

KEALAKEKUA BAY OWNERS ASSOCIATION ANNUAL MEETING

MINUTES

Saturday June 23, 2007

Officers and Board Members in attendance:

Dick Kuehner, President

Bill Cliff, Vice President

Ken Kjer, Treasurer

Steve Judd, Secretary

Owners in attendance:13

Proxies:11

Total: 24

Meeting called to order at 9:11 AM

Since a quorum (28 owners) was not present in person or via proxy the meeting was unable to transact business. Accordingly each section of the meeting was followed by open discussion.

Introductions: the officers and each owner present introduced themselves.

Minutes of previous meeting: the meeting minutes are available online at <http://www.k-bay-estates.com>, no attendee had any changes or corrections for the minutes.

Correspondence: there was no outstanding correspondence to report on.

Treasurer's Report: (Attached). Treasurer Ken Kjer presented the treasurer's report followed by Q&A.

Q: Should we increase the assessments by an additional \$50 per quarter to add to the road reserve?

A: The current reserve should be adequate to cover future repairs and resurfacing of the roads.

Q: Do we need a specific Road Fund?

A: The reserve established at the 2006 Owners Association meeting is specifically for maintenance and repairs of the common areas, including future resurfacing of the roads.

Q: Do we need to have the streetlights, since these are an expense item for the association?

A: At the time the subdivision was approved the county required the streetlights. (Further discussion among the attendees reached a consensus that the streetlights are desirable).

Q: Is the current gate system worth maintaining or should it be replaced?

A: the contractor who installed and maintains the gate says that with the recent repairs the gate system is in excellent shape, and has "state of the art" features and can be kept in operating order for the foreseeable future.

Following the Q&A the discussion turned to damage to the street surface and common areas by contractors dropping off and collecting equipment. The ramps on heavy equipment haulers damage the paved surface when dropped without protective planks or similar precautions.

Vice President Bill Cliff noted he would add text to the standard Design Letter regarding protecting the road surfaces when unloading / loading heavy equipment. Additional discussion followed concerning bonds for contractors to cover potential damage to the common areas. Per Treasurer Ken Kjer our legal counsel has advised us that the Association cannot require bonds, but individual owners can. The consensus of the owners present was that every owner needs to do his or her part in caring for the roads and other common areas.

President's Report: President Dick Kuehner delivered the President's Report. Over the past year residents have been working together to support and improve the subdivision, for example in maintaining their own properties and the common areas, and a sense of community is developing. This is good thing!

Design Committee Report: Design Committee Chair Bill Cliff delivered the design committee report. Two new residences are planned. Incorrect and/or Incomplete submissions (to our architect) continue to be a problem. The architect has been instructed to return any incomplete or incorrect submissions. Subsequent re-submission will incur a new submission fee.

Web Site Report: Secretary Steve Judd presented the web site report (see web statistics, attached). The web site draws a modest volume of traffic, consistent with use by residents. Traffic has increased slightly each quarter since the web site went online in 2006.

One owner expressed concern about owner's names appearing in the minutes of board and owner's meetings, and suggested using Lot Number instead.

Further discussion followed on the content of the minutes, followed by an explanation that the minutes record what was said and done at meetings with minimal editing for style and tone. Vice President Bill Cliff contributed an explanation of how board meetings are conducted.

Further discussion followed regarding the Board's role in enforcing the CCRs. Treasurer Ken Kjer explained that per the Association by-laws the Board is responsible for enforcing the CCRs, and failure to do so in a fair and consistent manner could lead to litigation filed against the Association, the Board, or individual board members by owners alleging unequal enforcement.

NEW BUSINESS

Neighborhood Watch: the Association needs a new NW contact. The former NW contact explained what the NW contact does (receives and distributes alerts from the police and South Kona NW contact) and why she had stepped down (a disagreement over changing the gate code). After a discussion of managing gate codes (see below) our former NW contact agreed to resume her responsibilities and another owner volunteered to be the backup contact.

Gate Codes: there was an extensive discussion among the owners and board members regarding managing the gate codes, the purpose of the gates (traffic moderation and keeping out the idle curious) and how to track code use. The current model with a "main" gate code generates a large volume of work for the Treasurer whenever it needs to be changed. The gate system allows enough unique codes that each owner can be given a unique code for their own use. Given this capability, there was discussion on whether we need to even have a "common" code for the gate. The consensus was that we **don't** need a common code, each homeowner can get a unique code (or codes) which will only need to be changed if it becomes compromised. The board agreed in principle and will act on this suggestion.

Design and CCR Issues: General discussion on penalties for non-compliance with Design Requirements. Changes to properties require submission to the Design Committee.

When there are CCR compliance issues raised by owners the preference of the board is to see things resolved amicably among neighbors without intervention. When this is not possible the board is required to send a letter to the non-compliant owner. Following that next step is to have our attorney write a letter, followed by litigation, liens, and possibly foreclosure.

Several approaches were raised by the owners in attendance. One proposal was to assess some cash penalty to “get the attention” of the non-compliant owner. The board’s authority regarding this is limited to entering the property to correct the problem and billing the homeowner.

Another suggestion was to develop a standard form letter to be used for all compliance issues that references the specific CCR sections for the non-compliance and laying out the complete process and timeline. Using the same letter for all infractions should prevent any owner from feeling “singled out”, because the process is the same for everyone.

This was followed by a discussion of the type of infractions that might occur, and whether there were gradations among the there that could call for different responses. The Association’s attorney has stated that the board “must enforce consistently”, which argues for the “Form letter” approach.

Other Issues

Q: If there is no quorum at the Owner’s Meeting what happens?

A: The board can still transact business on behalf of the Association. The Owner’s Association needs a quorum to elect board members or overrule an action of the board.

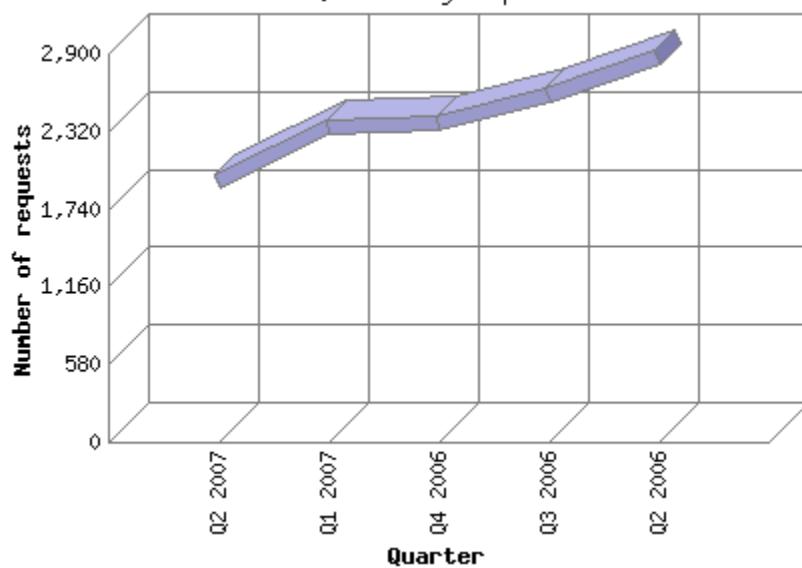
The owner of Lot 15 reports that boundary pins removed by land clearing on an adjacent lot (outside of the subdivision) have not been replaced.

Meeting Adjourned at 10:47A

Respectfully Submitted,

Steve Judd
Secretary

**Keakakekua Bay Estates Web Traffic
Quarterly Report**



	Quarter	Number of requests	Number of page requests
1.	Q2 2006	2,873	281
2.	Q3 2006	2,583	247
3.	Q4 2006	2,383	313
4.	Q1 2007	2,350	330
5.	Q2 2007	1,942	336