

RESOLUTION TO AMEND THE BY LAWS  
OF  
KAILUA VILLAGE BUSINESS IMPROVEMENT DISTRICT, INC.

These are minutes of a meeting of the Board of Directors of the above-named corporation. No formal notice was given of this meeting, but each director has signed below an approval of these minutes. The time and place of the meeting and those present are indicated below.

RESOLVED that the Board amend the Bylaws as follows:

Voting - Election of Directors

Directors shall be elected at the annual meeting of the district association by the fee simple owners of land and/or lessees of land as determined by Hawaii County Code §35-1(15) and to whom the real property tax is assessed as shown on the current real property tax assessment rolls within the district. Landowners or lessees of land exempt from tax assessment shall not be entitled to vote.

The first district association annual meeting and election of directors shall take place within 90 days of the Hawaii County Council establishing the district by ordinance. The terms of the association's initial board of directors shall expire concurrently with said election.

Operations of the district shall be overseen by the 17-member board of directors which consists of 15 voting directors and two non-voting directors. With the exception of the two non-voting board seats, the voting directors

shall be elected by the above-referenced landowners and/or lessees of land.

Candidates seeking a position as a voting director shall submit an application (in a form provided by the district association) to the district association no later than 60 days prior to the district association's annual meeting.

A ballot with the slate of candidates will be mailed to every district association member entitled to vote. Ballots shall be cast at the annual meeting. Proxies designating the person entitled to vote on behalf of a fee simple owner or lessee of land must be received by the district association at least 10 days prior to the annual meeting. Ballots received at the annual meeting will be tallied by the executive director, president and secretary/treasurer of the district association at the conclusion of the annual meeting. Any district association member may choose to observe the counting of ballots.

#### Terms of Office

Directors shall be elected to serve a term of two (2) years with staggered terms such that seven (7) directors will be elected in one year and six (6) directors being elected in the subsequent year, except for the first year where staggered terms shall be established with the seven candidates receiving the most votes being elected to a two year term, and the other six elected directors being elected to a one year term. Terms of office for the first board of directors are as follows:

<u>Voting Members</u> <u>Board Class</u>	<u>No. of Directors</u>	<u>Term of Office</u>
Fee simple owners/ lessees of land	4	2 years
Fee simple owners/ lessees of land	4	1 year
Commercial tenants	3	2 years
Commercial tenants	2	1 year
Mayor (or designee)	1	
District council member (or designee)	1	
	_____	
	15 total	

Thereafter, board terms for all fee simple owners, lessees of land and commercial tenants shall be two years. Elected Board members may serve up to three consecutive terms before being required to absent themselves for two years. Board members who were appointed prior to the creation of the Business district shall not be precluded from serving three consecutive elected terms.

<u>Non-voting Members</u>	<u>No. of Directors</u>	<u>Term of Office</u>
Director of Public Works	1	
Director of Finance	1	
	—	
	2 total	

All fee simple owners or lessees of land within the district to whom the real property tax is assessed shall be entitled to vote for the election of directors at the annual meeting. The record date for determining voters eligible to cast votes in an annual meeting shall be no

more than seventy (70) days prior to the district annual meeting of the association. The number of votes which can be cast by each fee simple owner and lessee of land within the district as of the record date shall be determined as follows: Each fee simple owner or lessee of land shall receive one vote for each one million dollars (\$1,000,000) of total net taxable value.

Example:

<u>County of Hawaii</u>	<u>Total Net Taxable Value of Land</u>	<u>Votes</u>
	\$1.00 - \$1,000,000.00	1
	\$1,000,001.00 - \$2,000,000.00	2
	\$2,000,001.00 - \$3,000,000.00	3
	\$20,000,001.00 - \$21,000,000.00	21

The total net taxable value utilized to determine the number of votes to which the landowner or lessee is entitled to shall be from the most current annual tax assessment list available seventy (70) days prior to the annual meeting of the district association.

The district association shall determine the number of votes applicable to each landowner/lessee entitled to vote based on the total net taxable value for each property within the district and shall inform each landowner/lessee of the number of votes which they are entitled to cast when distributing election information to eligible fee simple owners of land and lessees of land. Notice shall be sent to the addresses of owners/lessees as listed in the County of Hawaii tax assessment list.

For every vote a landowner or lessee is entitled to cast, according to the total net taxable value of the property for each separate parcel owned, the landowner or lessee shall receive one ballot and may cast his/her vote(s) for that number of seats that are up for election in that year.

Landowners or lessees entitled to vote may do so either in person or by written proxy. All proxies shall comply with the requirements of HRS §414D-113.

Quorum

The presence in person or by valid proxy of at least ten percent of the votes entitled to be cast shall constitute a quorum for purposes of conducting the annual meeting.