

STATE OF HAWAI'I  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
Honolulu, Hawai'i 96819

February 09, 2018

Chairperson and Members  
Board of Land and Natural Resources  
State of Hawai'i  
Honolulu, Hawai'i

Land Board Members:

SUBJECT: REQUEST FOR REDUCED RENT BY REVOCABLE PERMIT NO. 15;  
THE KONA SAILING CLUB AT HONOKŌHAU SMALL BOAT  
HARBOR, KEALAKEHE, NORTH KONA, ISLAND OF HAWAI'I,  
HAWAI'I; TAX MAP KEY: (3) 7-4-008:003 (PORTION).

APPLICANT:

The Kona Sailing Club (KSC), a Hawai'i non-profit corporation, whose mailing address is Post Office Box 2996, Kailua-Kona, Hawai'i 96745.

LEGAL REFERENCE:

Sections 171-13, -55, Hawai'i Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at the Honokōhau Small Boat Harbor (HSBH), Kealakehe, North Kona, Island of Hawai'i, Hawai'i. Tax Map Key: (3) 7-4-008:003 (portion), as shown on the attached map labeled EXHIBIT A, hereinafter referred to as the Premises.

LAND AREA:

Approximately 14,196 square feet, more or less.

ZONING:

State Land Use District:	Urban
County of Hawai'i	CZO: Open

TRUST LAND STATUS:

Section 5(b) lands of the Hawai'i Admission Act: YES  
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: NO

CURRENT USE STATUS:

Currently encumbered by Revocable Permit No. 15, to Permittee, expiring June 30, 2018.

Set Aside for Public Use of Land, under Governor's Executive Order No. 4334, for small boat harbor and related purposes.

CHARACTER OF USE:

The Permittee shall occupy and use the Premises for the specified purposes only: Trailered boat storage, sailing related equipment, storage, boating and ocean safety education and training activities.

The Permittee may also occupy and use the Premises for any other use permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawai'i Revised Statutes.

COMMENCEMENT DATE:

February 1, 2017.

MONTHLY RENTAL:

\$1,493.33 per month, payable in advance by the first of each and every month.

COLLATERAL SECURITY DEPOSIT:

Twice the Monthly Rental.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO
Registered business name confirmed:	YES <u>X</u>	NO
Applicant in good standing confirmed:	YES <u>X</u>	NO

BACKGROUND:

At its meeting on January 27, 2017, under agenda item J-1, the Board of Land and Natural Resources (Board) approved and amended the submittal for the continuation of eight (8), Revocable Permits (RPs), located in the HSBH, for an additional six (6) month period, retroactively from January 1, 2017, to June 30, 2017, with rent set at fair market value, established by an independent appraisal report prepared by CBRE, Inc., dated October 31, 2016.

With respect to the 501(c)(3) non-profit permittees, the Board amended staff's submittal to provide that, the affected non-profit organizations be afforded the opportunity to request discounted rent for consideration by the Board, by submission of a written request, to the Division of Boating and Ocean Recreation, (DOBOR) within ninety (90) days of notification.

Pursuant to the Board directives, on or about February 14, 2017, DOBOR produced a form for the, "Request for State Lands Application", and made the form available on their internet website.

Additionally, on or about February 17, 2017, DOBOR notified the HSBH non-profit permittees of the opportunity to request discounted rent. They were advised to submit a written request, with documentation in support of the request, as follows:

- 1) Internal Revenue Service (IRS), certification of tax exempt status under 501(c)(3);
- 2) Organizational Charter (or Articles of Incorporation) which explains the mission and purpose for the organization's existence;
- 3) Bylaws or rules and regulations that the organization must abide by;
- 4) Income Statement (prior tax year, income and expense including payroll), and enumerating any income from rentals or fees for use of the property that is the subject of the Revocable Permit; and
- 5) A description of how, and to what extent, the charitable organization benefits the community and the public at large, beyond benefits to the membership of the organization.

The non-profit permittees were advised to submit their request for discounted rent, along with the above supporting documents, no later than ninety (90) calendar days after notification. Upon receipt of the completed documentation, DOBOR will review the request for submittal to the Board for consideration.

On March 28, 2017, DOBOR received a letter from KSC requesting discounted rent for the Premises, with most recent copies of their non-profit status, original Articles of Incorporation, original Bylaws, 2017 Financial Statement and a description relating how the Permittee benefits the community; attached hereto as EXHIBIT B.

In April 2017, Chairperson Case requested that a staff committee (Committee), review the Department of Land and Natural Resources' (DLNR), non-profit lease, revocable permit and permit, discounted value determination practice and protocol. The Committee was tasked to make recommended changes to the Board to ensure the process serves the public trust and provides equitable inclusiveness and consistency.

- 1) The following DLNR staff members served on the Committee:
  - Ms. Pua Aiu, Chair's Office
  - Mr. Barry Cheung, Land Division
  - Mr. Sang Kim, Division of State Parks
  - Mr. Steve Lau, Division of State Parks
  - Mr. Dana Yoshimura, Division of Boating and Ocean Recreation

- 2) The Committee's areas of focus were to examine:
  - Purpose for non-profit discounted value.
  - Pricing, including identification and establishment of high value assets.
  - Review of past and current practices.
  - Recommendations for proposed practice and protocol.
- 3) The expected outcomes were to:
  - Identify best practices and articulate principles to be applied.
  - Update the review protocol and Board submittal process.
  - Present specific items for reconsideration by the Board for discounted value.
  - Have new practices in place at the Department of Land and Natural Resources.

To fulfill its mandate, the Committee met April through September of 2017, with these findings:

- 1) Existing practices:
  - When considering leases to non-profit charitable organizations, the Board issues leases by public auction at fair market rent, or by direct negotiation at fair market rent, an amount below fair market rent, or minimum rent.
  - On May 13, 2005, the Board established a "Minimum Rent Policy" that stated, among other things, that the minimum rent for lease be no less than \$480 per year.
  - Land Division generally issues leases at fair market value, as determined by an appraiser via public auction, or "nominal consideration" under HRS 171-43.1, set anywhere between fair market value, or lower, but not lower than the minimum rent of \$480 per year.
  - A review of the records indicates that the DLNR has never established written protocol or specific rates for discounting the valuation of land dispositions.
- 2) Conclusions:
  - Written applications should be utilized and evaluated on a case by case basis.
  - Staff should carefully and consistently review the documentation required by HRS 171-43.1, and any other applicable statutes and/or rules.
  - "Nominal consideration" or "Minimum Rent" should cover all administrative costs related staff review and annual updates of any discounted lease or permit.
  - High value properties should not be discounted.
  - DOBOR staff produced a review process flow chart, attached as EXHIBIT C.

REMARKS:

Although KSC is an existing Domestic Nonprofit Corporation and is registered with the Department of Commerce and Consumer Affairs, according to Dr. Gerald Cysewski, Treasurer/Director for KSC, they are not a 501(c)(1) or 501(c)(3) and therefore, does not qualify for a reduction in rent per HRS 171-43.1. Staff used the review process described in the flow chart attached as EXHIBIT C.



RECOMMENDATION:

That the Board of Land and Natural Resources:

1. Deny the request for reduced rent by Kona Sailing Association, pursuant to HRS, § 171-43.1, because they are not either a 501(c)(1) or 501(c)(3).

Respectfully Submitted,



EDWARD R. UNDERWOOD, Administrator  
Division of Boating & Ocean Recreation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE, Chairperson  
Board of Land and Natural Resources

Attachment:

- A. Aerial Map of Honokohau Small Boat Harbor
- B. Kona Sailing Association Letter Requesting for Discounted Rent
- C. DLNR:DOBOR Review Process for Discounted Rent Chart



Honokohau Small Boat Harbor  
Kealahou, North Kona, Island of Hawaii

Honokohau Small Boat Harbor

Kona Sailing Club

Ki'i Pihaku

Kealahou Pkwy

la-Kanakai

Google Earth

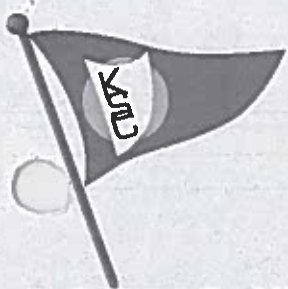
© 2018 Google

900 ft

EXHIBIT A







# KONA SAILING CLUB

MAR28'17PM 3:16B0R ADM

Member U.S. Sailing & Hawaii Yacht  
Racing Association

Department of Land and Natural Resources  
Division of Boating and Ocean Recreation  
4 Sand Island Access Road  
Honolulu, HI 96819

March 22, 2017

Dear Division of Boating and Ocean Recreation:

The Kona Sailing Club (KSC) respectfully requests a discounted rent from BLNR for the land KSC leases at the Honokohau Small Boat Harbor. Although not a 501(c)(3) corporation, KSC is a registered non-profit Hawaiian company in good standing with the State of Hawaii. The purpose of the KSC is to promote safe and pleasurable boating activities and promote awareness and protect the well-being of the marine environment in Hawaii.

The KSC has been serving the sailing community of West Hawaii for over 35 years. The KSC is not a yacht club; we offer no regular meal service, do not have a bar, we have no employees, and the value of 90% of our members sailboats is under \$10,000. Annual membership dues charged by the KSC are very nominal; \$100 for family membership, \$75 for single membership, \$40 for associate (off-island) membership, and \$10 for junior/student membership.

The KSC is an all-volunteer organization which provides a gathering place for West Hawaii sailors. The KSC derives no commercial gain or profit from its facility at Honokohau Small Boat Harbor and none of its members nor do officers receive any compensation.

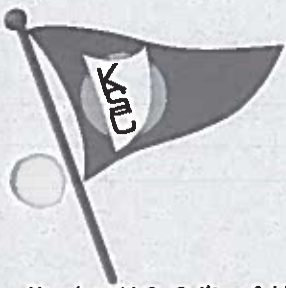
The KSC also supports a very active youth sailing program throughout the year. We provide rental free boat parking for five boats used by the Big Island Sailing Foundation's (a 501(c)(3) corporation) youth program. The KSC also allows the Big Island Sailing Foundation free use of its club house for youth instructional training and gatherings. In addition the KSC sponsors five sailing regattas in the spring and five in the fall open to all the sailing community of West Hawaii. Modest regatta entrance fees of \$15 are charged to cover the cost of running the regatta.

Please find enclosed:

- Kona Sailing Club Certificate of Good Standing from the State of Hawaii. Specifies "existing as a nonprofit corporation.
- Kona Sailing Association Articles of Incorporation. Non-profit corporation specified in 2<sup>nd</sup> paragraph.
- Name change of Kona Sailing Association to Kona Sailing Club
- Kona Sailing Club Bylaws adopted December 7, 1991. Non-profit corporation specified in article 14.
- Kona Sailing Club Bylaws as amended and adopted May 13, 2006. Non-profit corporation specified in article 14.

MAR28'17PM 1:12B0R ADM

EXHIBIT B



## KONA SAILING CLUB

Member U.S. Sailing & Hawaii Yacht  
Racing Association

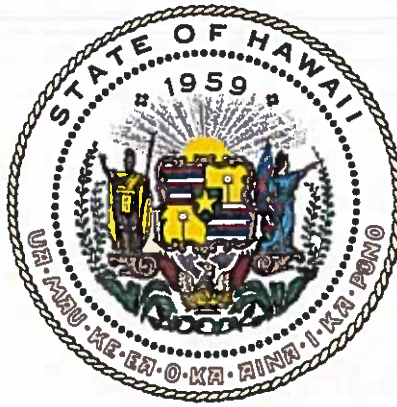
- Kona Sailing Club Financial Statement for 2016. (showing total income of \$25,657 and total expenses of \$28,628) All income derived from property shown in **green** highlighted column and all expenses shown in **yellow** highlighted column.

Thank you for consideration of offering the Kona Sailing Club a discounted rent for the land it leases at Honokohau Small Boat Harbor.

Respectfully submitted,

Joe Dubose  
Commodore





## Department of Commerce and Consumer Affairs

### CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs  
of the State of Hawaii, do hereby certify that

#### THE KONA SAILING CLUB

was incorporated under the laws of Hawaii on 09/26/1979 ;  
that it is an existing nonprofit corporation; and that,  
as far as the records of this Department reveal, has complied  
with all of the provisions of the Hawaii Nonprofit Corporations  
Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set  
my hand and affixed the seal of the  
Department of Commerce and Consumer  
Affairs, at Honolulu, Hawaii.

Dated: March 14, 2017

Director of Commerce and Consumer Affairs

DEPARTMENT OF REGULATORY AGENCIES  
STATE OF HAWAII

IN THE MATTER OF THE PETITION)  
FOR CHARTER  
OF  
KONA SAILING ASSOCIATION

RECEIVED  
BUSINESS REGISTRATION  
DIVISION  
AUG 15 10 06 AM '79  
DEPT. OF  
REGULATORY AGENCIES  
STATE OF HAWAII

CHARTER OF INCORPORATION  
OF KONA SAILING ASSOCIATION

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, the undersigned Director of Regulatory Agencies  
of the State of Hawaii, send Greeting:

WHEREAS, MICHAEL A. FERRINGTON, MICHAEL B. GRIGGS, and PETER D. WILLETT, all of whom are residents of the State of Hawaii, have filed with me as Director of Regulatory Agencies a verified petition to grant to them and their associates a Charter of Incorporation as a non-profit Corporation in accordance with the provisions of Section 416-20, Hawaii Revised Statutes;

NOW, THEREFORE, KNOW YE, that I, the said Director, in the exercise and execution of every power and authority in anywise enabling me in this behalf, do hereby constitute the above-named persons and their associates a Corporation under the laws of the State of Hawaii, and confer upon them the following Charter:

CHARTER OF INCORPORATION  
OF KONA SAILING ASSOCIATION

I

The name of the corporation shall be KONA SAILING ASSOCIATION.

RECEIVED  
BUSINESS REGISTRATION  
DIVISION  
SEP 19 10 10 AM '79  
DEPT. OF  
REGULATORY AGENCIES  
STATE OF HAWAII

The location and principal office of the corporation shall be at Kailua-Kona, County and State of Hawaii, and whose post office address shall be Post Office Box 3108, Kailua-Kona, Hawaii, or at some other location in the State of Hawaii as the Board of Directors shall later designate.

### III

The Corporation shall be organized exclusively for the following purposes:

(a) To further boating pleasure and safety, particularly along the Kona Coast of the Island of Hawaii for its members and the general public and promote and protect the well being of the marine environment in Hawaii.

(b) To provide, prepare, and maintain buildings and grounds at Kona, Hawaii in furtherance of boating pleasure and safety and club purposes incidental thereto as may be decided by the Corporation; to lease, purchase, exchange receive by gift and otherwise acquire any lands, buildings, and property, real or personal, as is necessary for the purposes aforesaid and incorporated herein and to sell, convey, mortgage, exchange, and dispose of the same.

(c) To hold boating or similar meetings, competitions, regattas, and similar competitive activities, alone or jointly with any other associations, and give, offer, and contribute toward prizes, medals, and awards.



purposes aforesaid and incorporated herein.

(d) To purchase, prepare, make, lease, provide, all kinds of equipment, tools, furniture, athletic implements, recreational equipment, and any and all other necessities or conveniences used in connection with the purposes incorporated herein and to meet all terms as part of the same. To purchase, prepare, make, supply, and furnish any and all kinds of refreshments and provisions necessary and utilized by members and guests of the club.

(e) To hire necessary employees, secretaries, workmen, and similar services, and pay them a reasonable compensation for any and all services rendered to the club.

(f) To raise funds for club activities, and other purposes aforesaid, by public and private subscription, by membership dues and initiation fees as set forth in the By-Laws, and by other fund raising methods.

(g) To do all such other lawful things as are incidental and conducive to the attainment of the purpose and objects above.

#### IV

The duration of the Corporation shall be perpetual, unless ended sooner by operation of law or as provided in the Corporation's By-Laws.

#### V

The officers shall consist of such Officers as shall be provided in the By-Laws and their qualifications,



The initial Officers of the Corporation shall hold office for the first year or until their successors are duly elected pursuant to the By-Laws of the Corporation and are as follows:

<u>OFFICE</u>	<u>NAME</u>	<u>ADDRESS</u>
COMMODORE	MICHAEL A. FERRINGTON	Post Office Box 3108 Kailua-Kona, HI 96740
VICE-COMMODORE	MICHAEL B. GRIGGS	Post Office Box 4797 Kailua-Kona, HI 96740
TREASURER-SECRETARY	PETER D. WILLETT	Post Office Box 2761 Kailua-Kona, HI 96740

## VI

There shall be a board of directors consisting of not less than three members, and will conduct the business and affairs of the Corporation and be qualified, nominated, elected, and appointed pursuant to the By-Laws. All powers of the Board of Directors shall be limited by any provisions contained herein or in the By-Laws of the Corporation. The initial directors of the Corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>
MICHAEL A. FERRINGTON	Post Office Box 3108 Kailua-Kona, HI 96740
MICHAEL B. GRIGGS	Post Office Box 4797 Kailua-Kona, HI 96740
PETER D. WILLETT	Post Office Box 2761 Kailua-Kona, HI 96740

## VII

The Corporation shall have all powers capable of being vested in Corporations not organized for profit under

engage in any business and do and perform any acts of any nature whatsoever that shall be proper, necessary, or convenient for the furtherance of the objects and purposes set forth in Article III hereof; the Corporation is not organized for profit and it will not issue any stock, and no part of its assets, income, or earnings shall be distributed to its members, directors, or officers, except for services actually rendered to the Corporation, and except upon liquidation of its property in case of corporate dissolution.

#### IX

Membership admission, expulsion, and termination shall be provided for exclusively in the By-Laws of the Corporation.

#### X

The property of the Corporation shall alone be liable for payments of the debts and liabilities of the Corporation.

#### XI

The initial By-Laws of the Corporation shall be adopted by the signers of the Petition for a Charter of Incorporation within thirty (30) days after the granting of such Charter. The By-Laws may be amended by a majority of the members present at any meeting duly called and held for such purpose.

XII

The Corporation shall complete its organization within thirty (30) days after issuance of the Charter of Incorporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the Department of Regulatory Agencies, at Honolulu, this 26th day of September, 1979.

Greg S. Hany  
Department of Regulatory Agencies

By Russell S. Nagata  
Corporation & Securities Administrator

Change of Corporate Name  
Non Profit Corporation  
File in Duplicate

STATE OF HAWAII  
DEPARTMENT OF REGULATORY AGENCIES  
Business Registration Division  
1010 Richards Street  
Mailing Address P O Box 40 Honolulu HI 96810

VALIDATION  
\$5 Filing \$7.50 Dishonored Check  
Your canceled check will be your receipt

In the Matter of the Amendment of  
the Charter of Incorporation of

KONA SAILING ASSOCIATION

DEPARTMENT OF REGULATORY  
AGENCIES  
STATE OF HAWAII  
Officially Recorded  
On  
May 12, 1982

MAR 3 2 58 PM '82  
BUSINESS REGISTRATION  
DIVISION  
STATE OF HAWAII

### CERTIFICATE OF AMENDMENT

The President and Secretary respectively of KONA SAILING ASSOCIATION

a Hawaii non profit corporation, do hereby certify that at a special meeting of the members of said corporation duly called and held at KAILUA\_KONA, HAWAII

on the 9th day of SEPTEMBER 19 81 for the purpose of changing the name of the said corporation it was voted by not less than two thirds of the members present at the meeting to amend the Charter of Incorporation of said corporation by deleting the name KONA SAILING ASSOCIATION wherever it appears in the Charter of Incorporation and inserting in lieu thereof the name THE KONA SAILING CLUB

IN WITNESS WHEREOF the undersigned have hereunto set their hands this 1st day of MARCH 19 82

FILING FEE CAPITAL 5-

CERTIFICATION Copies 0

TOTAL 0

Eugene Gall  
Eugene Gall  
Commodore  
Jack Stilbert  
Jack Stilbert  
Secretary

STATE OF HAWAII  
KONA SAILING ASSOCIATION

EUGENE GALL and JACK STILBERT being

first duly sworn on oath depose and say that they are the President and Secretary respectively of KONA

SAILING ASSOCIATION that as such officers they are duly authorized to sign the foregoing Certificate of

Amendment and that they have read the said Certificate know the contents thereof and that the same is true

Eugene Gall  
EUGENE GALL  
COMMODORE  
Jack Stilbert  
JACK STILBERT  
Secretary

Subscribed and sworn to before me this

1st day of MARCH 19 82

John P. Hay  
Notary Public, 3rd Judicial Circuit

State of Hawaii

My commission expires 6-21-83

I hereby approve the foregoing amendment this 12th day of May 19 82

Harold H. Yano  
Corporation and Securities Administrator

Gary J. Buttermann  
Director of Regulatory Agencies

## **KONA SAILING CLUB BY-LAWS**

### **ARTICLE 1 :**

This organization shall be known as the KONA SAILING CLUB of Kailua-Kona, Hawaii.

### **ARTICLE 2 :**

#### **OFFICERS**

The elective officers of the club shall be a **COMMODORE**; **VICE COMMODORE**; **SECRETARY**; **TREASURER**; **REAR COMMODORE**; and **PORT CAPTAIN**.

### **ARTICLE 3 :**

#### **DUTIES OF THE OFFICERS**

It is the duty of the **COMMODORE** to preside over meetings and enforce the rules of the club. He shall also search diligently for guest speakers, educational material, information on boating, boating activities and any other source of information that will serve to advance the goals and purposes of the club as stated in the Articles of Incorporation and any amendments thereof. In the event of the absence of the Commodore, the Vice Commodore or Secretary may call and conduct meetings.

It is the duty of the **VICE COMMODORE** to assist the Commodore in the preparation and performance of the duties aforesaid.

It is the duty of the **SECRETARY** to keep the minutes of the meetings, carry on and have custody of all correspondence and reports, etc. It is also the duty of the Secretary to issue notices of meetings and ensure that a newsletter is published by the 5<sup>th</sup> day of each month. The Secretary may, at his or her discretion, appoint an assistant(s) to aid with aforesaid duties.

It is the duty of the **TREASURER** to collect dues and fees, disburse funds, and keep accurate records of all funds received and monies disbursed. A report shall be given at each Board Meeting and to any member in good standing upon request. A formal and detailed report shall be given at each annual election meeting. The Treasurer shall also be responsible for the procurement of an accountant who, at the discretion of the Board, will inspect and review all records and shall handle all tax returns for the Club on an annual basis.

It is the duty of the **REAR COMMODORE** to organize and oversee the sailing activities of the club. This should specifically include: appoint of Fleet Captains and Race Committee Chairman; overseeing the acquisition, maintenance and storage of race equipment. The Rear Commodore may, at his discretion, appoint and Assistant(s) to aid with the aforesaid duties.

It is the duty of the **PORT CAPTAIN** to oversee the maintenance and usage of club facilities. He shall also coordinate all aspects of Special Membership Privileges.

### **ARTICLE 4 :**



## **BOARD OF DIRECTORS**

The government of the club shall be vested in the Board of Directors, which shall be composed of the **COMMODORE; VICE COMMODORE, SECRETARY, TREASURER; REAR COMMODORE;** and **PORT CAPTAIN;** as many as **FIVE ADDITIONAL DIRTECTORs**, all of whom must be elected by the General Membership. They shall meet at least every 2 months.

## **ARTICLE 5 :**

### **DUTIES OF THE BOARD OF DIRECTORS**

It is the duty of the Board of Directors to govern management policy of the club, control it's finances and oversee it's property. A quorum must be present to vote on any business and a majority vote rules. The Board shall see that the following committees are created; **PUBLICITY PROGRAM; SOCIAL ACTIVITIES; SAILING ACTIVITIES,** or any other committees it deems necessary.

## **ARTICLE 6 :**

### **TERMS OF OFFICE**

All terms of office shall be for 2 (two) years, with 5 new directors being elected for each even year, and 6 new directors being elected of each uneven year.

## **ARTICLE 7 :**

### **ELECTION OF OFFICERS AND DIRECTORS**

The election of Directors shall take place during the **YEAR END GENERAL MEMBERSHIP MEETING.** A quorum of the membership must cast ballots to have a valid election. Voting shall be by secret ballot – a majority vote wins. In the event of a tie vote, a second ballot will be cast and if the tie is not broken the Commodore must cast a tie breaking vote. Only members whose dues are current shall be eligible for office and eligible to vote.

Family membership shall be entitled to a maximum of 2 votes. Single membership has one vote and Junior membership over 12 years of age, one vote. Non-resident (associate) membership carries no voting privilege. Members who are off island at the time of the election may vote by proxy.

The newly elected Board of Directors, at each January meeting, shall vote to appoint the Club Officers among themselves (i.e. Commodore, Vice Commodore, Rear Commodore, Secretary, Treasurer, Port Captain.

The Commodore and Rear Commodore must possess a sailing vessel of any type capable of carrying at least one person, at the time of the election, however the Board of Directors may vote to grant a waiver under those circumstances it feels are special.

If at any time other than the General Election an Officer or Director position becomes vacant, the Board of Directors may appoint any member in good standing as an interim Officer or Director. At the next General Election that Director position shall be voted upon for either a 1 or 2 year term, as applicable.

## **ARTICLE 8 :**

### **SPECIAL MEMBERSHIP PRIVILEGES**

Special use of the Club facilities, such as boat storage, picnic facilities; and use of club property, may be granted to active members in good standing at the discretion of the Port Captain. The Port Captain is expected to enforce the rules of these privileges. The Board of Directors shall establish users fees, if any.

### **ARTICLE 9 :**

### **MEMBERSHIP MEETINGS**

There shall be at least one (1) General Meeting of the Kona Sailing Club every 2 months. Prior notice of meetings shall be given. Reports should be heard from various officers and Committees of the Club. A quorum must be present to vote on any business and a majority vote rules.

### **ARTICLE 10 :**

### **QUORUM**

A Quorum for General Meetings shall consist of not less than 25% of the members in good standing. A quorum for Board of Directors meetings shall be not less than 50% of the Board.

### **ARTICLE 11 :**

### **MEMBERS**

Membership is restricted to those persons who are actively interested in sailing or promoting sailing. All members are expected to assist with the purpose and concept of the club; to help encourage safe boating activities and promote awareness and protect the well-being of the marine environment in Hawaii.

Junior membership is restricted to those under the age of 18. Non-resident membership is restricted to those persons who live off island at least 7 months during the year.

A majority vote of the Board of Directors present at their regular meeting is necessary to vote an applicant into the Club. Such a vote may be conducted at secret ballot if so requested by any member of the club. If the applicant does not receive a majority vote, his or her membership shall be postponed until a recommendation to the Board and a second vote shall be taken. No applicant shall be denied membership for reasons pertaining to race, color, creed, national origin, or gender.

### **ARTICLE 12 :**

### **DUES**

There shall be an initiation fee, no greater than the annual membership amount, for all new members.

Dues must be paid at the time of application. Annual membership dues for Juniors shall be 10% - Non-resident (associate) member shall be 50% - and single membership shall be 75% (rounded up to the nearest dollar) of the Family membership dues. Changes in initiation fee or annual dues for the upcoming year shall be established by the Board of Directors no later than the Annual General Election Meeting. Any member whose dues are delinquent beyond 2 months shall not be considered a member in good standing.

**ARTICLE 13 :**

**DISCIPLINE AND RESIGNATION**

A member may be expelled or suspended by a majority vote of the Board of Directors when conduct of the member endangers the best interest of the club. A written complaint of one or more members, addressed to the Board of Directors shall cause the Board to investigate and decide whether expulsion or suspension may be necessary. Any member may resign provided he is in good standing. Any and all proprietary interest in the Club, by resigning member, shall terminate at the time of his or her resignation.

**ARTICLE 14 :**

**STATUS**

This club shall be incorporated as a Non-Profit organization under the applicable Hawaii Revised Statutes as amended.

**ARTICLE 15 :**

**AMENDMENTS**

These by-laws may be amended by a 2/3 majority vote of a quorum of the General Membership. Ten days prior to notice of the proposed amendments must be given.

\* \* \*

Revised and approved by the Board of Directors at its regular meeting, November 7, 1991. Approved by the General Membership, with a quorum present, on December 7, 1991.



**KONA SAILING CLUB  
BY-LAWS  
(Adopted May 13, 2006)**

**ARTICLE 1 :**

This organization shall be known as the KONA SAILING CLUB of Kailua-Kona, Hawaii.

**ARTICLE 2 :**

**OFFICERS**

The elective officers of the club shall be a **COMMODORE**; **VICE COMMODORE**; **SECRETARY**; **TREASURER**; **REAR COMMODORE**; and **PORT CAPTAIN**. Only members in good standing having been duly elected and serving as Directors may serve as officers of the Club.

**ARTICLE 3 :**

**DUTIES OF THE OFFICERS**

It is the duty of the **COMMODORE** to preside over meetings, enforce the rules of the club, to serve as spokesperson for the club, and preside over all contractual obligations of the club including, but not limited to insurance and lease obligations. He shall also search diligently for guest speakers, educational material, information on boating, boating activities and any other source of information that will serve to advance the goals and purposes of the club as stated in the Articles of Incorporation and any amendments thereof. In the event of the absence of the Commodore, the Vice Commodore will assume the duties of the Commodore.

It is the duty of the **VICE COMMODORE** to assist the Commodore in the preparation and performance of the duties aforesaid and to oversee all non-race sailing activities.

It is the duty of the **SECRETARY** to keep the minutes of the meetings, carry on and have custody of all correspondence and reports. It is also the duty of the Secretary to issue notices of meetings, ensure that a newsletter is published each month, and post the minutes of meetings on the club bulletin board. The Secretary may, at his or her discretion, appoint an assistant(s) to aid with aforesaid duties.

It is the duty of the **TREASURER** to collect dues and fees, disburse funds, and keep accurate records of all funds received and monies disbursed. A report shall be given at each Board Meeting and to any member in good standing upon request. A formal and detailed report shall be given at each annual election meeting. The Treasurer shall also be responsible for the procurement of an auditor who, at the discretion of the Board, will inspect and review all records and shall handle all tax returns for the Club on an annual basis.

It is the duty of the **REAR COMMODORE** to organize and oversee the sailing activities of the Club. This should specifically include: appoint of Fleet Captains and Race Committee Chairman; overseeing the acquisition, maintenance and storage of race equipment, overseeing the ratings review committee, organizing the protest committee, and filing of ocean use permits with the State of Hawaii. The Rear Commodore may, at his discretion, appoint and Assistant(s) to aid with the aforesaid duties.

It is the duty of the **PORT CAPTAIN** to oversee the physical assets of the Club. This should specifically include recommendations to the Board of Directors for maintenance and improvement of Club property. The Port Captain also serves as chairmen of the Boat Parking Committee. The Port Captain may, at his discretion, appoint

an assistant(s) to aid with the aforesaid duties. He shall also coordinate all aspects for Special Membership Privileges. .

#### **ARTICLE 4:**

##### **DIRECTORS**

The government of the Club shall be vested with the Board of Directors. The number of Directors may be set at eleven (11) All Directors must be elected by the General Membership. At least seven (7) Directors shall own vessels which are parked on Club property in conformance with the Special Membership Privilege Agreement. Directors shall meet at least every month.

#### **ARTICLE 5:**

##### **DUTIES OF DIRECTORS**

It is the duty of the Directors to govern management policy of the Club, control Club finances and oversee Club property. A quorum must be present at Directors meetings to vote on any business and a majority vote prevails. Directors shall see that the following committees are created; BOAT PARKING; RACING; MEMBERSHIP, or any other committees they deem necessary. In January of each year the Directors shall review and define the duties of all committees.

#### **ARTICLE 6:**

##### **DIRECTOR'S TERM OF OFFICE**

All Director's term of office shall be for 2 (two) years. Five (5) Directors shall be elected in odd numbered years and six (6) Directors shall be elected in even numbered years.

#### **ARTICLE 7:**

##### **NOMINATION AND ELECTION OF OFFICERS AND DIRECTORS**

Open nominations for Director positions to be vacated in the upcoming year shall be announced to the Club general membership no later than October 15<sup>th</sup> through the club news letter and/or email messages. All nominations for Director must be received by date of the November Board of Directors meeting. The Board of Directors will confirm the willingness and availability of all nominees to serve as a Director and place all such confirmed nominees on the Directors Election Ballot.

The election of Directors shall take place by secret ballot by mail. Ballots shall be sent to all members in good standing in December of each year after the December Board of Directors meeting. A quorum of the membership must cast ballots to have a valid election and a majority vote prevails. In the event of a tie vote, the Commodore must cast a tie breaking vote. Only members whose dues are current and in good standing shall be eligible to serve as a Director and eligible to vote.

Family membership shall have two (2) votes. Single membership shall have one (1) vote. Junior members and Non-resident (associate) members have no vote.

The Directors shall meet within thirty (30) days of the election to appoint the Club Officers among themselves (i.e. Commodore, Vice Commodore, Rear Commodore, Secretary, Treasurer, and Port Captain.

The Commodore and Rear Commodore must possess a sailing vessel of any type capable of carrying at least two persons.

If a Director position becomes vacant, the remaining Directors may elect any Club member in good standing to fill the vacant Director position.. At the next election that Director position shall be voted upon for either a 1 or 2 year term, as applicable.

#### **ARTICLE 8:**

##### **SPECIAL MEMBERSHIP PRIVILEGES**

Directors will establish and modify from time to time, Special Membership Privilege requirements for Club members to park boats on Club property. At least once in June and once in November of each year, or at any other time deemed necessary, the Port Captain will inform the Directors if any member is not meeting the requirements of the Special Membership Privilege.

The Directors shall establish requirements and guidelines for use of the Club facilities for non-Club activities and user fees, if any. Special use of the Club facilities for non-Club activities such as meetings, private parties and gatherings may be granted to active members in good standing by a majority vote of Directors.

#### **ARTICLE 9:**

##### **MEMBERSHIP MEETINGS**

There shall be at least two (2) General Membership Meetings of the Kona Sailing Club every year or more frequently if directed by the Board. At least two (2) weeks notice of the meeting shall be given to all Club members in good standing and such notice will include the Agenda for the General Membership Meeting. Such notice may be made by a separate mailing, email, or announcement in the Club's newsletter. A quorum must be present to vote on any business and a majority vote prevails.

#### **ARTICLE 10:**

##### **QUORUM**

A Quorum for General Meetings shall be not less than 25% of votes of members in good standing present in person. A quorum for Board of Directors meetings shall be not less than 50% of Directors present in person. An emergency meeting of the Board of Directors may be held by electronic means if at least six (6) Directors waive the right to an in person meeting.

#### **ARTICLE 11:**

##### **MEMBERS**

Membership is restricted to those persons who are actively interested in sailing or promoting sailing. All members are expected to assist with the purpose and concept of the Club; to help encourage safe boating activities and promote awareness and protect the well-being of the marine environment in Hawaii.

Junior membership is restricted to those under the age of 18. Non-resident membership is restricted to those persons who live off island at least 7 months during the year.

A majority vote of the Board of Directors present at their regular meeting is necessary to vote an applicant into the Club. Such a vote may be by a secret ballot at the request of the membership committee or the applicant. No applicant shall be denied membership for reasons pertaining to race, color, creed, national origin, or gender.

#### **ARTICLE 12:**

##### **DUES**

There shall be a nonrefundable initiation fee, no greater than the annual membership amount, for all new members.

Dues must be paid at the time of application. Annual membership dues for Juniors shall be 10% - Non-resident (associate) member shall be 50% - and single membership shall be 75% (rounded up to the nearest dollar) of the Family membership dues. Changes in initiation fee or annual dues for the upcoming year shall be established by the Board of Directors. Any member whose dues are delinquent beyond 2 months shall not be considered a member in good standing.

#### **ARTICLE 13:**

##### **DISCIPLINE AND RESIGNATION**

A member may be expelled or suspended by a vote of the Board of Directors when conduct of the member endangers the best interest of the Club. A written complaint of one or more members, addressed to the Board of Directors shall cause the Board to investigate and decide whether expulsion or suspension may be necessary. Any member has the right to a hearing in front of the Board. Any and all proprietary interest in the Club, by resigning member, shall terminate at the time of his or her resignation.

#### **ARTICLE 14:**

##### **STATUS**

This Club shall be incorporated as a Non-Profit organization under the applicable Hawaii Revised Statutes as amended.

#### **ARTICLE 15**

##### **FISCAL YEAR**

The Club's fiscal year shall begin March 1 and end the last day of February.

**ARTICLE 16:**

**AMENDMENTS**

These by-laws may be amended by a 2/3 majority vote of a quorum at a General Membership Meeting. At least two (2) weeks notice of such meeting shall be given to all Club members in good standing and such notice will include notice of the proposed changes to the by-laws. Such notice may be made by a separate mailing, email, or announcement in the Club's newsletter.

\* \* \*

**Revised and approved by the Board of Directors at its regular meeting on May 3, 2006**

**Approved by the General Membership, with a quorum present on May 13, 2006**

**Certified as true and Correct:**



**Gerald R. Cysewski  
Commodore**

JAN 24 15:41:29 EOR ADP

Department of Land and Natural Resources, Division of Boating and Ocean Recreation  
REVIEW PROCESS FOR DISCOUNTED RENT - EXISTING REVOCABLE PERMITS

