

## **Hawaiian Paradise Park Owner Association Approved Minutes of the Board of Directors Meeting of July 21, 2002**

**Call to Order:** The meeting was called to order at 3:00 p.m. By President Payne.

**Board Members present:** Dan Payne, President; John Vurich, Vice-President; Don Tinker, Secretary; Wayne Graber, Treasurer; Floyd Lundquist, Gerard Silva, Walter Moe, Jesse Crawford, and Robert Daley. Nancy Cabral, Temporary General Manager (TGM), and Suzanne Mayhew (GM) were also present.

**Members Absent:** None.

**Other Members present:** Marlene Lundquist, Darrell Crisp, Cindy Carroll, and Frank Wooten.

### **Owner Input:**

Marlene Lundquist asked if Gerard Silva was an advocate of rooster farming, he stated there is nothing wrong with it.

Darrell Crisp questioned how long will HPP have two General Managers. President Payne advised it should be no longer than half of the next month.

**Minutes of June 7, 2002 - Walter Moe moved to approve the minutes of June 7, 2002 as written, Robert Daley seconded. The vote was 6 in favor, 3 abstained, the motion carried.** Vurich and Silva were new, Tinker didn't receive them.

**Financial Statement:** The TGM previously e-mailed, and distributed the financial statements for May and June 2002. The General Fund has a total of \$52,446 and the Road Fund has \$620,529 as of June 30, 2002. We collected \$864,508 in road fees between July 1, 2001 to June 30, 2002. Past-due fees are \$249,941; interest due \$159,378; and lien charges are \$20,025. For a total due of \$428,344. We have 327 liens in place. Liens are placed on properties if fees have not been paid for 3 years, or owing more than \$300.

Treasurer Graber reviewed the income and expenses, and compared them to the budget.

The waterline account is a separate account. It was created to be used for legal expenses and to be considered for refund in five years. The association is still using the account for legal expenses incurred over problems with waterlines.

**Walter Moe moved to approve the Treasurer's Report subject to audit, Robert Daley seconded, the motion carried unanimously.**

### **COMMITTEE REPORTS:**

**Legal & Government -** Director Moe reported the Water Department will not service waterlines on cinder roads. He suggested to designate a Board representative, or our attorney to petition the Water Board to instruct the Water Supply Department to service waterlines in HPP. President Payne and Director Crawford will attend the next meeting. **Walter Moe moved to request that the Hawaii County Water Board, put HPP on the next month's agenda of the Water Board, Floyd Lundquist seconded,**

**the motion carried unanimously.**

A letter from Attorney Hong indicated that Civil Case No. 96-038, *Lerro v. Paradise Hui Hanalike*, has been dismissed.

**Budget & Finance** - Treasurer Graber found a procedural error on the taxes by the auditor, which will not affect it. He will ask that the audit be prepared sooner, and at less expense. He will also ask for the cost by function, as the Treasurer and General Manager can do some of the preparatory work. He requests that any contact with the auditor be through the Treasurer.

The financial reports will be prepared at the HPP office starting next month provided the Yardi software is in place.

There is not enough history to see how much we will save in road maintenance, by paving 28th & 29th.

Morgan Sky and Suzanne Mayhew will be put on HPP payroll August 1, 2002. Suzanne is receiving salary advances until she is on the payroll.

**Road Advisory** - We received an estimate for paving Beach Road and 28th from Shower to Paradise from Yamada & Sons. **Jesse Crawford moved to accept Yamada and Sons, Inc. bid as written for paving Beach Road, and 28th from Shower to Paradise, Don Tinker seconded, the motion carried unanimously.**

Between April 1 - July 21, Director Lundquist has collected a substantial amount in past due road fees. We currently charge \$25 transfer fee when property changes owners, Wayne Graber moved to increase transfer fees to \$50, this was thought to be premature, and he withdrew the motion. The GM will check to see how much work is involved in the transfer of property.

A letter was received and responded to by the TGM regarding the lot owner who takes back property in lieu of foreclosure, based upon an opinion of the HPPOA attorney. Road maintenance fees are a court mandated obligation for all lots in Hawaiian Paradise Park.

**Policies & Procedures** - Director Daley reported the final report on the management search will be at next months meeting.

The committee received input on the Policies & Procedures from Directors Tinker, Graber, and Payne. Committee meetings are on most Thursdays at 9:00 a.m.

**Activity Center** - The July swap meet netted \$120. Director Tinker presented the history of how funds were raised in order to build the Activity Center. Money for materials was brought in through raffles and memberships, and volunteers provided the labor. The developer gave 171 acres to the membership. Four and one-half acres were given to the County at the end of Kaloli for a park.

**HPPOA Representative to Malamalama School** - Member Wooten reported the schools lease calls for their road fees being \$15 per acre for their 20 acre lot, they are presently paying five time the maintenance fee for one lot. The lease also calls for HPPOA to provide them with names of two HPPOA members, so they may select one to serve on the school board. The leases final negotiations will end in 2005.

**UNFINISHED BUSINESS:**

**Road Maintenance** - This was covered under the road report.

**Bus Shelters** - Director Moe reported the area was cleared, DeLima Drilling will drill the post holes, and we have the materials.

**Lot Consolidation** - The consolidation request was resubmitted, then new document were signed, notarized and submitted again.

**Computer Transfer** - The TGM reported we are altering the work to comply with Yardi's software. We are trying to have it ready by the end of this month.

**Improvement Loan** - Director Moe asked for a financial packet for Mr. Yamashiro who is pursuing financing for HPPOA to pave all roads. President Payne questioned since we cannot afford to borrow enough to pave all the roads, will it be worthwhile to borrow to pave part of the roads. Perhaps instead we should plan to pave so many miles each year, and not be burdened with paying off a loan. Director Vurich suggested to ask the members if they would pay to pave their road, and then prorate road fees for a few years. The TGM recommended getting legal advise prior to any Board action on this. Director Moe gave a synopsis of how to develop legal standing to the County. Director Silva noted that a resolution by Helene Hale was passed to give communities back their tax money.

**Legal Matters** - Attorney Hong will be asked to check the letter to Don and Helen James.

**Association Insurance** - The hazard insurance on the buildings is up for renewal August 31, 2002. The current underwriter is withdrawing from Hawaii. Our insurance agency has requested new proposals from various agencies. The truck insurance was renewed in June, but at a reduced rate due to changing from full coverage to basic no-fault with under and non-insured vehicle coverage.

**Association Meeting** - The Association meeting was held on June 30, 2002, at 3:00 p.m. at the Activity Center. The minutes were distributed to the Board, to be approved by the membership at the next membership meeting.

**Questionnaire Summary** - The TGM distributed updated results of the Questionnaire in the newsletter.

**NEW BUSINESS:**

**Appointment of New Committees -**

Don Tinker moved that the following rules replace the current rules for Committees of Directors.

1. Since each Director is elected by the members in his District to represent them, his rights to participate are diminished by not allowing him to serve on any committee that he feels he can be useful in. (i.e.) no limits on the number of Board Members in a committee.
2. Each Committee will address only it's designated subject and no unrelated tasks will be assigned.
3. There will be no fixed number of committees.
4. Committees that do not have a need to be permanent, such as the Management Search Committee and the Policy Review Committee will be dissolved when they have issued their report.

5. Contacts with outside organizations is a function of the Presidency and a committee to deal with government does not need to exist.
6. Legal problems come and go and should be handled by the entire Board with the President being principal contact with the attorney.
7. Procedures should not be a subject for a committee as they are established on a continuing basis by the entire Board.
8. Committees will select their own Chair.

Jesse Crawford seconded. Don believed the structure now denies Directors from participating in some of the functions of the Board by limiting the number of Directors on a committee, some of these committees are doing work the Board should be doing. We are not representing the people who voted for us and the more people on a committee the more information will be passed to members. President Payne pointed out the Board members on committees were limited in order to not dominate the committees. Don noted some members may have their own interests. He also noted the Bylaws state *Committee of Directors*. The TGM reminded the Board that committees are to research, and make recommendation or present options to the Board. Marlene Lundquist asked that committee meeting times be made public. The website will include when committee meetings are held, with notice to call the office to confirm the meeting has not been canceled. **Don Tinker made a substitute motion that:**

1. **Standing committees be: Legal & Government, Road Advisory, and Activity Center.**
2. **Temporary Committees to be assigned as needed; to include Policies & Procedures.**
3. **Budget & Finance falls under the duties of the Treasurer.**
4. **That any Board member may serve on any or all committees.**
5. **No limit to the number on a committee.**
6. **Committees will select their own Chair.**

**Jesse Crawford seconded, the motion carried unanimously.**

**Volunteers for Standing Committees:**

- Legal & Government - John Vurich, Gerard Silva, and Jesse Crawford.
- Activity Center - Don Tinker and Jesse Crawford.
- Road Advisory - Floyd Lundquist, John Vurich, Don Tinker, Wayne Graber, to include members Marlene Lundquist, Darrell Crisp, and Cindy Carroll.

**Special Committees:**

- Policies & Procedures - Robert Daley, and members Frank Wooten, Walt Bell, and Denise Smith.

**Transfer of Management Data - Robert Daley moved that the signatories on the bank accounts of the HPPOA be transferred to President Dan Payne, Vice-president John Vurich, Secretary Don Tinker, Treasurer Wayne Graber, and General Manager Suzanne Mayhew, Wayne Graber seconded, the motion carried unanimously.**

**Road Equipment: Walter Moe moved to sell all the road equipment the association owns, Robert Daley seconded. Don Tinker made a friendly amendment to keep the tractor, mower, jackhammer and compressor, which was accepted. The motion carried unanimously.**

At this time, Walter Moe resigned due to outside obligations. He will continue to work with Mr. Yamashiro in pursuit of a loan.

Robert Daley moved to hold an Executive Session in order to discuss personnel issues. The meeting recessed at 6:00 p.m.

The meeting reconvened at 6:22 p.m.

**Robert Daley moved to approve the salaries for Morgan Sky and Suzanne Mayhew, as decided in executive session, Wayne Graber seconded, the motion carried unanimously.**

**Adjournment - The meeting adjourned 6:25 p.m.**

Submitted by:



Lori Miner, Recording Secretary



Don Tinker, Corporate Secretary

## MOTIONS LOG

Walter Moe moved to approve the minutes of June 7, 2002 as written, Robert Daley seconded. The vote was 6 in favor, 3 abstained, the motion carried.

Walter Moe moved to approve the Treasurer's Report subject to audit, Robert Daley seconded, the motion carried unanimously.

Walter Moe moved to request that the Hawaii County Water Board, put HPP on the next month's agenda of the Water Board, Floyd Lundquist seconded, the motion carried unanimously.

Jesse Crawford moved to accept Yamada and Sons, Inc. bid as written for paving Beach Road, and 28th from Shower to Paradise, Don Tinker seconded, the motion carried unanimously.

Don Tinker moved that:

1. Standing committees be: Legal & Government, Road Advisory, and Activity Center.
2. Temporary Committees to be assigned as needed; to include Policies & Procedures.
3. Budget & Finance falls under the duties of the Treasurer.
4. That any Board member may serve on any or all committees.
5. No limit to the number on a committee.
6. Committees will select their own Chair.

Jesse Crawford seconded, the motion carried unanimously.

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Submitted by:



Lori Miner, Recording Secretary



Don Tinker, Corporate Secretary

## (the new) General Manager's Report to the Board

21 July 2002

### GETTING STARTED WITH HOUSE CALLS..

I've been getting up to speed on day-to-day operations with Morgan's invaluable help. In following through with some of the road calls I took, I had the fortune of meeting some of the residents. I'm hoping to continue to respond personally to at least some of the calls that come into the office about the roads until I have a better feel for what I'm dealing with, from both the roads' and the residents' perspectives.

### ON BUILDING ROADS...

I've also spent some time talking with contractors Paul Andrade from Excavation Tech, Paul Banks from Yamada and Sons, and Bill Watkins from Watkins Paving Company about roads and paving and how things are done in Hawaii. I'm scheduled to meet with David, Project Manager for the County on the Highway 130 project early next week about standard methods of AC paving road preparation.

### ROAD MAINTENANCE DATABASE.

I'm currently working on gathering information on how much different roads and road sections have costs the Association to maintain over the past few years, but am having difficulty finding specific enough information to be very helpful. I have implemented the use of a daily work log to be used by Pro Lawn & Landscape for mowing and am getting similar information from Excavation Tech on road grading. This information will not only help me monitor what work gets done when, it will also help me build a maintenance database that can be used even after paving.

### TAKE A MONTH OFF...!

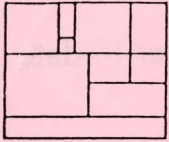
Morgan will be out the rest of this month dealing with a family urgency. She is using some of the 21 vacation days she earned while with Day-Lum. She will still have quite a few days of unused vacation time when she returns and is then working for HPPOA. My suggestion is to request from Day-Lum financial compensation equal to her remaining paid vacation that we may specifically reserve, allowing Morgan to "carry over" her earned vacation days. Some small details would need to be worked out if Day-Lum is willing to compensate us for Morgan's earned vacation time.

### TO OCCUPY MY TIME...

Over the next month I plan to continue my road research, get up to speed on Yardi (providing it's up), pursue grant monies for road building from Western Urban Interface as well as any other leads that come my way, supply the office with an adequate number of telephone lines, compile a "legal matters" archive for quick reference.

Respectfully submitted by Suzanne Mayhew.





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**HAWAIIAN PARADISE PARK OWNERS ASSOCIATION**  
**Report to Board of Directors**  
**July 21, 2002**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. OWNER INPUT**

**IV. MEETING MINUTES** The Board minutes of June 7, 2002 and of the Special Board Meeting of July 30 were distributed to all Board members via e-mail and through the Administration Office. A copy of the unapproved minutes are posted on the Association Web Site.

Attached is an updated motions log arranged by subject matter. Last month a motion log was distributed that was arranged in chronological order

**V. FINANCIAL STATEMENT** The financial statement for May and June 2002 was distributed with the Agenda. The June 2002 statement is the Year-End statement for the 2001-2202 Fiscal Year. The Association General Fund and road fees are kept in separate accounts and are accounted for separately. HPPOA funds are as follows:

Association General Fund (As of June 30, 2002) (First Hawaiian Bank)		
Operating	\$ 15,927.51	
Savings #1 – A/C Reserve	16,067.14	
Savings #2 – Power Line Reserve	8,196.34	
Savings #3 – Water Line Reserve	12,052.22	
Petty Cash	<u>203.24</u>	
		52,446.45

Association Road Funds (As of June 30, 2002)		
Checking (FHB)	\$ 32,248.79	
Savings #1 (FHB)	581,450.25	
Reserve Savings(City Bank)	6,630.42	
Petty Cash	<u>200.00</u>	
		\$ 620,529.46
<b>Total</b>		<u>\$ 672,975.91</u>

July 21, 2002

The 2000/2001 fiscal year in full and year-to-date, and the 2001/2002 fiscal year-to-date fees were collected as follows:

	<u>7/1/00-6/30/01</u>	<u>7/1/00-6/30/02</u>
	<i>Full Year</i>	<i>Full Year</i>
Current Road Fees	\$ 729,364.10	\$803,761.55
Past Fees	48,638.26	58,024.57
Future Fees	<u>804.90</u>	<u>2,721.97</u>
TOTAL	\$ 778,807.26	\$ 864,508.09

As of July 18, 2002 a total of \$840,722.00 has been paid in Road Fees with a balance due of \$131,442.67. Payments were made on 2,413 lots in January, 1,906 lots in February, 2,455 lots in March, 218 in April, 400 in May, 256 in June and 78 month-to-date in July representing a total of 7,784 lots.

According to the HPPOA computer system, as of fiscal year end, June 30, 2002 the following fees are due: Past-due fees, \$249,941.10; interest, \$159,378.23; and lien charges, \$20,025.05; for a total currently owing of \$428,344.38 in past due fees (pre 2002), interest and lien charges. Fees owing for 2002 total \$137,699.12. Since July 1, 2002 an additional \$6,798.38 has been paid in road fees and interest.

There are currently 327 liens in place at this time. The release of liens is an ongoing process as past due fees are cleared by owners or through escrow companies when properties are sold and transferred. We plan on applying interest on past paid accounts as of June 30<sup>th</sup> and file liens in July & August against the lots when fees had not been paid for 3 years or if their outstanding balance exceeds \$300.00.

**VI. COMMITTEE REPORTS**

- A. *Legal & Government*                      Jesse Crawford, Walter Moe
- B. *Budget & Finance*                        Wayne Graber, Floyd Lundquist
- C. *Road Advisory*                             Floyd Lundquist, Darrell Crisp
- D. *Policies & Procedures*                 Robert Daley, Frank Wooten
- E. *Activity Center*                             Don Tinker, Jesse Crawford
- F. *Malamalama School Liaison*         Jesse Crawford, Frank Wooten

**VII. UNFINISHED BUSINESS**

A. *Road Maintenance*                      Excavation Tech and Pro-Lawn & Landscaping are working under the guidance of Road Advisory Directors Lundquist and Crisp. Attached is the contract from Yamada Paving for the asphalt paving of Beach from Kaloli to Paradise and 28<sup>th</sup> from Shower to Kaloli and Kaloli to Paradise as accepted by the Board. Work will begin in the coming weeks. Ace Hauling continues to collect rubbish at pick-up sites identified by DLRM. Ken's Towing picks up abandoned vehicles on an as-needed basis.

July 21, 2002

**B. Bus Shelters** Director Moe introduced an idea to have Keiki Bus Shelters along the roadside in HPP. Director Moe will work with the Road Advisory Committee.

**C. Lot Consolidation** The request for consolidation has been resubmitted to Land Court. New submission documents have been signed and notarized by President Payne. Once Land Court accepts the final consolidation of the lots, documentation will be submitted to the Hawaii County Dept. of Taxation for a reduction in future taxes.

**D. Computer Transfer** Progress is being made on preparing our data for the Yardi software. Computer Consultant Marty Cocket and DLRM computer accountant Michele Ironhill have been working many hours on the transfer of data. DLRM hopes to have the data transfer completed by the end of July. DLRM staff will help to provide training for GM Suzanne and Assistant Manager Morgan in Yardi. DLRM suggests they attend Yardi training classes when available.

**E. Improvement Loan** Discussions have begun with representatives of First Hawaiian Bank and City Bank regarding our road improvement needs. An application is being submitted to the U.S. Dept. of Agriculture Rural Development to work with their Community Facilities Guaranteed Loan Program. Attorney Hong is researching the feasibility of the Association becoming an Improvement District through the County of Hawaii to obtain preferred lending rates and terms.

**F. Legal Matters** Attached are the final documents that have been filed and accepted by the Third Circuit Court for the dismissal of Civil No. 96-038 Lerro vs. Paradise Hui Hanalike vs. Road Maintenance Committee, Intervenor. This case has been dismissed. Currently the Association is not involved in any court action.

DLRM sent lot owners, Don and Helen James, the letter from attorney Hong regarding the position of the Board and the collection of road fees on lots taken back "in lieu of foreclosure". The James have responded with their continued refusal to pay the fees. DLRM has attached another letter for Board approval to be sent to the James.

A policy should be established prior to any lots being considered for foreclosure action. The decision should be unbiased and based on the amount of outstanding balance and the refusal to pay fees or respond to payment requests.

**G. Association Insurance** The Association's Commercial insurance policy for the road shed, office and activity center is up for renewal on August 31, 2002. Requests for new proposals have already gone out because the current underwriter, American Equity Insurance Company is not renewing the policy as they are withdrawing from the state of Hawaii. The insurance for the Association's truck was renewed in June. The truck coverage was reduced from full coverage to basic no-fault with under and non-insured vehicle coverage. This reduction in coverage brings the premium down from \$1,280 to approximately \$500.00 annually.

July 21, 2002

**H. Association Meeting** The Association meeting was held on June 30, 2002 at 3:00 P.M. in the Activity Center. Seventy-six owners signed in as voting members. The minutes of that meeting are attached and have been sent to all Board members by email. As previously announced Wayne Graber was re-elected to represent District 5 for a 3 year term, Gerard Silva was elected to represent District 7 for a three year term and John Vurich was elected to represent District 8 for a three year term. The minutes of this June 30 meeting are attached. While not required by the Bylaws, DLRM recommends the minutes of this Association meeting be sent to all members/owners with the next mail-out (January 2003 with the billing statements).

**I. Questionnaire Summary** Attached are the results of the questionnaire that have been received as of July 14, 2002. The office will continue to receive and update the questionnaire summary.

**J. Other**

**VIII. NEW BUSINESS**

**A. Appointment of New Committee** In accordance with the Bylaws, *Article X, Committees, Section 2., Term of Office*: "Each committee members shall continue as such until the next election of the Board and until a successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member ceases to qualify as a member thereof."

The Board may want to take this time to re-asset the number of committees, the types of committees, the structure of the committees, etc. In accordance with *Article X Committees, Section 1. Committees of Directors*: The Board, by resolution adopted by a majority of directors, may designated and appoint one or more committees, ... which committees shall have such authority as shall be delegated to them by the Board through said resolution; provided, however, that all actions and decisions of such committees shall be subject to the approval of the Board. ... The designation and appointment of any such committees and the delegation thereto of any authority shall not relieve the Board, or any individual director, of any responsibility imposed by law.

**B. New Employee Matters** Legally required employee benefits are being established. DLRM has opened a Worker's Compensation Insurance Policy and Temporary Disability Insurance effective July 1, 2002. The former Unemployment Tax accounts with the State and Federal Governments have been reopened. A decision on how payroll will be handled needs to be decided and the Board needs to make a decision on the salary for the GM and Assistant Manager and the level of medical benefits that will be offered to each employee. The policy committee and Treasurer Graber have been working on these issues.

**C. Transfer of Management Duties** All new business coming up before the Association for Management to take care of is being handled by General Manager Suzanne and Assistant Manager Morgan. DLRM is turning over the 2001-2002 financial records to Treasurer Graber for his review prior to going to auditor, Dolan, Silva & Associates, CPA. DLRM is attempting to complete several long standing projects such as the consolidation of the lots adjacent to the Activity Center property, the transfer of data from current software, SAM, to Yardi. As neither, GM Suzanne or Assistant Manager Morgan have accounting background, DLRM will continue to oversee the Association accounting needs and transfer to the new software. DLRM staff will assist in training GM Suzanne and Morgan in the use of Yardi and in general accounting skills needed to maintain the Associations records.

A motion needs to be made and reflected in the minutes to reflect what parties will be signing on the Association bank accounts. Previously it was TGM Cabral and any one of the four executive officers.

**D. Other** There have been many inquires from owners with lots near, but not adjacent to, Paradise Drive. While the Board has not made an official policy regarding these matters, attached is a letter from DRLM to several lot owners regarding this matter. DLRM suggest the Board establish specific policies regarding this matter for dissemination to interested property owners.

**IX. NEXT MEETING DATE** The next meeting of the Board will be held on Sunday, August 18, 2002. All regular monthly meeting of the Board will be on the third Sunday of each month at 3:00 P.M. until a change in this date is announced to the membership.

**X. EXECUTIVE SESSION**

**XI. ADJOURNMENT**

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