

**PRINCEVILLE AT HANAIEI COMMUNITY ASSOCIATION (PHCA)
REGULAR BOARD OF DIRECTORS MEETING
JANUARY 21, 1999**

The meeting was called to order by Donna Apisa, President, at 2:02 p.m. in the Lehua Room at the Prince Clubhouse. Also in attendance were: Robert Nesti, Vice President; William Stolz, Secretary; John Gordon, Treasurer; Sharon Smockhoffmann, Director at Large; Ruth Mueller, General Manager; and thirteen members.

APPROVAL OF MEETING MINUTES

Director Nesti moved to approve the December 17, 1998 regular meeting minutes as presented. Director Apisa seconded the motion and it was approved with Directors Apisa, Nesti, Stolz voting for and Directors Gordon and Smockhoffmann abstaining due to their absence from the December 17 meeting.

PRESIDENT'S REPORT

Director Apisa reported that the General Manager and Patrol Supervisor Merrilee Chandler met with Lieutenant Marty Curnan on January 13. After discussing traffic problems and the incidents that have involved KPD in Princeville from December 27 to January 9, Lieutenant Curnan asked if there were any Directors that would be interested in attending the Community Policing Seminar on January 27, 28, & 29, 1999 from 8 a.m. - 5 p.m. Director Stolz attended the 1997 seminar along with the General Manager and Patrol Supervisor. Director Nesti attended the seminar last year. After discussion Director Nesti indicated that he would be able to attend this year's seminar. Directors Nesti and Stolz updated the Board on their meetings with Lieutenant Curnan.

TREASURER'S REPORT

Director Gordon presented the Treasurer's Report as of December 31, 1998. The cash account balances were: Operations \$440,037.43; General Reserves \$20,229.11; Road Reserves \$556,087.69. The accounts receivable balance was \$15,978.85, approximately \$48,860 lower than the report given at the October 15 board meeting. All properties 120 days past due have been lienied. The accounts payable balance was \$8,289.96.

COMMITTEE REPORTS

Community Design Committee (CDC)

Hedge Height Variance

At the January 14, 1994 Board meeting, the Board decided that all hedge variance requests should be referred to the CDC for action. The CDC voted to eliminate hedge variance requests as a CDC function and unanimously concurred that all future hedge height variance requests should be forwarded to the Board. Attorney Mark Hazlett issued an opinion on January 15 that stated that the Covenants do not appear to contemplate exceptions or a power of the Board to grant exceptions.

BOD Meeting Minutes 1/21/99

Page Two

Rules Committee

Director Stolz reported that the Rules Committee met on January 18, amended some of the proposed rules and established penalties. Because the Directors would like member input on these proposed rules, it was the consensus of the Board to refer this matter for discussion at a Special Board meeting scheduled for February 12.

UNFINISHED BUSINESS

Bockelman's Bed and Breakfast

Mrs. Ruth Bockelman and her attorney Walton Hong attended the meeting. Since it was not known ahead of time that Attorney Hong would be at the meeting and since PHCA was not represented by its attorney, it was the consensus of the Board to only listen to what Mrs. Bockelman desired via her attorney. After Attorney Hong shared the many requests concerning Mrs. Bockelman's bed and breakfast operation and the vacant parcel adjacent to it that was subdivided from it, he was requested to document those requests via a letter to the PHCA Board. After receipt of the letter, the Board will discuss the requests in an executive session.

Property Tax Foreclosure - Unit III Lot 79

The County of Kauai's Department of Finance Real Property Tax Collection was paid in full for the delinquent real property taxes owed on this parcel prior to the foreclosure hearing by the original property owner. The General Manager spoke with the owner today, he indicated that he can only pay \$1,500 of the nearly \$2,800 owed to PHCA. The property is in escrow awaiting funds from him. The purchaser has gone through preliminary review with the CDC for the construction of a new home. After discussion it was the unanimous decision of the Board to inform the owner that payment in full must be received before PHCA will release its lien on the property.

Honoiki Road Speed Hump Surveys

At the August 20, 1998 regular Board meeting, the Board decided to send another survey to the property owners on Honoiki Road, Pokii Lane and the eight properties at the beginning of Kekua-naoa Lane and ask if they want one speed hump installed on Honoiki Road adjacent to Lots 15 and 43. Thirty-six of the sixty surveys were returned, twenty-two votes for the hump and fourteen against. After discussion it was the consensus of the Board to defer this matter until after they meet informally with the new general manager of Hanalei Bay Resorts.

Update on Transfer of Greenbelts

The deed conveying four of the delineated parcels in the Master Agreement was received from Princeville Corporation (PC). Walter Lewis provided three pages of his written comments to the Board on December 17 and an additional two page memo was given to the Board at today's meeting. After discussion it was the consensus of the Board, with the exception of Director Stolz BOD Meeting Minutes 1/21/99

Page Three

who recused himself for a possible conflict of interest, to defer this matter in order to give the Directors time to review Mr. Lewis' comments, since he was one of the signers of the 1993 Master Agreement, and also to meet with Mike Loo to discuss some preliminary concerns the Board has with the deed, as well as with greenbelt Lot 41 not being included in this deed.

Pepelani Loop Improvement Concerns

The requested sight distance analysis was received from Wagner Engineering Services, Inc. (WESI) on January 19. After discussion it was the consensus of the Board to request WESI to finalize the Pepelani Loop improvement drawings and then to forward a copy of the drawings to: the traffic engineer at Austin, Tsutsumi & Associates to get his "blessing" on the reduction of the speed limit from 35 MPH to 30 MPH; the general liability insurance company, since Pepelani Loop will be converted from one-way to two ways; road construction companies for bid proposals; and the County of Kauai with a request to amend the County's Ordinance to include the lower speed limit, signage and raised walkways. A request will also be made to the County to amend the Ordinance so that the police can enforce traffic laws on all of the streets in Princeville. Presently, only Ka Haku and Lei O Papa Roads are included in the Ordinance.

PHCA Internet Web Page Update

Director Gordon presented his proposal to upgrade PHCA's computer system and to initiate an internet home page with e-mail. At present PHCA's computer system hardware is obsolete and is operating with mostly obsolete software. The Board has approved establishment of an internet site for PHCA with homepage and e-mail capability. Community volunteers have agreed to develop the site and there are not expected to be any development costs. This site will result in improved communications with property owners, attorneys and others. It will also provide easy access to the Board meeting minutes and provide a system for direct downloading of forms and other materials. This latter capability is expected to result in a significant savings in time and material for PHCA's administrative staff. In order to implement the internet site and upgrade the existing computer system it is proposed that a total of four new computers be purchased. One of the systems will include a high quality monitor, an internal zip drive that will be used to provide back-up of accounting and other critical files, and the necessary modem for internet operation. The three other systems will be identical to the previous described system except they will not have monitors (three good monitors are available in PHCA's computer resources) and zip drives. The systems should be identical to allow full compatibility and interchangeability, which will facilitate operation of the system.

After discussion Director Gordon made a motion to approve the \$7,522.31 proposal for upgrading the computer system and providing full internet capability. Director Stolz seconded the motion and it was unanimously approved.

Objects in the Road Right-of-Way/Easement Areas

Director Nesti requested that the Facilitator's project list be amended to accelerate the research, identification and photographing of trees, plantings and objects in PHCA's right-of-way areas, BOD Meeting Minutes 1/21/99

Page Four

which could be potential hazards to pedestrians, bicyclists and/or motorists, and which create or have the potential to create drainage and/or utility problems. The General Manager reminded the Board that Facilitator Marc Pomerleau was hired on November 1, 1998, which was about two months after the previous facilitator had left. Marc has had many things to learn, but has recently been able to begin item number one of his extra projects list. If his hours are increased from 16 to 20 hours per week, it would be possible to expedite this project. As noted in the December 31, 1998 comparison of the 1998/99 budget to the actual expenditures and income worksheet, the CDC's income is considerably more than what was expected when the budget was approved. After discussion it was the unanimous decision of the Board to increase Marc's hours to 20 hours per week.

Survey 1998 Feedback to Membership

Director Nesti requested this item be put on the agenda for discussion on the survey results, feed back to the owners and actions to be taken to resolve the community concerns. After lengthy discussion it was the consensus of the Board to revisit the possibility of purchasing and using the SpeedAlert Trailer in the community to curb the problem of speeding vehicles.

NEW BUSINESS

Request from Owner of Unit I Lot 189 Re Lien and Legal Fee Charged

The property owner called on January 12, 1999, he just received a copy of the lien that was recorded against his property in November and does not believe he is responsible for paying the finance charges or the lien/legal fee. He stated that he sold the house in San Diego where his mail was being sent and the new owner only recently forwarded his mail to him. He believes he sent the payment for dues to PHCA in September or October. He offered to re-send the amount for the dues only, but wants the lien removed and will not pay the finance charges or lien fee. After a

lengthy telephone conversation with him, the General Manager informed him to send payment for the dues with a letter of explanation and she would place his request on the agenda for the January Board meeting for the Directors consideration. As of December 31 he owed PHCA \$486.20. After discussion it was the unanimous decision of the Board to deny his request and to inform him that the lien will be released as soon as payment in full is received by PHCA.

There being no further business to discuss at this meeting, Director Stolz moved to adjourn the meeting to executive session to discuss legal matters at 4:08 p.m. Director Nesti seconded the motion and it was unanimously approved.

Respectfully submitted,

William Stolz, Secretary