

Volcano Cymbidium Acres Road Maintenance Corporation (VCARMC)
Board of Directors Quarterly Meeting
Thursday, January 18, 2018
4:10 p.m. Cooper Center

Present: Vice President/Treasurer, Mike McKenney, Secretary, Sharon Moraes, Board of Directors Joe Garza, Alan Holt, Ron McIntosh, and Julie Williams

Excused: President, Mary Lee Knapstad

Guests: Gloria King, Serge King, Theresa Sommers, and John Deermer

Treasurer's Report: Mike reported that our current balance in American Savings Bank is \$25,536.00. Both reports are attached to these Minutes. Joe motioned to accept the Treasurer's Report, and Alan seconded the motion. The motion was accepted and approved by the Board.

Secretary's Minutes: Alan motioned to accept the VCARMC Annual General Meeting Minutes of October 7, 2017, and the Board of Directors Quarterly October 7, 2017 Minutes, as corrected. Joe seconded the motion and the Board moved to approve and accept both Minutes as corrected.

Assessment Letters: Mike stated that the first past due assessment letters were sent on July 10, 2017 to 37 delinquent owners. The second follow up past due letters and 2018 past due reminders were sent out in late 2017. The third follow up past due letters may require possible legal action in 2018.

VCARMC received \$15,475 in assessments for 2018. This was a 79% return, in which 27 owners have not paid for 2018.

Past due assessments are as follows: \$9,700 collected from 20 owners and a few through escrow. There is a possible 35% maximum recovery of \$27,850. Presently, 24 owners are still delinquent on assessments from before 2018.

Note, VCARMC is trying to recover \$700 in past due assessments from the Bell property foreclosure, (18-37), located on Ke Koa Nui.

Triple K: Mike reported that Triple K was paid in full, \$20,000, for chip sealing Olomea Road and intersections, and shoulders of Laukapu Road at Wright Road intersection. Triple K will be returning to fog seal these areas.

After much discussion on finding another company to replace Triple K, Serge and Gloria King said that they also belong to another road maintenance association. They will follow up and check to see which company it was that did those roads. At that time, Sharon stated that when she checked with Mauna Loa Estates regarding the cost of asphalt, Carolyn Loeffler from Loeffler Construction, told her that Triple K was the only company on this island that did both chip and fog sealing. We will wait to hear back from Mr. and Mrs. King.

VCARMC Special Assessment: Theresa Sommers and John Deermer submitted a VCARMC Special Assessment Report, which is attached to these Minutes. Also attached is a copy of By Laws 5-2 Purpose and Article IX Amendments, 9-1. This VCARMC Special Assessment Report proposes that VCARMC use its legislative right to appoint a special assessment to collect a larger assessment fee from each lot owner. The monies collected along with the regular annual road maintenance assessment fees would be held in an interest-bearing account until enough is collected to have all six (6) roads done in asphalt. No further road maintenance will be performed on the current roads. They have offered to help assess the assessment amount for each type of lot and configure the best possible timeframe for an outcome. Also, they would be happy to send out letters to lot owners advising them of the assessment and a start date.

Michael McKenney, VCARMC Treasurer, submitted copies of his email to VCARMC Board of Directors, dated 11/19/17, to all present at this meeting. A copy of his email is attached to these Minutes. In his email, Mike shares his thoughts, numbers on paving the VCARMC roads with asphalt, and his opposition to the special assessment.

Sharon Moraes, VCARMC Secretary, also went on record opposing the special assessment. Sharon invited both Theresa Sommers and John Deermer to become VCARMC Board of Directors. Both declined and excused themselves from the meeting.

Mike stated that a formal vote for a special assessment for asphalt would have to be presented to the general membership. It was suggested that perhaps information/questionnaire could be put into the VCARMC Annual Newsletter. The Board of Directors agreed to discuss this matter at our April meeting.

Alan stated that he and Julie could begin working on the questionnaire and present it to the Board.

Ron motioned that VCARMC withhold 25% of the final payment on every contract made and paid in full only upon satisfactory completion of work. This motion was seconded by Alan and accepted by the Board of Directors.

Non-Profit Status: VCARMC may have to file a W9 Tax Form and pay back taxes, even though we are a non-profit organization. Mike was made aware of this when he approached the bank foreclosing on the Bell property, for back assessments owed to VCARMC. Mike will check further into this matter.

Adjournment: Sharon will send out notices of the next meeting to be held in April. Ron motioned that the meeting be adjourned at 5:10 p.m. Alan seconded the motion. The Board agreed and the meeting was adjourned.

Respectfully submitted,



Sharon Moraes
Secretary

1/18/18

VCARMC Treasurer's Report

Current Balance in American Savings Bank: \$25,536

Expenses:

Triple K Trucking: \$20,000 for chip sealing Olomea Road & intersections, and shoulders of Laukapu Road at Wright Road intersection

Annual Business Registration Renewal : \$3.50

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2018 assessments: \$15,475 collected 79% return, 27 owners still have not paid for 2018

Past due assessments: \$9,700 collected collected from 20 owners, a few through escrow
35% of possible max recovery of \$27,850
24 owners are still delinquent on assessments from before 2018

First past due letter sent 7/10/17 to 37 delinquent owners

Second follow-up past due letters and 2018 past due reminders sent in late 2017

Third follow-up past due letters, suggesting legal action?, in early 2018

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Trying to recover \$700 in past due assessments from Bell property (18-37) foreclosure

VCARMC Special Assessment

There has been a lot of discussion regarding the conditions of the roads in Cymbidium Acres the past few years. More folks are building on once empty lots and while that means amazing new neighbors, it also means more traffic on our roads. Thanks in part to Madam Pele, tourism is still going strong on the Big Island. The increase in tourists coming to HVNP means there is also an increase in legitimate vacation rentals and permitted B&Bs in Volcano. Unfortunately, that also means non-permitted vacation rentals have, and will continue to open. Pig hunters and their caravans and cows roaming the neighborhood continue to exist.

While chip sealing the roads has been relatively cost effective for many years, an increase in traffic as we move forward is inevitable and it won't be as cost effective in the future. Chip seal contains the same structural ingredients as hot mix asphalt. The difference is in the construction method. With hot mix asphalt, aggregates and liquid asphalt binder are combined into one concoction before being spread and compacted. With chip seal, a thin layer of liquid asphalt is sprayed on the surface first, followed by the placement of small aggregates (or chips). The chips are then compacted, and excess loose stones are swept away. So you're getting the same materials as in asphalt, but chip seal is typically one-fourth to one-fifth the cost to apply, making it economically friendly in low traffic areas. However, asphalt overlays typically last years longer than chip sealing in high-traffic areas as it can retain its integrity better. In looking towards the future, (which is coming no matter what) the increase in traffic on our roads is inevitable and simply placing band aids on the parts that are broken is not a long-term solution.

With a cost estimate of \$500,000 to do all 6 roads in hot mix asphalt we propose VCARMC use its legislative right to appoint a special assessment. As is allowed in the bylaws, the assessment payable by each Volcano Cymbidium Acres lot owner shall be based on road frontage. Corner lots shall have their frontage based on the standard frontage for a non-corner lot of that size. Single owners of multiple lots shall pay the assessment for each lot so owned. As this will be a much larger assessment than the annual road maintenance assessment, lot owners will be provided payment options over the course of a period of years. (Said period of years TBD as well as assessments as the estimated amount needs to be broken down by each number of ½ acre lots, 1 acre lots, 2 ½ acre lots and 5 acre lots.)

Lot owners can pay their assessment in one lump sum or have it broken down over one payment period of every six months or monthly payments to make it more affordable.

We also propose while this additional assessment is collected, the annual assessment is also collected each year, however no further road maintenance be performed on the current roads. All funds to be held in an interest-bearing account until enough is collected to do the new roads. As indicated in the previous VCARMC letter, the chip sealed roads seem to be holding up relatively well now that the bigger pot holes are filled and these roads should be sufficient for the immediate future until a new road can be put in.

If we can be provided the number of each type of lot, we can help assess the assessment amount for each type of lot and configure the best possible timeframe for an outcome. We'd be happy to send out letters to lot owners advising them of the assessment and a start date.

5.2 Purpose. It is the intent of these By-Laws that each owner of a Volcano Cymbidium Acres lot will be responsible for and pay a proportionate share of the road maintenance expenses. Each lot owner's share of such road maintenance expenses shall be due and payable in annual, semi-annual, or quarterly installments, as determined by the Board and shall be due within sixty (60) days after mailing notice of assessment by the Corporation. The Board may determine that semi-annual or quarterly installments may be assessed interest as set forth in Paragraph 5.9.

ARTICLE IX. AMENDMENTS

9.1 These By-Laws may be altered, amended, added to or repealed by an affirmative vote of two-thirds (2/3) of the members voting by ballot, proxy or in person at any annual meeting or special meeting called for that purpose. Notice of the proposed amendments shall have been given in the notice of annual or special meeting and such proposed amendments included on the ballot sent with the notice to the members.

Page 11 of 13

BY-LAWS OF VOLCANO CYMBIDIUM ACRES ROAD MAINTENANCE CORPORATION

However, such amendments shall not change or alter the powers and purposes as set forth in the Articles of Incorporation and these By-Laws.

Submitted by Theresa
Sommer and John
Deere on Thursday,
January 18, 2018 at the
VACMC Quarterly Board
Mtg.

A. Moraes