

Hawaiian Paradise Park Owners' Association

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NOTICE OF MEETING OF THE BOARD OF DIRECTORS January 19, 2003

Notice is hereby given that there will be a meeting of the Hawaiian Paradise Park Owners' Association Board of Directors on Sunday, January 19, 2003 at 3:00 PM in the Library of the Activity Center on Maku'u Street in Hawaiian Paradise Park Subdivision, Kea'au, HI.

AGENDA

- I Call to order
- II Roll Call
- III Owner Input
- IV Minutes from December 15, 2002
- V President's Report
- VI Treasurer's Report
- VII General Manager's Report
- VIII Committee Reports
 - A. Legal & Government
 - B. Activity Center
 - C. Policies and Procedures
 - D. Newsletter
 - E. Malamalama School
- IX Unfinished Business
 - A. Paradise Ala Kai Road Paving Proposal
 - B. Security Issues
- X New Business
 - A. Board Member Replacement
 - B. Awards Program
- XI Next Meeting – February 16th
- XII Adjournment

Hawaiian Paradise Park Owner Association

Approved Minutes of the Board of Directors Meeting of January 19, 2003

Call to Order: The meeting was called to order at 3:05 p.m. by President Dan Payne.

Board Members present:, Dan Payne; President, John Vurich; Vice-president, Don Tinker; Secretary, Wayne Graber; Treasurer, Floyd Lundquist, and Jesse Crawford. Suzanne Mayhew, General Manager (GM) was also present.

Board Members Absent: Robert Daley and Gerard Silva were absent. Alexa Von Alemann has resigned.

Other Members Present (and those who arrived later): Marlene Lundquist,, Warren Mastenbrook, Walter Bell, Don Muth, James Bigham, Samantha Payne, Frank Wooten, Sherman Langell, and Jim Wright.

Owner Input:

Samantha Payne is opposed to putting rocks at Ala Heiau and Beach Road to prohibit traffic from going through. She believes that by blocking the road people will then park there and walk in, or use private driveways to turn around. She also complained that all residents were not notified of the closure.

Warren Mastenbrook was opposed to closing the road, he advised the roads were dedicated to the Hui (which is now the Association) and the property owners. There is nothing in the Bylaws that authorizes the Board to close roads. Any thefts are the responsibility of the police not the Association.

Sherman Langell advise someone put a cardboard box and ribbon up as a temporary deterrent from using the road, as it did not look like it was by the Association, he took it down to drive through the area.

Don Muth is in favor of the road closure, it will keep off-road vehicles who drive dangerously around the corner out of the area. We have many vehicles in the area who do not live there, and appear to be doing illegal activities. We have many walker there who are also at risk.

Marlene Lundquist was opposed to the closure stating that handicapped people now cannot drive by the ocean. Our Bylaws are to serve all lot owners.

James Bigham representing the Smit family, advised there is steady traffic at all hours of the night. Closing the road will stop speeding, thief's, stop cruising, and be safer for the children. Several residents in the area have been robbed.

Samantha Payne questioned if one is done, other residents may want to have roads closed in their area, to prevent crime and excessive traffic.

Frank Wooten was against deferring road maintenance fees in lieu of residents paving their roads. He suggested to instead reduce their road maintenance fees.

Gerald Silva arrived at 3:25 p.m.

Walt Bell asked the Board to reinstate the Rick Edwards and Albert & Maize O'Neil Awards for outstanding volunteers, the were last awarded in 1999.

Minutes of December 15, 2002 -

Jesse Crawford moved to approve the minutes of December 15, 2002 as written, Don Tinker seconded. The vote carried unanimously.

President's Report: The Health Department contacted the Planning Department about the junk yard on and around Mr. West's property. He has been given six months to clear the area, and has started removing the vehicles.

Mrs. Silva wanted information about road expenditures, but since she opted out of the HPPOA, the office informed her she was not a member. We may start putting more financial information on the website.

Treasurer's Report: Treasurer Graber distributed and reviewed the financial reports. We will add a list of monthly checks written to the financial statements. Lot owners, who are members, may get financial reports at the office.

We received an Audit Letter from our auditor, which recommends one set of financial statements for the whole organization, and that it be on an accrual basis, not cash basis. We are doing both of these at the present time. They also suggest hiring someone with an accounting background as a bookkeeper. Since we cannot afford another employee, and Treasurer Graber was an accountant, that should not be necessary. He advised the writing of checks, and reconciliation of the statements are handled be different people. A potential problem could exist if someone pays their road fees in cash. We will start reconciling receipts to deposits each month, to the properties. They also recommended to spread our accounts over different banks, none being over \$100,000, up to what the banks insure. We will check interest rates at other banks.

We are now using QuickBooks for the financial statements, which is working out very well. There have been suggestions to try to recover some of our money from Yardi or Day-Lum, which may cost more that we could get for our trouble.

We have been taking \$2000 per month for non road expenses, but the Treasurer recommended to not take it unless we need it. Director Crawford recommended to track the amount on paper, in case we need a large amount.

General Manager's Report: (Briefly see Addendum #1 for full report.)

The Organization's structure still needs to be defined.

The employee from Employment Works started on January 6th, he is qualified for office work, building maintenance, landscaping, and physical labor. There is no cost to our Association, as he works for experience and training, and is working out very well.

Thanks to about 15 volunteers the billing and newsletters are just about ready to be mailed.

There is suspected criminal behavior, late night noises, and fires being set by the squatters on Shipman land which abuts HPP property at Kaloli Point. The police can only respond if called by Shipman representatives. The GM met with area residents and Shipman representatives to find a solution. The Shipman representatives agreed to clear a 1000-foot buffer on Shipman land, between HPP property and the Shipman Estate, mainly to prevent the spread of fires.

We have set up a property transfer follow-up system to keep track of potential transfers which give us other data as well.

Our general liability insurance policy expires in March, and the underwriter is leaving Hawaii. Our insurance agent is looking for a replacement policy.

It appears that QuickBooks will give us everything we need from a financial program.

Asplundh is trimming trees under a HELCO contract, and storing their vehicles on our property, which has been done in the past. The GM spoke with them about trading services for providing a storage facility. When high winds took down trees and power lines they responded immediately, but our personnel and volunteer firefighters had already taken care of it by the time they got there.

Signage has been placed for the Ala Heiau roadblock, but the boulders have not been placed yet. We have approval from the police, fire, and several residents in the immediate area. Due to the members objections today, the GM asked for Board approval before proceeding.

At the direction of President Payne, the GM contacted attorney Hong to resolve the problem of mail from title companies and an attorney being sent to *Hawaiian Paradise Park Improvement Association* (which was set up by Bob Lerro) instead of to Hawaiian Paradise Park Owners Association. Attorney Hong had several recommendations, to which the GM is now completing.

Plans have been drawn for a fire-safe room to be added to the office to house the lot-owner file cabinets, important documents, information, and the server.

The Dell computer will not boot, the GM used the tech support to no avail. It will be taken to a service center.

Hawai'i Aina (our mowers) installed a new starter on the pickup truck when the other one failed, it needs to be taken in for a tune up soon.

A hole in the road was discovered on 19th on the dead-end side, it was collapsed and filled in.

Hawai'i Aina has been working on clearing the rocks out of the mow path in order to widen the sides of the roads, we should see an improvement within a few months.

President Payne questioned if the lava tubes under HPP had been mapped, Spike Warner may have some information, and there may be an Internet site.

Committee Reports:

Legal & Government - Director Vurich is contacting attorney Hong about the deed restrictions on the HPPOA properties.

Activity Center - Director Tinker reported he has started sanding the water tank. He also moved large rocks to block traffic access to the ball field.

Policies & Procedures - Director Daley had forwarded the Road Advisory Committee's policies to President Payne. (See Addendums 2 and 3)

Newsletter - Walter Bell advised the Conch is out, and with lots of volunteer help it came in under budget.

Malamalama School - Walt Bell reported enrollment is still at 82 students. They are applying for and receiving grants.

Unfinished Business:

Paradise Ala Kai Road Paving Proposal - Skip Langell contacted residents on Paradise Ala Kai Road to pool funds and pave their street. This would be an interest free loan to the Association. They ask that their road maintenance fees are waived until the loan is repaid. Skip advised they have enough to pave 640 feet with about 75% of the lot owners chipping in. The Association will still collect road fees from the other 25% who are not chipping in on the paving.

As other groups may want to do the same thing, we need to establish a concept for the future. If we have a great demand for this, it would short the Association of funds for maintaining the rest of the roads. Director Vurich suggested to waive a portion of the road fees until the loan is paid. We need to check figures to see what the percentages are, we would also need contracts with each lot owner. **John Vurich moved to prepare a counter proposal to the Paradise Ala Kai group for paving, Jesse Crawford seconded.** We need a formula of how much we can forfeit, set time limits, verify we can handle account credits - the GM and Treasurer will work on it. **The motion carried unanimously.**

Security issues - Director Vurich offered a temporary storage building until the secure building is built.

New Business:

Board Member Replacement - Alexa Von Alemann has resigned. **Don Tinker moved to appoint Paul Silva to the Board to complete the unexpired term of Alexia Von Alemann, John Vurich seconded, the motion carried unanimously.**

Awards Program - Wayne Graber moved that the Awards Program authorized by the Board of Directors in the year 2000 be ratified by this Board, and the President appoint an Awards selection committee to begin the awards selection for 2003. **Seconded by John Vurich.** Director Tinker spoke against the program because if one volunteers it should not be to gain an award. He suggested to have a party for all of the volunteers and not name specific individuals. In the past, it caused problems because some people who worked very hard were not recognized, when others were. The GM suggested to have the volunteers vote for the award recipients. **The motion was defeated unanimously.**

Waive Interest - Director Lundquist advised he has been contacted by a past due lot owner who owes \$1100 and has cancer, and asked if we will accept a settlement by waiving the interest of \$379. **Floyd Lundquist moved to accept a settlement of \$775 from this individual for road maintenance fees through December 2002, John Vurich seconded.** The vote was 4 in favor, 1 opposed, 1 abstained, the motion carried.

Paving - K.T. Eggars e-mailed Floyd about the water problem on 29th Street, they were both under the impression that a motion had been made to pave 29th when 28th was paved, however, there has been no motion to that effect.

Director Vurich recommended to pave the aprons as that will reduce maintenance and be beneficial to the most residents. It would cost \$3000 per intersection if we do 75 feet on each side. **John Vurich moved to prioritize the aprons in the park and pave them as we have financial ability, Floyd Lundquist seconded, the motion carried unanimously.**

Next meeting is February 16th, at 3:00 p.m. in the Activity Center Library.

Adjournment - The meeting adjourned 5:15 p.m.

Submitted by:



Lori Miner, Recording Secretary



Don Tinker, Corporate Secretary

MOTIONS LOG

John Vurich moved to prepare a counter proposal to the Paradise Ala Kai group for paving, Jesse Crawford seconded. . The motion carried unanimously.

Don Tinker moved to appoint Paul Silva to the Board to complete the unexpired term of Alexia Von Alemann, John Vurich seconded, the motion carried unanimously.

Wayne Graber moved that the Awards Program be authorized by the Board of Directors in the year 2000 be ratified by this Board, and the President appoint and Awards selection committee to begin the awards selection for 2003. Seconded by John Vurich. The motion was defeated unanimously.

Floyd Lundquist moved to accept a settlement of \$775 from this individual for road maintenance fees through December 2002, John Vurich seconded. The vote was 4 in favor, 1 opposed, 1 abstained, the motion carried.

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Submitted by:



Lori Miner, Recording Secretary



Don Tinker, Corporate Secretary

ADDENDUM # 1

Association General Manager's Report to the Board

January 2003

Submitted by Suzanne Mayhew

ONGOING PROJECTS

Defining the Organization's Structure - This still lacks completion.

Employment Works, a Division of Goodwill Industries - I have interviewed and hired our first Employment Works employee. In this program Hawaiian Paradise Park is eligible to utilize such participants for up to six months. He works for his benefits as well as the experience and training we will give him, and is insured by Quest, even for on-the-job injuries.

He started work on the 6th of January doing a multitude of jobs. He is qualified for all four of the positions we identified - office work, building maintenance, detail landscape, and physical labor, and has performed some of each already. So far, so good.

Billing - The volunteers have done it again! Along with Morgan's guidance and her many hours of printing, separating, sorting, folding, and stuffing, about 15 volunteers gave their time and energy to help complete the process of getting the road fee invoices and newsletters mailed out. There are only "a few" boxes left of envelopes that need postage, and most have already been mailed. If you haven't already gotten yours, you should get it very soon.

NEW ISSUES / PROJECTS

Shipman Land at Kaloli Point - I met with representatives from Shipman on December 17th, along with some Paradise Ala Kai residents who have been experiencing quite a bit of trouble with suspicious and criminal behavior where Paradise Ala Kai stops and HPP property abuts Shipman property.

The problem has been that when the police are called by an HPP resident, and they arrive at the scene, they cannot do anything because the activity is occurring just off HPP property on private land belonging to Shipman. The police have told the residents that a representative of Shipman would have to request police intervention, report trespassing, etc.

At our meeting on Tuesday, the Ala Kai residents requested that Shipman clear a 1000-foot buffer between that section of HPP and the Shipman Estate. Currently this area is thick with Ironwoods along the ocean. The Shipman representatives seemed agreeable but warned that clearing a buffer would not stop the activity, but merely move it over 1000 feet. The residents want to try it anyway, as one of their daily fears is fire from the squatters and trespassers.

The Shipman representatives seemed eager to help and agreeable to our proposed solution. Unfortunately, nothing has happened yet and my phone calls are not being returned. I have kept officer Aurello abreast of the situation and he is putting a friendly reminder call into Shipman early next week.

Property Transfers - Our new property transfer follow-up system is in place and will not only help us keep track of potential transfers, but will allow us to collect other data on rate of transfers, proportion of actual transfers in the pool of requests we fill out and return, and where the transfers are occurring. This additional information will help us with things like accurately determining transfer fees and recognizing growth patterns in the Park.

General Liability Insurance - Our \$40k general liability insurance policy that expires in March will not be renewed because the underwriter has pulled out of Hawaii, as did the last one. I have spoken with our insurance agent, and he is already working on finding a replacement and will keep us informed of the quotes that he receives. The insurance companies are responding to the huge influx of mold-related claims. Lawyers are referring to it as the 'asbestos of the 21st century'. Great. We will continue to see an increase in rates and the difficulty of getting affordable coverage.

QuickBooks- Since the last Board meeting, Director Graber has purchased QuickBooks for the office accounting program. I believe this was the way to go all along. While we are still inputting data from earlier this fiscal year, it appears that QuickBooks will give us everything we need from a financial program; accuracy, stability, security, ease of use, history of integrity. It was designed for what we are using it for, unlike Yardi. Very soon we should be fully integrated with QuickBooks and the financial reports will be back on track.

Asplundh - Asplundh is currently trimming trees under HELCO contract. They are storing their equipment and parking their vehicles by our maintenance garage, evidently a long-time practice. We spoke casually and favorably about trading services for providing a storage facility.

On January 15th, the high winds took down some trees and power lines, so I called Asplundh for some *free* emergency work and they sent a truck right away. Fortunately, I didn't have to use up a favor on that day, because our grading contractor, our new employee, and the volunteer firefighters had already taken care of it. I have a call into them about some trees that need to be removed.

Ala Heiau Roadblock - Because of the number of thefts on Ala Heiau we are experimenting with blocking the road where Ala Heiau intersects with Beach Road. *(Please see the attached flyer that was passed out on December 31st to residents in the immediate area as well as the Chiefs of Police and Fire for Hawaii County.)*

Nothing has been blocked yet, but the approaching signage is in and we are ready to place the boulders and the final ROAD CLOSED sign. So far, we have heard from 3 residents - all in favor, one conditionally - and both Chiefs.

The Fire Chief sent his crews down with their trucks and reported back that there would be no problem with access or providing service to residents. The Police Chief had Sergeant Apele call me with some questions about coordination with the Fire Department, DPW, and the residents. He was favorable to my answers and sent a rather generic letter back reiterating what we had discussed on the phone. The resident who conditionally approved our project lives at the intersection we are blocking. His fear is that people will be driving in his yard to turn around all hours of the day and night, and his

condition is that we must not allow people to turn around in his yard (with their headlights in his windows). I assured him that ample signs would be posted and that we would attempt to place the boulders in such a way that people should not have to turn around in his yard.

Between equipment failures and all the downed trees, this project has been on hold for a week or so, but should resume the week of January 20th.

Hawaiian Paradise Park Improvement Association - We have experienced two more cases of mistaken identity. The entity, *Hawaiian Paradise Park Improvement Association*, is being sent mail that is specifically for Hawaiian Paradise Park Owners Association. So far we have intercepted correspondence from a title company relating to a property transfer and correspondences from an attorney relating to two different foreclosures. I am in the process of researching the origin of the misled correspondence. At President Payne's request, I contacted our attorney, Ted H.S. Hong, who advised that I go online and register our business name, write a letter of explanation to the Post Mistress, and if the other entity is no longer active, contact the recipient of its address and ask that they abandon the name associated with that address. I am in the process of completing these actions now.

Fire-Safe Room - Director Vurich has drawn up plans for the fire-safe extension to be added to the office. He will arrange to have the drawings detailed and stamped. There will be some fee for the engineer's stamp of approval, but John *knows* some folks, so we may get a discount of some kind. The building is to be constructed of CMU (cinder block, hollow tile) on a concrete slab, an aluminum roof on metal perkins, and no windows. This room will be accessible through the safe room door in the existing office and will house all the lot-owner file cabinets and other hard-to-replace documents and information, as well as the server.

Broken Things - The server died. It simply will not boot. I spent two hours on the phone the other morning with Dell tech support. They e-mailed me some things to download and specific instructions on how to "fix" the discombobulated motherboard. I ran it by Director Crawford who strongly suggested I take it to a local service center to have a professional look at it. I agree, and hope to do so in the next week or so.

On January 9th, I arranged to take the truck in on the 13th for a tune up, because it's been running rough and there is no record of when it was last looked at. On the morning of January 10th the starter failed when the Hawai'i Aina crew was heading out to Ala Heiau to install some signs. I purchased a new starter and Hawai'i Aina installed it, for *free*. I will take the truck in soon for a tune up, but thanks to Hawai'i Aina, we can continue to work until then.

ROAD STUFF

Lava tube OK - The lava tube that was opening up for the second time turned out to be small - about 4' in diameter and 2' to 3' deep. It was like a bubble that had some smaller tubes feeding it, so we basically collapsed the bubble and filled it in. Whew.

Kudos to Hawai'i Aina – Hawai'i Aina has been working toward clearing the rocks out of the mow path so it can be widened. The reason the sides of the roads are mowed only a few feet in is that under the taller grass not getting mowed there are football to watermelon-sized rocks left over from the past years' road widening projects. They have tried different methods of efficiently and effectively removing those rocks and are finding some success. Within the next several months, we should see our grass shoulders getting wider and cleaner, providing a safe place for people to walk and for cars to pull over.

ADDENDUM # 2

**REPORT OF POLICIES AND PROCEDURES COMMITTEE
January 15, 2003**

The Policies and Procedures committee met on Wednesday, January 15, 2003 to respond to the requests for recommendations submitted on December 1, 2002 and December 13, 2002. These requests were for suggested policies relating to the Board of Directors of Hawaiian Paradise Park owners Association and the various advisory committees.

It was proposed that a visual flow chart be prepared illustrating direct line of authority, and suggestions be presented concerning policies for the HPPOA Board of Directors and the advisory committees. The attached sheet is the result of that meeting.

Respectfully submitted,

Policies and Procedures Committee

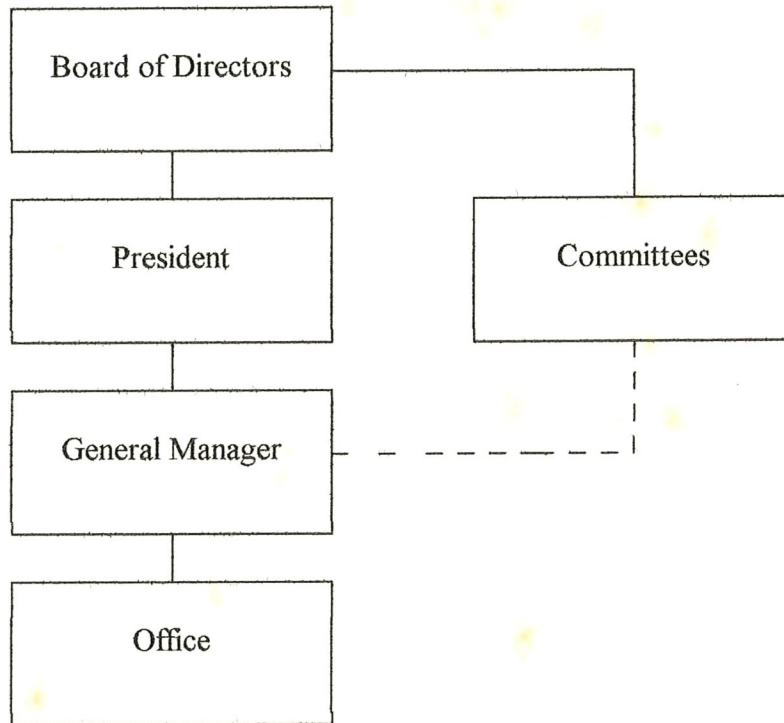
See next page for flow chart

ADDENDUM # 3

FLOW CHART FOR 'LINE OF AUTHORITY'

Legend:

- _____ = line of authority
- = communication only – no authority



Suggestions for possible policies:

1. Each committee is to act in an advisory capacity to the Board of Directors, within its assigned area of concern.
2. Each committee may inquire of other sources of information which may help with its assigned area of concern.
3. Each committee shall present its recommendations to the Board of Directors for approval.
4. Upon approval of the Board of Directors, the President shall present approved recommendations to the General Manger for implementation, as illustrated in the flow chart of Line of Authority above.