

**Hawaiian Paradise Park Owners Association  
Approved Minutes of the Board of Directors Meeting  
December 19, 2007**

**Call to Order:** The meeting was called to order at 6:00 p.m. by JoAnne Backman, President.

**Members Present:** JoAnne Backman, President; Vivienne Houghton, Secretary; Ron Phillips, Treasurer; Bob Rainie, Joan Galante, Robin Wright, Dennis Higgins and Dale Watson. Suzanne Mayhew, General Manager, was also present.

**Guests:** Albert Braga, Steve Backman, Rob Tucker, Jim Brown, Darrell Houghton, David Fithian, Laura and Aki Lintunen, Dennis Kelii, Barbara Kahn-Langer, Erhart Autrata, John Hanor and Bobbie Alicen.

**Friends of Puna's Future:** Rob Tucker introduced his newly-formed 501c(4) non-profit corporation, whose stated purpose is to "lobby for the interests of Puna and to gather consensus on important issues." The organization hopes to raise \$25,000 to fund legal lobbying efforts for the district, and will be seeking "capacity-building" grants.

**Owner Input:** Barbara Kahn-Langer underscored Rob's presentation, stating that residents of HPP have not had a legitimate legal vehicle to affect larger issues. She added that all the substandard subdivisions will benefit from "a cohesive community to deal with the County on several levels." Albert Braga stated that the community members were misled and that the \$12 million loan "will pave only 18-20 miles." He handed out copies of the *Hawaii Tribune Herald* article dated June 27, 2007 titled "\$12M for Paved Roads in HPP." He suggested that the only fair method to determine which roads are paved would be to put the street names in a box have a drawing. JoAnne said that the paving plan has changed somewhat since June.

**November Minutes:** Bob noted that there have been three versions of the unapproved November minutes. The first was incomplete, the second accurate and third altered. He noted that the Corporate Secretary would like to make them more verbatim, literal and accurate.

**Bob Rainie moved to postpone approval of the November 21, 2007, minutes until January. Joan Galante seconded. Bob Rainie, Joan Galante, Vivienne Houghton, and Dale Watson voted for. Robin Wright and Dennis Higgins voted against; Ron Phillips abstained. The motion passed.**

**JoAnne Backman's Resignation at Nov 21 BOD Meeting:** There was discussion on whether JoAnne's resignation was valid or not, if it was required in written form, what was said versus what was on the recording; that is, whether JoAnne said "When I do, I will submit my resignation" or "When I um (pause), I will submit my resignation".

**Bob Rainie moved to accept and confirm JoAnne Backman's resignation as President; Dale Watson seconded. Bob Rainie, Dale Watson, Vivienne Houghton and Joan Galante voted for; Ron Phillips, Robin Wright and Dennis Higgins voted against. Ron Phillips called for the Question. No one seconded.**

No one was certain if the motion required a majority vote of 5 to 4 or 4 to 3. There was discussion on the conflict within the Board, and support or lack of for the President's actions.

**Resignation:** Kirstie Goin read a letter of resignation from the position of Recording Secretary, effective January 31, 2008.

**Bob Rainie moved to rescind his last motion; Ron Phillips seconded. Bob Rainie, Ron Phillips, Robin Wright, Vivienne Houghton, Joan Galante and Dennis Higgins voted for; Dale Watson voted against. The motion passed.**

**Treasurer's Report:** Ron reported that as of November 30, the Association's assets totaled \$1,931,963.59. Expenses for November were \$56,902.40, including \$5,245.14 for signage and \$6,348.39 for the audit. Income for the month was \$26,963.38.

Ron requested that the General Manager provide copies of expense and income statements to the Treasurer and have copies available for directors at the Board meetings.

**The Treasurer's Report was accepted as stated.**

**General Manager's Report:** (See appendices for reports) JoAnne asked about the status of the striping project and the QuickBooks conversion. Suzanne responded that the conversion will happen when the auditor has time. The GM is disputing the Apply-A-Line bill and has not paid it because of incomplete work. Although Apply-A-Line has done some striping on the roads, the only section that is reflective is by the office. All sections are supposed to be reflective.

JoAnne requested that both items be included in her report until they have been completed.

### **Committee Reports**

**Finance:** Allan Deehr said the committee looked at the Association's finances through the end of the October, but have not yet reviewed November's profit and loss data. He said at that time, 105% of the budgeted road fees had been collected. The surplus from the 06-07 budget, after adjustments following the audit, will amount to approximately \$250,000, giving the Association a working budget of \$1.8 million for the 07-08 fiscal year. Allan noted that "we are financially sound." Also, he credited Suzanne with investment of operating funds "in excess of 5% for last year," which he termed a "substantial improvement." Allan specified that Suzanne had "a very good handle on the finances" and that she is "conservative." The bond debt service account has \$1.2 million, and the construction fund account has \$10.3 million. Allan said the negative arbitrage varies each month, and the federal government has cut the interest rate twice since the loan was accepted. The "most difficult years" for the loan will be 08-09 and 09-10, due to reduced operating funds. He suggested that the paving proceed based on three criteria: 1) the most expensive roads to maintain; 2) density of traffic; and 3) density of population. The committee recommended unanimously to replace SAM with a more compatible fiscal software program.

Dale asked for a copy of Allan's projected budgets for 08-09 and 09-10.

Darrell Houghton said that SAM is an ancient, DOS-based program requiring Morgan to maintain three separate databases. He took price quotes from three companies and recommended that the Board accept one from Productive Data Solutions for \$5,843.75. This will be a flat fee, subject to change dependent on addition or removal of components, and includes the data transfer and start-up assistance. Darrell said he would recommend this company even if it were not the lowest bid (which it was) because of its professionalism. A 25% discount is offered if a down payment of \$1060.94 is made by December 24.

Allan added that Morgan prepared a "wish list" for the new software, and this one fulfills all of the items on her list. He added that the transfer will be made in April, after the billing has been sent and most of the payments received.

Suzanne said that \$5000 has been budgeted for technical expenses.

**Dale Watson moved to accept a contract for \$5,843.75 from Productive Data Solutions for a new fiscal software program. Vivienne Houghton seconded; the motion passed unanimously.**

**Paving:** Dennis said the committee met with contractors and is incorporating their comments into the draft paving plan, which should be available to the Board by the first week of January. It will be put out for bid after the General Manager and Board of Directors have reviewed and approved the plan. The committee explored the possibility of using enzyme products as stabilizers as described in X-Zyme Corporation's brochure. Dennis said a concern is that cinder may be too porous to be compatible unless soil is added to the road base. The vendor has offered a test sample, which Dennis suggested be used on a bicycle path.

Suzanne said they have been successful on the Mainland, although shipping costs may be prohibitive, since it is a liquid product.

**Road Traffic Safety and Policy:** Dennis suggested that the Board take time to review the committee's recommendations and get comments back to him before they are voted on at the January meeting.

**Park Development:** John Hanor said a meeting with Parks and Rec, Corporation Counsel, members of the Park committee, and Ted Hong was held in October. The Board has received copies of Resolution #005 for "the entry into negotiations to dedicate a park site to the County of Hawaii." Building the park will involve a 5-year process, beginning with an Environmental Assessment to locate lava tubes and burial sites. He stated that it will not have many facilities at first, mainly ball fields, since County water does not reach to the parcel. At the meeting with the County, Frank suggested extending the 5-inch main from the fire station to the park. Hanor recommended that the Board allow the deed transfer to take place.

Dale asked to edit the resolution to authorize the Park Development Committee to handle all negotiations with the County.

Ron suggested that final approval of the deed transfer be subject to a vote of the general membership.

JoAnne suggested that the project move forward before the next election, because Mayor Kim supports the proposal.

**Robin Wright moved to approve Resolution #005 as amended to enter into negotiations to dedicate a park site to the County of Hawaii; Joan Galante seconded. Robin Wright, Joan Galante, Bob Rainie, Vivienne Houghton, Dale Watson, and Dennis Higgins voted for; Ron Phillips opposed. The motion carried.**

**Bus Stops:** Dennis reported that he has obtained materials for three small bus stops. Clyde will clear pads, and the volunteers will erect the shelters in January. One will be located at 25<sup>th</sup> and Shower, and one or two will go on Maku`u Dr.

Materials are still on order for the larger shelters at 19<sup>th</sup> and Kaloli and 19<sup>th</sup> and Paradise Dr., and the Transit Agency may approve more small shelters after these are completed.

June Conant has offered to provide art materials for students to decorate the shelters; Dennis asked the office to "put feelers out" to let the kids know about the art project.

### **Unfinished Business**

**Motions Log:** Vivienne said there are only a few uncompleted motions. The request for the Paving Committee to continue working on the paving specifications draft has been deferred until the March Board meeting; 5 other motions are in progress.

JoAnne said the August, 2006, motion to request \$5,600 in discretionary funds to fund a pilot program for traffic enforcement within Paradise Park fell through when Gary Safarik left office.

**Easement Policy:** It was noted that we needed a policy to address vendors in the park, illegally parked cars and other road issues. The RSTP Committee noted that they will be addressing that issue. Robin

noted that they were waiting for a policy suggestion from Ted Hong. Emily Naeole has requested representatives from HPP and Maku`u Homesteads to meet in January with Darrell Yagodich, the manager of the Department of Hawaiian Homelands, to discuss a gated connector between the subdivisions. The Board authorized JoAnne and Joan to represent HPPOA at the January meeting.

### **New Business**

**General Manager's Position Description:** Robin said the draft has been edited three times. Dale disagreed with this new duty: "Communicates and/or meets with Board Officers between regular Board meetings as warranted by officers duties", noting that it was placing unnecessary demands on the GM. He suggested that the job description was too detailed and questioned the need for a new job description. There was discussion on the addition of new tasks, differences between the original and new job descriptions and the significantly higher level of detail. It was agreed that additional tasks require salary negotiation and that it should be discussed in an executive meeting. He added that the manager should not be required to do secretarial work. Joan asked what is different from Suzanne's original job description. Suzanne said it has never been part of her job to open and close the Activity Center. For ten years that task was handled by a director or volunteer, and it significantly cuts into her personal and weekend time. Joan suggested that the rental fee include the cost of paying someone to open and close the facility.

Suzanne noted that she had originally agreed to the job description that Allan Deehr and Frank Annin presented to her in 2002. She would like that original job description transferred into the new format. She likes the new format and that she would like to put the original GM, staff and crews' job descriptions into the new format. However, the new job description includes changed and new items. Dennis asked to compare Suzanne's original job description with the revision before approving the changes.

Suzanne agreed to provide a copy of the original job description and Robin agreed to provide copies of the source documents to the directors.

JoAnne deferred the item.

**Membership Meeting Owner Input:** The Board considered how to address owner input and agreed to add "Member Meeting Owners Input" to the agenda at every meeting and answer a few questions, with the information to be printed in *The Conch*.

**Guest for February Membership Meeting:** The Board agreed to invite Rob Tucker and Fred Blas to speak at the meeting. Each will be allowed 15 minutes. Bobbie Alicen noted that Fred Blas is a resident of Hawaiian Beaches that is interested in developing his community. He has offered to share how he worked with the County in obtaining bus shelters and parks.

**Mowing and Vegetation Removal:** Suzanne, Frank, Dale and Bob participated in a brainstorming session. After reviewing all the options, they determined that the best solution was to purchase a mower with a sidearm. Research showed that the machine preferred by State and County workers was the New Holland TL80A tractor with side boom and rear flail mowers. The Association is currently subcontracting the mowing at the cost of \$10,000 per month. The quality of the work has been poor. With in-house equipment and staff, there will be better quality control. There were concerns expressed about the timing of the purchase and not having the budget to review beforehand, the relative costs of hiring an operator, finding a qualified operator, maintenance issues, warranties and the availability of parts. Dale explained \$145,000 was budgeted for vegetation and mowing this year and that next year only \$50,000 is budgeted. The GM noted that the \$50,000 will be enough to cover salary and maintenance. Bacon Universal is on-island and therefore parts will be available. Both a standard and extended warranties will be purchased. There are currently three potential candidates for the operator position.

**Dale Watson moved to purchase a new New Holland TL80A tractor mower for \$88,000, and to hire an operator whose primary responsibility is to operate the mower. Vivienne Houghton seconded; the motion passed unanimously.**

**Neighborhood Watch:** Neighborhood Watch has requested permission from the Board to apply to the County for a \$3000 grant.

**Dale Watson moved to authorize the President to sign the County grant application on behalf of Neighborhood Watch. Vivienne Houghton seconded; the motion passed unanimously.**

**Equipment Purchases:** Dale said a scarifying attachment for the grader is needed to scrape to the bottom of potholes, so the road base lasts longer. He added that money is available in this year's budget. The current 16" blade on the grader cannot adequately scrape and "break the memory" of potholes, thereby allowing new rock material to get quickly get absorbed into the cinder, resulting in wasted labor and material. JoAnne questioned the timing of the purchase, that it did not have to be purchased now since the budget year will not end until June. Bob noted that we needed the equipment now and that money will be saved because less material and labor will be spent on refilling the same potholes.

**Dale Watson moved to purchase a scarifying attachment for the road grader, not to exceed \$15,000 installed. Bob Rainie seconded; the motion passed unanimously.**

Dale said that two years ago the Board approved the purchase of and allocated funds for a utility truck for the road crew, which currently has only the dump truck.

**Dale Watson moved to purchase a utility vehicle, not to exceed \$15,000. Vivienne Houghton seconded; the motion passed unanimously.**

**Postponing November Minutes:** Robin asked Vivienne if she still wanted to do the minutes verbatim. She responded that she would make them more accurate and submit them at the January meeting.

**Board Expenses:** Dale read from the By-Laws, Section 14. Acts of the Board:

"Any action taken by any Board member(s) purporting to act on behalf of the Board independently without the prior consent of the Board shall not be considered an act of the Board, and shall be strictly prohibited in accordance with HRS chapter 414D." Dale read from the September 12, 2007 minutes that Ted Hong noted that: "No individual can dictate to or instruct Association personnel or sign a contract on behalf of the Association without approval of the Board. The President as chief executive officer may handle basic ministerial duties such as routing mail and setting up the agenda for meetings. She may not incur expenses on behalf of the Association, other than minor expenses for reimbursement. Hong said he does not bill for responses over the phone, so JoAnne may call him for guidance." Dale attempted to find out the cost incurred by JoAnne to obtain Ted Hong's counsel on the issue of Special Meetings. Ted Hong's office had not sent the bill.

**Dale Watson moved that any director, including the President, who goes to legal counsel or other professional or contractor and incurs expenses for the Association without approval of the Board is personally responsible for those expenses; Bob Rainie seconded. Dale Watson, Bob Rainie, Dennis Higgins, Joan Galante and Vivienne Houghton voted for; Robin Wright and Ron Phillips voted against. The motion carried.**

Suzanne asked the Recording Secretary if she would bill the Association for reviewing the minutes at the office on December 11 and also who requested that she review the minutes again. JoAnne stated

that she had asked the Secretary and Recording Secretary to review to the Nov 21, 2007 BOD Meeting minutes again on Dec 11. Vivienne noted that JoAnne had specifically requested that she and Kirstie listen again.

**Emails:** Dale noted that certain Board members are placing excessive demands on the staff. He cited an example of nine emails and two phone calls in a single day as not unusual. Dale noted that these “petty demands” take up valuable time away from critical road tasks. Vivienne credited Suzanne and the staff on the outstanding job they do and commented that the Board's role is to take a broader perspective and to let the staff do their job. Ron noted that the Board should not micromanage the staff and that those directors need to use common sense and step up and be more responsible. Robin encouraged the staff to talk with the director if the number of emails and phone calls is excessive.

**Dale Watson moved to limit emails to the office staff to one per day of no more than ten lines and one phone call per day, to be answered by closing time the next day. Bob Rainie seconded. Dale Watson and Bob Rainie voted for; Dennis Higgins, Robin Wright, Joan Galante, Vivienne Houghton and Ron Phillips voted against. The motion failed.**

**Paving Plan:** Dennis said that by the January Board meeting the committee may submit a concrete paving proposal, and asked for clarification on the process to acquire seed money for tasks such as notifying persons with derelict vehicles on the roads to be paved and to begin accessing the bond money for paving. Suzanne said printing and other miscellaneous costs will come from administrative funds. To access the bond money, she must submit a request signed by a licensed architect or engineer.

**Announcements:** Ron asked that directors not spring major fiscal purchases on the Board without opportunity for review. JoAnne handed out copies of the follow-up response letter from Dubin Financial. Bobbie Alicen asked that such items be included on the agenda so that interested lot owners will know to attend the meeting. The GM noted that it was on the General Manager's Report. The next meeting will be January 16, 2008.

**Adjournment:** The meeting was adjourned at 9:50 p.m.

Respectfully submitted by:

Kirstie Goin, Recording Secretary

Vivienne Houghton, Corporation Secretary

**Motions Log 12-19-07**

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