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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 13, 2011 3:13 PM  
**To:** HSGtestimony  
**Cc:** czahn@hawaii.rr.com  
**Subject:** Testimony for HB1247 on 2/16/2011 8:30:00 AM

Testimony for HSG 2/16/2011 8:30:00 AM HB1247

Conference room: 325  
Testifier position: support  
Testifier will be present: No  
Submitted by: Charles Zahn  
Organization: Individual  
Address:  
Phone:  
E-mail: [czahn@hawaii.rr.com](mailto:czahn@hawaii.rr.com)  
Submitted on: 2/13/2011

Comments:

I fully support the reporting out of HB1247.

I support this bill for the following reason.

Certain Association Boards prevent new members from being elected to the Board. This is accomplished by the Board of Directors using their proxies to vote for themselves or their good friends and not for the good of the members of the Association.

Passage of this bill (HB 1247) will allow the election of members with new ideas and not the same "we know what is best for you" attitude.

Again, I fully support HB1247.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 12, 2011 5:30 PM  
**To:** HSGtestimony  
**Cc:** stevegghi@gmail.com  
**Subject:** Testimony for HB1247 on 2/16/2011 8:30:00 AM

Testimony for HSG 2/16/2011 8:30:00 AM HB1247

Conference room: 325  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Steve Glanstein  
Organization: Individual  
Address:  
Phone:  
E-mail: [stevogghi@gmail.com](mailto:stevogghi@gmail.com)  
Submitted on: 2/12/2011

Comments:

- (1) Micromanagement of Planned Community Associations is a bad idea.
- (2) If this passes, the fees for Planned Community Associations to use certified mail will be passed on to the consumer.

This was defeated in previous years and is a bad idea.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 15, 2011 2:38 PM  
**To:** HSGtestimony  
**Cc:** oneald003@hawaii.rr.com  
**Subject:** Testimony for HB1247 on 2/16/2011 8:30:00 AM

Testimony for HSG 2/16/2011 8:30:00 AM HB1247

Conference room: 325  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: David O'Neal  
Organization: Individual  
Address:  
Phone:  
E-mail: [oneald003@hawaii.rr.com](mailto:oneald003@hawaii.rr.com)  
Submitted on: 2/15/2011

Comments:

Line 13-14 should be struck. It is hard enough to get volunteers to be on a Board, and when you finally get good volunteers and get them up to speed you want to term limit them? Not good legislation and I hope you see that and kill this bill.



Mililani Town Association

95-303 Kaloapau Street  
Mililani Town, HI 96789  
Phone (808) 623-7300

February 13, 2011

Representative Rida Cabanilla, Chair  
Representative Pono Chong, Vice-Chair  
Committee on Housing  
State Capitol  
Honolulu, HI 96813

VIA E-Mail: HSGtestimony@capitol.hawaii.gov

Re: H.B. No. 1247 /OPPOSE – Relating to Planned Community Associations  
Hearing: Wednesday, February 16, 2011, 8:30am Conf Room 325

Dear Chair Cabanilla, Vice-Chair Chong and Committee Members:

My name is Eric Matsumoto, Vice-President of the Mililani Town Association (MTA). I have served in MTA leadership capacities on the board for 25 of the last 32 years. MTA encompasses 16,000 plus units involving both single family residences and numerous townhouse project sub-associations.

We oppose this measure for the following reasons:

Page 1, lines 13-14: It takes roughly a term for novice board members to become knowledgeable of all aspects of MTA operations in order to make effective, reasoned decisions. Limiting a director to two consecutive terms would result in only one term of being fully functional. If it is the intention to have fully knowledgeable, experienced board members making decisions for homeowners who have in the neighborhood of \$500,000 in equity in their homes, it is not logical to change out each director every two terms. Further, in my many years of serving on the board of MTA, I have also served in such capacities as President of CAI Hawaii Chapter, Chair of the Homeowners Committee of CAI (national), Member of the Government and Public Affairs Committee of CAI (national), Reviewer of CAI (national) ABC's Course for Board Members, in order to become more knowledgeable and effective in being able to help lead MTA and assist other PCAs. Had I been permitted to serve only two terms, the experience and knowledge gained would not even begin to compare with the contributions made and service rendered.

Page 2, lines 6-7: Just adding the 11 words to the section of 421J-4(d) would amount to an added cost for MTA homeowners of ~ \$18,000; Certified mail: \$1.15 x 16,000+.

Page 2, lines 14 -27: This addition for proxies being used only for quorum purposes conflicts with the first sentence in subparagraph (d) for distribution of proxies that include the election of directors.

Page 2, lines 17-19: Allowing one page of statement per candidate, for the number of candidates have been nominated over the last 5 years average, would increase the cost of mailing to MTA homeowners, not including the additional ~ \$18,000 noted above, to ~\$94,000 for the annual meeting packets to each homeowner. The total cost of mailing would be in excess of \$110,000.

Pages 2, line 21 thru Page 3, line 9: This addition is unnecessary, since it is not a requirement for associations to follow. Feel good provisions such as this need to be left to each association to decide how they want to get information on each candidate vice having legislation dictate that if you should decide to obtain more information, this is how you must do it. Legislation should not be used to micromanage PCAs.

Based on the above, we request this bill be held.

Sincerely yours,

Eric M. Matsumoto  
Vice-President, Board of Directors

Cc: Sen Kidani, Rep Lee, Rep Yamane

Representative Rida T.R. Cabanillo, Chair  
Representative Pono Chong, Vice Chair  
Committee on Housing

Kelly Pomeroy  
Concerned Kohala Ranch Property Owners  
[kpterra@gmail.com](mailto:kpterra@gmail.com)

Hearing scheduled for February 16 at 8:30 am, Room 325

Support for H.B. NO. 1247 Relating to Planned Community Associations, subject to revisions

This bill could be improved in three ways.

§421J-3(b) currently provides that there shall not be more than one representative on the board of directors from any one unit...but it exempts the developer from this rule *even if doing so contravenes the association's documents!* We assume the intention was to accommodate special provisions relating to the master developer in the association's governing documents, as was specified at the end of the previous paragraph. But that's not what it says, and we urge you to add wording that will correct this oversight.

In §421J-3(c), "two consecutive terms of office" should be changed to "two consecutive full terms of office", so that someone appointed to fill a vacancy will still be eligible for two full terms beginning with the next election.

The change proposed for §421J-4(d)(2) is inexplicable and unacceptable. If we read it correctly, it would allow a board of directors, by choosing this second option, to disenfranchise all members who cannot attend the annual meeting in person! This completely undermines the purpose of proxies, and it's doubtful that such a provision would hold up in court. Please strike the words "provided that proxies shall be used only for determining quorum, and shall not be used for allocating votes to any particular candidate".

We approve of the other changes. The current rule that prevents associations from allowing more than a hundred words in candidate statements they send out is an unnecessary and unreasonable intrusion by the State into association affairs.

If the State has an interest in this matter, it should weigh on the side of fostering communication, not limiting it. And any limits it imposes should focus on space (i.e., cost to the association), rather than number of words (amount of communication allowed).

As for term limitations, there are two sides to the coin. They seem to go against democratic principles, yet they often remove obstacles to better government. In the case of community

associations, we think the scale definitely tips toward this safeguard against the authoritarian personalities and association horror stories we hear so much about.

Furthermore, an association is not democratic if one person – usually the developer – has a disproportionate number of votes. This is the case in our Association, which the original and current developer have dominated for a quarter of a century with some 20% or more of the votes, based mostly on units added to the Association more than twenty years ago, and none within the last five years. So this is a provision that could be very significant for some associations.

We urge you to adopt H.B NO. 1247, with the changes described here.

Thank you.



Honorable Rida Cabanilla  
Chair: Housing Committee

Re: HB 1247 Relating to Planned Communities  
February 16, 2011  
8:30 a.m.(Time) Conference Room 325, State Capitol

Chair Cabanilla and Committee Members:

Thank you for allowing me the opportunity to testify in opposition of HB1247. My name is Warren Wegesend. I have been a Certified Property Manager (CPM) for over 39 years. I have managed everything from condominiums, commercial property, Public Housing to planned community associations. I am currently the General Manager of the Villages of Kapolei Association.

HB 1247 proposes to limit directors to a maximum of 2 consecutive terms of office, updates guidelines for proxy mailing and proxy forms and allows inclusion of a questionnaire to accompany notice of intent to distribute proxies.

While I understand the intent of the bill the reality is that many Associations have a difficult time filling vacancies. Serving on a Board of Directors is often times a thankless job and not the most pleasant task. Finding homeowners willing to serve is very difficult. Setting term limits would only make it that much more difficult to find members willing to serve their Associations.

Chapter 421 J already requires the association to mail the proxies to all owners. Requiring that it be certified mail is only adding an unnecessary expense to an already expensive process. There is little to no benefit of the mail going certified.. Additionally 421J already makes a provision for proxies to contain four options for homeowners to select; one of which is for quorum purposes only.

Thank you for your consideration and allowing me the opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Warren F. Wegesend, Jr." in a cursive script.

Warren F. Wegesend, Jr., CPM®  
General Manager