

## **Hawaiian Paradise Park Owner Association**

### **Approved Minutes of the Board of Directors Meeting of February 16, 2003**

**Call to Order:** The meeting was called to order at 3:02 p.m. by President Dan Payne.

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

**Board Members Absent:** Paul Silva and Jesse Crawford were absent.

**Other Members Present:** Marlene Lundquist, Darrell Crisp, Pauline Brault, Warren Mastenbrook, Walter Bell, and Cindy Carroll.

#### **Owner Input:**

Darrell Crisp was concerned that potholes and washboarding were left after the grader did 25th Street. The GM advised since we are not adding material, there is none left on the roads. Recurring potholes are being filled with cold patch. Director Silva suggested to have the grader cut deeper, the GM advised there is no material on the roads to cut deeper. President Payne advised that due to the shortfall we started with, we are deferring as much road maintenance as we can for the balance of the year, in order to have more funds next year.

Pauline Brault asked about the loan to pave all the roads. President Payne advised the interest rates are at 6½%, even a revenue bond from the County would be at that rate. She also asked to move owner input to the end, so the owners could comment on what takes place at the meeting. President Payne advised most members don't want to sit through the entire meeting.

Marlene Lundquist asked how much is the annual associate membership fee and how much is the suggested annual Association donation. The Associate member fee is \$25, and an Association donation has not been established. If someone does not own property in HPP, they must be an associate member to rent the Activity Center or kitchen.

**Minutes of January 19, 2003:** Wayne Graber moved to approve the minutes of February 16, 2003 as written, Don Tinker seconded. The motion carried unanimously.

**President's Report:** President Payne sent e-mail's to the current State Representatives asking for a 3% loan to pave all of our roads, he has not received any replies as of yet.

The junk yard on 5th Street that was ordered to clean up does not appear to have changed, the GM will follow-up.

President Payne reminded the Board that a decision needs to be made about disposing of the heavy

equipment. It was agreed that a new appraisal was not needed. An advertisement will be placed in the newspaper on a Friday and Sunday for two consecutive weekends. The Executive Committee will look over the inventory to see what is to be sold.

The Road Advisory Committee has expressed concern of the Board's deficiencies in providing appropriate supervision and oversight of the GM and office personnel. There is also a lack of the GM's ability to effectively communicate with the Board, except to call a special meeting. For those reasons President Payne appointed John Vurich, Wayne Graber, and himself as an Executive Committee to assume responsibility for the supervision of the GM and staff, and provide interim communications until the next Board meetings.

**Treasurer's Report:** Treasurer Graber distributed and reviewed the financial reports. We now have a Balance Sheet and Profit & Loss Statement produced by the GM using the *Quick Books* program. Now we need a good database program, Director Crawford has offered to help. We are now operating on an accrual basis.

We are looking at other banks to diversify our accounts to keep them federally insured.

All property owners may ask to see financial records, and back up. Darrell Crisp suggested a committee be formed to oversee expenditures instead of the GM and Treasurer. Treasurer Graber explained that most items are in the budget, other expenditures are presented to the Board for approval. Darrell was concerned that the association isn't getting full value for the money paid

Treasurer Graber recommended:

1. That the GM be allowed to write off small amounts that are not road fees. Any requests for a write off should be submitted to the office for investigation of the account, that it be paid up to date, and submit a check at the time of the request. The GM will then bring it to the Board for final approval.
2. No one should have access to computer or paperwork in the office without the GM's permission, except the Executive Committee as a whole.
3. To explore hiring additional personnel in the office due to workload.

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

We have obtained the necessary financial data to prepare a counter proposal dealing with the paving of Paradise Ala Kai, to be paid for by residents, submitted by Skip Langell to the Board.

A policy needs to be developed regarding what and how any portion of a past due account can be written off.

Several lot owners have consolidated their lots, the Board needs to determine if this also consolidates the road fees. **John Vurich moved that each individual lot fee, as determined by the original plan, shall be due without regard to lot consolidation. Wayne Graber seconded, the motion carried unanimously.**

The yoke on the loader broke in two, it appears to have broken before and welded. A new yoke is approximately \$940. Renting a loader costs \$100 - \$150 per hour. **Wayne Graber moved to give the GM authority to pay not more than \$1200 for a new yoke for the loader, seconded by John Vurich,**

**the motion carried unanimously.**

People have asked about a day rate to rent the Activity Center or our Commercial Kitchen, is the Board interested in pursuing this to attract more renters? The Board asked the GM to work up some figures to see if there would be a savings by having a "day rate"

#### **Committee Reports:**

**Legal & Government** - Director Vurich reported attorney Hong recommended we contact a real estate attorney about the deed restrictions on HPP property. Initial exploration will have a \$500 cap. We will contact the attorney and advise that we will need an estimated price of attorney fees and Court costs.

**Activity Center** - Director Tinker reported the swap meet netted \$60 in rentals and \$20 for donated items.

**Policies & Procedures** - Director Daley reported there is nothing new happening.

Floyd Lundquist moved that the (*suggested*) Policies & Procedures for the Road Advisory Committee be accepted as written (*by the Road Advisory Committee.*) There was no second, the motion died.

Director Tinker noted the suggested line of authority as presented last month by the Policies & Procedures Committee is not the way the Bylaws intended. The Board will work on this.

**Newsletter** - Walter Bell reported the next issue will be in May, he is looking for input. We had good feedback from the members on the last issue.

**Malamalama School** - Walt Bell reported enrollment is up to 83 students. They are adjusting tuition and fees. The scholarship applications are now being accepted.

#### **Unfinished Business:**

**Paving Proposal for Paradise Ala Kai** - After checking figures the GM arrived at 37.8% of our road income is spent on grading. Treasurer Graber noted the tree roots are encroaching on the roads and should be removed prior to any paving. **Don Tinker moved to send a counter proposal to the group prepaying for paving of Paradise Ala Kai according to the percentage (38%) arrived at by the GM, seconded by Robert Daley, the motion carried unanimously.**

**Price Comparison for Paving Apron Extensions** - We have a low bid from Yamada & Sons to pave aprons. We will choose the 20 intersections that are the most hazardous, and pave according to the area needing the work. Director Lundquist advised 17th Street north of Kaloli washes out regularly; and 29th and 30th Streets need concrete work due to excessive water runoff. The GM advised we will also need to remove trees and look at drainage first.

**Waiving Amounts on Past Due Accounts** - Wayne Graber moved that road fees not be written off under any condition, and any write-offs of anything else be handled as follows: **The GM brings to the Board each case with a recommendation of approval on non-approval. Her input will be from Directors, members, and records - an exception to this will be corrections, and any amount less than \$100 which the GM will have sole authority to write off and report those to the Board, John Vurich seconded.** Director Graber believes we should write off only if it enables HPP to get more than we would otherwise get pursuing collection activities. Director Lundquist advised the accounts will need to be

checked to verify the amount is correct. **The motion carried unanimously.**

**Special Use Permit** - We need to develop a policy of our requirements for members obtaining a Special Use Permit from the County Planning Commission.

**Safe Building for Records** - John Vurich reported drafting the plans will cost \$250, and \$100 for the Engineer's stamp. **John Vurich moved to not exceed \$500 for drafting and Engineering approval for the safe building for HPP records, seconded by Robert Daley, the motion carried unanimously.**

**New Business:**

Lot Consolidation by Members, Equipment Repair, and Day Rate for Activity Center have already been discussed and handled.

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

The meeting recessed for an Executive Session at 4:50 p.m..

The meeting resumed at 5:20 p.m.

**Adjournment** - The meeting adjourned 5:20 p.m.

Submitted by:



Lori Miner, Recording Secretary



Don Tinker, Corporate Secretary

## MOTIONS LOG

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**ADDENDUM # 1**

**Association General Manager's Report to the Board**

February 2003

Submitted by Suzanne Mayhew

**ONGOING ISSUES / PROJECTS**

**Defining the Organization's Structure -**

This still lacks completion.

**Paving Proposal for Paradise Ala Kai -**

We have enough true financial data now to generate a feasible counter proposal to the original proposal presented to us a few meetings ago. The original proposal was to pave a portion of the road funded by Paradise Ala Kai lot owners, then defer annual road fees for those owners until the paving is "paid off". As we know, road fees cover a lot more than road grading, so now we must figure out how much of the road fees we *can* defer each year and still have enough to take care of everything else we are obligated to.

With the entire fiscal year in one package, QuickBooks, we are now able to examine our financial position with regard to deferring fees.

**Waiving Amounts on Past Due Accounts -**

Another thing that needs to be addressed, again, is waiving fees and charges on past due accounts. The decision made at the last board meeting to waive a lot owner's interest and to accept \$775.00 as payment in full has been acted upon. A few days after the board meeting, that lot owner came in with a bank or cashier's check for \$775.00, and at his request, I wrote a note on his check stub that that payment would clear his balance through 12/2002 and release his lien, per the Board's decision.

The problem is, as it turns out, that we did not write off just some of this lot owner's interest. We wrote off past due road fees, lien fees, and 100% of the interest. The situation was presented to the Board out of context and out of order, and the decision was made. I suggest there be a policy in place to deal with this kind of collection situation. Even though each collection situation is different, we need a basic guide; for instance :

Under special circumstances (to be defined by the Board), up to XX% of the interest on a past due account may be waived *IF* the remainder of the balance is paid in full at that time (no payment plans). This would offer some kind of negotiating base on which the board has the final decision.

## NEW ISSUES / PROJECTS

### Lot Consolidation – Ours and Their –

About our lot consolidation: we received the individual TMK tax bills for all of our now-consolidated lots. I'm hoping it was just a timing issue between the County's sending out tax bills and our consolidation being finalized. Should find out soon, as taxes are due 2/20/03.

Now, what about *their* lot consolidation? What happens to a lot owners' Road Fee obligations if they consolidate their lots? Does that consolidate their Road Fee, like with taxes? Someone has consolidated some lots and has asked the question. We need to look at the bylaws and definitions, etc. and come to a well thought out conclusion about how the Association will address this issue.

### Equipment Repairs –

The loader, which we use frequently for different road projects is in need of repair. The yoke that holds the bucket on has broken *in two*. It appears to have been welded once before in the same place, well, close. The first weld was stainless steel, which makes for a difficult second weld on the same area. To replace the yoke would cost about \$1,000, and would pay for itself in less than 10 hours of use. I request that the expenditure to repair the loader be approved.

### Day-Rate for Activity Center Rentals –

There have been requests by the public for the Activity Center / Commercial Kitchen to have a day-rate, instead of only hourly rates. I have worked out some preliminary figures. If the Board is interested in pursuing a day-rate to attract more renters, please let me know.

## TREASURER'S REPORT — 2/16/03

### I. Financial reports (submitted by Suzanne) Balance Sheet.

Balance Sheet — All bank stmts reconciled. Capital re sale of equip. Activity Center. Other reserve acct. Philosophy re reserve accounts. Past due is CPA figure. Diversify to other banks? Treatment of road fee receipts.

P & L — Need to tweak format to separate Road and Non-road, alphabetical. Need to massage budget to revised acct structure. Next year will have prior year. Non-road income breakdown. Road fee allocation. Capital and Contra.

General — Accrual basis. Audit savings. Diversify banks. CPA firm. Check registers available upon request. Must get program to handle owner data base.

### II. Receivable write-offs

Our most basic responsibility is financial integrity. Applies to expenditures and receipts. Write-offs such as the cancer guy ... Basic rule should be not compassion but w/o only if collection more expensive or impractical. IRS, utilities, etc. W/o's (above some GM auth amt) should be submitted in writing to GM for background info, then to Board (with her recommendation). Applicant should submit a check for net amount before approval.

### III. Record integrity

Individuals, Board or otherwise, should not have access to computer or paper records without GM permission or request. Exception: With Pres, VP, or Treas.

IV Need to tighten up office controls. Additional people. Keep track of OT. At some point, a 3<sup>rd</sup> person in office (Parttime?) f or duty segregation, perhaps also a Dave type. GM's input. Vulnerable to sickness or other extended absence.