also cleared encroaching vegetation on those roads. Contracting this work has proven to be less costly than hiring employees. We do have written specs for this work.

Asphalt Improvements - Due to the flooding last year our paved roads were deteriorating. The former Road Maintenance Committee voted to allow spending of \$500,000 for asphalt work.

We contracted with Yamada & Sons who has completed paving from the highway on Kaloli to 22nd, and Maku'u to 16th. An additional three feet was added to each side of the shoulders to make a 26' road, and paving fabric was used under the primary asphalt roadway. Additional asphalt is being put around the mailbox areas.

On Kaloli, 150' aprons were installed on all side roads, due to lack of funding Maku'u will not have the apron installed on all of the roads, but should when funding is available. Total cost of all paving work is \$515,672 to date. Additional asphalt aprons work is progressing. Striping is now underway. Paradise Drive will also need the same type of improvements. We also need to remove blind hills prior to repaving.

Grass Cutting & Signage - Pro Lawn & Landscaping mows, picks up rubbish along the roadways, and replaces signs. They have been asked to widen the sight clearance at the intersections.

Ace Hauling collects the rubbish as identified by Morgan Sky. Ken's Towing removes abandoned vehicles on an as-needed basis.

SBA Loan - At the request of the former HPP Board, the PM applied for a Small Business Administration loan for flood damage to our roads. The TMR prepared court documents that will allow the TMR or new Board to negotiate the SBA loan. It is approximately \$1,200,000 at 4% interest. It will only be given for actual costs of repairs caused by the November flood, and will take about five to six years to repay. This will include reimbursement of funds we have already spent on repairs to asphalt and cinder roads, about \$700,000. It will not pay for the aprons we have added.

If the Board approves the loan, the PM recommended to use the additional \$500,000 to make similar improvements to Paradise Drive. A decision needs to be reached within the coming month. The Board would then submit a renewed request and pledge future road fees for the loan.

New Business:

Legal Representation - The former Hui and RMC attorneys (John Moran and Brian DeLima) have been released from representing Hawaiian Paradise Park by the Court. A new attorney must be selected within 30 days.

The former Board hired, on an as needed basis, Alan Okamoto to work on matters other than the Lerro case. He is now changing the Association name on documents for the properties HPP owned.

Other attorneys to consider are Harry Eliason, and Diana VandeCar. Raymond Hasegawa recommended a Honolulu firm or a new attorney in Puna, Robert Allen.

Manager & Staff Considerations - Nancy Cabral of Day-Lum currently the appointed Property Manager is willing to continue on a month-to-month basis until the Board selects a General Manager.

A draft contract for the General Manager has been prepared and is available for review along with a list of the management duties and job descriptions.

2002-2003 Operating Budget - An operating budget needs to be prepared and should be sent with the May/June 2002 membership meeting.

2002 Road Fees - A decision to raise the 2002 road fee by 10% must be made by the first week of December. They are currently \$93.15, a 10% increase would bring it to \$102.46. An even number would reduce errors in payments, including future increases.

Election of Officers - The TMR is still in charge until around the end of the month. The Bylaws specify that officers be elected at the first regular meeting after the election. It was thought to wait until the Directors are more acquainted. **Jesse Crawford moved to recess tonight and defer the election of officers to a later date. Dan Payne seconded. Chuck Cartwright made a friendly amendment to choose Monday, November 19, at 7:00 p.m. for the meeting, which was accepted, the motion carried unanimously.** Jesse will make a e-mail chat room available for the group.

Establishment of Committees - Committees need to be established, they may be temporary committees at this time. The following committees were formed:

Legal Advisor - Chuck Cartwright, Don Tinker, and Jesse Crawford.

SBA Loan - Dan Payne, Frank Wooten, Jesse Crawford, and Don Tinker.

Operating Budget - Will wait until we have a treasurer.

Roads - Chuck Cartwright, Floyd Lundquist, and Dan Payne.

Management - Jesse Crawford, Robert Daley, Chuck Cartwright, Don Tinker, Frank Wooten, and Wayne Graber.

Appointment of Committee Chairs - Will be selected by the committees.

Length of Board Term - One-third of the directors shall serve for a three year term, one-third for a two year term, and one-third for a one year term. The first one year term could be for 7 months or 19 months (starting November 2001 to June 2002 *or* June 2003. Don pointed out that the three year term would almost become a four year terms, so they should go for the shorter length of time. **Robert Daley moved to establish the first (year) term at seven months, Don Tinker seconded.** Dan Payne called for the question, which he later withdrew. **The motion carried.**

2002 Association Meeting - The Board must select a date for the 2002 Membership meetings. One must be within the first 60 days of the calendar year (January or February) and the second in the last 45 days of the fiscal year (May 15 to June 30).

Future Bylaw Amendments -

Robert's Rules of Order - The edition specified in the Bylaws is no longer in print.

Purchase Money Mortgages - One lot owner has sold several lots with a Purchase Money Mortgage, then takes back ownership of the lot "in lieu of foreclosure." Which allows him to not pay the past due road fees (Article XV, Section 4 c 1).

Majority Vote - Frank Wooten questioned if the Directors were elected by majority vote as defined in the bylaws. He also suggest the votes be made public, either posted at the office or included in the next newsletter. The PM advised that Districts 2, 4, 7, and 8 did not have the majority. Don pointed out election of Directors does not require a majority vote. Jesse who helped write the Bylaws agreed, that elections are by number of votes. The PM will ask the TMR for an opinion.

Policies - Don distributed copies of the past Corporate Policies.

Recess - Don Tinker moved to recess until Monday, November 19 at 7:00 p.m., Dan Payne seconded, the motion carried. The meeting recessed at 9:27 p.m.

Continuation of the Board of Directors meeting of November 13, 2001, held on November 19, 2001

Nancy Cabral, Property Manager (PM) reopened the meeting at 7:00 p.m.

Board Members present: Don Tinker, Floyd Lundquist, Walter Moé, Dan Payne, Chuck Cartwright, Frank Wooten, and Jesse Crawford. **Members excused:** Robert Daley, and Wayne Graber.

Other Members present: Bill Carlson, Doris Carlson, and Milton Weiss.

Majority Vote - The TMR's opinion was that since the Bylaws do not say the election requires a majority vote, it doesn't apply. Only when the bylaws say majority vote would you then need to have a majority vote as listed under definitions, however, the Board may wish to have a new attorney give a formal opinion.

Milton Weiss Complaint - Mr. Weiss complained that F road and K streets are impassable, he has to go four blocks out of his way to get home. The PM explained that the contractor is working on 24th, when he gets to 19th, he will be asked to skip to Kaloli Point, it should be done within two weeks.

Length of Board Term: It was recommended to draw for length of terms. **Jesse Crawford moved to have the Election of Officers prior to Length of Board Term, Don Tinker seconded, the motion carried unanimously.**

Election of Officers for the first 1 year term: This will be for 7 months, until July 1, 2001.

For President - Don Tinker nominated Jesse Crawford; Chuck Cartwright nominated Dan Payne; Jesse Crawford nominated Walter Moé. Ballots were issued, votes tallied - Crawford received 3, Payne received 3, and Moé received 1. On the second ballot, Crawford received 3, Payne received 4. **Dan Payne was elected as President.**

For Vice President - Jesse Crawford nominated Don Tinker; Dan Payne nominated Jesse Crawford, Floyd Lundquist nominated Walter Moé who declined. Ballots were issued, votes tallied - Tinker received 2, Crawford received 5. **Jesse Crawford was elected as Vice President.**

For Secretary - Floyd Lundquist nominated Robert Daley; Jesse Crawford nominated Don Tinker. Ballots were issued, votes tallied - Daley received 2, Tinker received 5. **Don Tinker was elected as Secretary.**

For Treasurer - Dan Payne nominated Floyd Lundquist who declined. A statement from Wayne Graber was read, he would accept the nomination. Jesse Crawford nominated Wayne Graber. **Dan Payne moved to accept Wayne Graber as Treasurer by acclamation, Jesse Crawford seconded, the motion carried. Wayne Graber was elected as Treasurer.**

At this time the PM handed presiding over the meeting to Dan Payne who started at the top of the agenda.

Financial Report: Was reported at the meeting of November 13, 2001. **Jesse Crawford moved to accept the Financial Report subject to audit, seconded by Chuck Cartwright, the motion carried unanimously.**

Unfinished Business Update:

Temporary Master Receiver - The hearing on the motion for payment of the TMR's fee has been postponed to November 27, 2001. He may also be dismissed as the HPP Temporary Master Receiver at that time. **Jesse Crawford moved to retain Day-Lum on a interim basis, after the TMR is dismissed, at a rate to be determined. Seconded by Walter Moé. Jesse amended the motion to be subject to termination by either party with 30 days notice, which was accepted by the second. The amended motion carried unanimously.**

Administration Office Computer - The new Yardi software is installed and functioning. A Day-Lum employee will be entering the necessary data, starting from July 1, 2001.

Paradise Drive Waterline - Loeffler Construction has put cold patch over the cuts across the road leaving it raised, expecting us to do a paving overlay. They were notified by the PM that we do not have the funds at this time and they should finish the job correctly, to not expect us to pave over it.

As stubouts have been installed at each cross street, the PM will check with the contractor and water department to find out what the procedure will be for installing lot owners water lines after we pave.

When we do pave, we can notify the lot owners that we will have a moratorium against cutting across the road.

Cinder Maintenance - Due to several complaints, when the contractor get past 19th the PM will have them move to Kaloli Point.

Asphalt Improvements - The striping has started.

Grass Cutting & Signage - Excavation Tech has submitted a proposal to mow on a cost per mile.

SBA Loan - Information packets were left at the office for the new committees, several members did not get theirs, the PM will distribute new copies. The committee met on Friday, November 16.

The Road Committee met and discussed spraying emulsion as a dust abatement for side roads. The loan would allow paving the remaining three main roads with 150 aprons on the side roads, and Beach Road between Paradise and Kaloli. This would be cost effective by reducing maintenance costs. If we don't use the fabric, the paving cost per mile would be reduced, however, with the waterline cuts on Paradise we would need the fabric in that area. We now have a good contract with Yamada & Sons and we will need to let them know we are still interested in continuing. **Jesse Crawford moved to continue to pursue the SBA loan, Don Tinker seconded, the motion carried unanimously.**

New Business:

Temporary Committees - **Walter Moé moved to dismiss the interim committees and form four new permanent committees: Policies & Procedures; Budget & Finance; Legal & Government; and Road Advisory, with only two Directors on each committee and ask the membership to get involved, Jesse Crawford seconded.** Dan recommended to limit the number of members on the committees. **Chuck Cartwright made a friendly amendment to limit committees members to five, which was accepted. The vote on the amended motion was 6 in favor, 1 abstained, the motion carried.**

The PM will give a copy of the Hawaiian Paradise Park Master Plan to all Directors.

Legal Representation - Walter Moé, Jesse Crawford and Don Tinker volunteered to be on the Legal & Government committee, a ballot vote was taken, Moé received 6 votes, Crawford received 5 votes and Tinker received 2 votes, Walter Moé and Jesse Crawford will be Board representatives on the Legal & Government Committee, and will ask members of the community to also be on the committee.

Jesse advised the past Advisory Board had met and had discussion with several attorneys over the past few months. As the Hui attorney, John Moran filed a motion to withdraw, and the TMR will

soon be dismissed, we need to select one or more attorneys by approximately December 20. The PM will update the list of potential attorneys and distributed it to the committee.

Manager & Staff Considerations - Nancy Cabral of Day-Lum was asked to continue on a month-to-month basis. A committee will need to make decisions of how to handle the office help and other details.

2002-2003 Operating Budget - An operating budget needs to be prepared for the annual meeting in May or June.

2002 Road Fees - A decision to raise the 2002 road fee by 10% must be made by the first week of December. An even number would reduce errors in payments, including future increases. Chuck suggested no increase at this time, until we have a long range plan in place. Discussion continued both for and against increasing the fees. The PM reminded everyone that we just spent over \$500,000 for paving improvements. We will defer this issue until the next meeting.

Establishment of Committees -.On the Policies & Procedures; Budget & Finance; and Road Advisory committees, members of the Board for these committees will be selected at the next meeting.

Legal & Government - Walter Moé and Jesse Crawford are the Board members on this committee.

Appointment of Committee Chairs - Will be selected by the committees.

2002 Association Meeting - The Board must select a date for the January or February 2002 Membership meetings. A nominating committee will be needed to find candidates for the three districts of the one year terms. Notification of that date will be sent out with the 2002 billing of road fees. In addition we should also send a June 30, 2001 financial statement, a report from the Board, and anything else the Board thinks necessary. It was decided to have the Membership meeting on February 10, 2002 at 3:00 p.m. at the HPP Activity Center.

Length of Board Term - One-third of the directors shall serve for a three year term, one-third for a two year term, and one-third for a one year term. The first one year term will end June 30, 2002, the two-year term will end June 30, 2003, and the three year term will end June 30, 2004. A drawing was held to determine which district would be for how long.

Districts 5 - Wayne Graber, 7 - Chuck Cartwright, and 8 - Frank Wooten terms will end June 30, 2002.

Districts 2 - Floyd Lundquist, 3 - Walter Moé, and 4 - Dan Payne terms will end June 30, 2003.

Districts 1 - Robert Daley, 6 - Don Tinker, and 9 - Jesse Crawford terms will end June 30, 2004.

Next Meeting Date - December 3, 2001 at 7:00 p.m. in the library.

Adjournment - Walter Moé moved to adjourn, Frank Wooten seconded, the motion carried. The meeting adjourned at 9:36 p.m.

Submitted by:

Lori Miner, Recording Secretary

Don Tinker, Corporate Secretary

MOTIONS LOG

Jesse Crawford moved to recess tonight and defer the election of officers to Monday, November 19, at 7:00 p.m. for the continuation of this meeting, Dan Payne seconded, the motion carried unanimously.

Robert Daley moved to establish the first (year) term at seven months, Don Tinker seconded. The motion carried.

Jesse Crawford moved to have the Election of Officers prior to Length of Board Term, Don Tinker seconded, the motion carried unanimously.

Jesse Crawford moved to retain Day-Lum on a interim basis, after the TMR is dismissed, at a rate to be determined, subject to termination by either party with 30 days notice. Seconded by Walter Moé. The motion carried unanimously.

Jesse Crawford moved to pursue the SBA loan, Don Tinker seconded, the motion carried unanimously.

Walter Moé moved to dismiss the interim committees and form four new permanent committees: Policies & Procedures; Budget & Finance; Legal & Government; and Road Advisory, with only two Directors and a maximum of five members per committee, and to ask the membership to get involved, Jesse Crawford seconded. The vote on the was 6 in favor, 1 abstained, the motion carried.

Submitted by:

Lori Miner, Recording Secretary

Don Tinker, Corporate Secretary