

Addendum to the 2023 Newsletter

A. NOTARIZATION of PROXIES as presented in the Newsletter

AGM ELECTIONS, SUNDAY, 4/30/2023: Legal Identification Required **Proxy Form Deadline**

Completed and notarized Proxy Forms must be submitted by
Thursday, April 27th, 4:30pm
For exception to notarization, please see KSECA Website

Article II of the KSECA Bylaws describes and defines Membership and Voting Rights. To be specific, with regard to voting and proxies, the KSECA Bylaws state in relevant part:

ARTICLE II, SECTION 1: Membership - *There shall be two classes of eligible voters: MGS Owners (s) of Record and MGS authorized agent(s)...*

C. MGS authorized agent(s) - A MGS may authorize one other person to represent their interests including their right to vote and serve as a Director by submitting to the KSEC Clerk a notarized document that contains All of the following:

- 1. Owner of Record's printed name, and signature and contact information.*
- 2. Tax Map Key (TMK) number of KSE parcel verified by the County of Hawaii Real Property Tax Office records.*
- 3. Name of designated agent and contact information.*
- 4. Length of time and purpose for which the authorization is given.*

D. The owner of record shall retain all rights to cancel the aforementioned authorization at any time by written notification to the KSECA Clerk.

SECTION 2: Voting Rights

A. Each Member shall be entitled to one vote in person or by proxy for each parcel owned provided that the membership does are currently paid on each parcel so designated before the start of the meeting in question.

...

According to Article II Section 1, in order to be able to vote in the AGM elections, you have to either be a Member in Good Standing (MGS) or an authorized agent of a MGS with a notarized authorized agent document. There are no exceptions to this rule. The Bylaws also provide that the MGS may limit the scope of authority given to the authorized agent such as voting rights. So in other words, the proxy form is a limited authorized agent form that is required to be notarized in order to be effective. This prevents fraud and deceit on the AGM and ensures that the AGM voting process is legitimate, represents the wishes of the MGS and within the parameters of the guidelines provided by the bylaws.

B. PROPOSED BYLAW CHANGES as presented in the Newsletter

PROPOSED BYLAW CHANGES: These Bylaw changes must be voted on at the next AGM:

Proposed deletions are stricken through and proposed additions are underlined:

1. **AUDITS:** Article I, Section 4, F: Modifying audits from every 2 years to every 4 years;
2. **NO NONOWNERS ON THE BOARD:**

Article I, Section 3: Definitions

Director: Means a member of the KSECA Board of Directors whose eligibility is defined by being a Member (any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE) ~~or any person so designated by a revocable, written and notarized authorization.~~)

Member: Means any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE) ~~or any person so designated by a revocable, written and notarized authorization presented to the KSECA Clerk from the owner of record of that particular KSE parcel to represent the interest of said owner.~~

Article II, Section 1, C: MGS-authorized agent(s) - A MGS may authorize one other person to vote that MGS's ballot(s) in person at the AGM meeting to represent their interests including their right to vote and serve as a Director by submitting to the KSEC Clerk a notarized document prior to the meeting provided the notarized document that contains all of the following:... ***For further information, please visit our website at: KSECA.Org***

1. Audits:

Article I. Section 4, F: To provide an audit of the Association income, expenses and assets every ~~two~~ four years and to make a copy of such audit or inspection available to members upon request and that such audit and inspection be made by a Certified Public Accountant or qualified accountant.

Reasoning: Audits cost \$4,000-5,000 and are not necessary for a small incorporation such as ours to be done every 2 years, 4 years will provide a sufficient oversight of our finances.

2. No Non-Owners on the Board:

- a. Change definition of Director
- b. Change definition of Member
- c. Board members may not vote by Proxy

Aloha KSECA Board,
Please include this proposed amendment to the bylaws in the next newsletter so that it can be voted on at the next AGM.
Mahalo,
Camilla Dulac

Proposed Amendment
Article 1, Section 3: Definitions
Change: definition of Director

From: **Director:** Means a member of the KSECA Board of Directors whose eligibility is defined by being a Member (any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE) or any person so designated by a revocable, written and notarized authorization).

To: **Director:** Means a member of the KSECA Board of Directors whose eligibility is defined by being a Member (any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE))

Strike- through to track changes: **Director:** Means a member of the KSECA Board of Directors whose eligibility is defined by being a Member (any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE)-~~or any person so designated by a revocable, written and notarized authorization).~~

Rationale:
Non-members, aka non-owners, should not be allowed to make decisions about other people's property. They may create liabilities for owners without having anything at stake themselves. There is no need for their involvement, nor do they have any vested interest. Including non-owners on the board introduces the possibility for conflicts of interest, obviously increasing our collective risk, while providing no clear benefit to owners.

Aloha KSECA Board,
Please include this proposed amendment to the bylaws in the next newsletter so that it can be voted on at the next AGM.
Mahalo,
Camilla Dulac

Proposed Amendment
Article 1, Section 3: Definitions
Change: definition of Member

From: **Member:** Means any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE) or any person so designated by a revocable, written and notarized authorization presented to the KSECA Clerk from the owner of record of that particular KSE parcel to represent the interests of said owner.

To: **Member:** Means any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE) .

Strike- through to track changes:

Member: Means any owner of record of one or more parcels of land in Kalapana Seaview Estates (KSE) ~~or any person so designated by a revocable, written and notarized authorization presented to the KSECA Clerk from the owner of record of that particular KSE parcel to represent the interests of said owner.~~

Rationale:

For most of KSECA's existence, only owners were allowed to be board members. A few years back, this bylaw was amended to allow non-owners on the board. This has resulted in a raft of lawsuits and other problems. Owners have unique liabilities and must be able to safeguard their property interests without influence from non-owners. This proposed bylaw amendment returns KSECA's bylaw to its original language. There is simply no need to look beyond the community of owners for board members.

Aloha KSECA Board,
Please include this proposed amendment to the bylaws in the next newsletter so that it can be voted on at the next AGM.
Mahalo,
Camilla Dulac

Proposed Amendment

Article II, Section 1: Membership and Voting Rights
Change: Board members may not vote by proxy

From: C. MGS authorized agent(s) - A MGS may authorize one other person to represent their interests including their right to vote and serve as a Director by submitting to the KSEC Clerk a notarized document that contains All of the following:

1. Owner of Record's printed name, and signature and contact information.
2. Tax Map Key (TMK) number of KSE parcel verified by the County of Hawaii Real Property Tax Office records.
3. Name of designated agent and contact information.
4. Length of time and purpose for which the authorization is given.

To: C. A MGS may authorize one other person to vote that MGS ballot in person at the AGM meeting by submitting to the KSECA Clerk a notarized document prior to the meeting provided the notarized document contains All of the following:

1. Owner of Record's printed name, and signature and contact information.
2. Tax Map Key (TMK) number of KSE parcel verified by the County of Hawaii Real Property Tax Office records.
3. Name of designated agent and contact information.
4. Length of time and purpose for which the authorization is given.

Underlines and Strike-through to track changes: ~~C. MGS authorized agent(s) - A MGS may authorize one other person to vote that MGS ballot in person at the AGM meeting represent their interests including their right to vote and serve as a Director by submitting to the KSECA Clerk a notarized document prior to the meeting provided the notarized document that contains All of the following:~~

1. Owner of Record's printed name, and signature and contact information.
2. Tax Map Key (TMK) number of KSE parcel verified by the County of Hawaii Real Property Tax Office records.
3. Name of designated agent and contact information.
4. Length of time and purpose for which the authorization is given.

Rationale: Proxy voting by Board members is widely considered poor governance. Non-owners, aka proxy holders, have no vested interest and therefore should not be allowed to sit on the Board of Directors and make decisions about other people's property. Owners elect Board members not non-owners with proxies.