February 24, 2021

Honorable Rep. Aaron Ling Johanson, Chair
Honorable Rep. Lisa Kitagawa, Vice-Chair
House Committee on Consumer Protection and Commerce (CPC)
Hawaii State Capitol, Room 329
415 South Beretania Street
Honolulu, HI 96813

RE: Testimony in SUPPORT of HB599 with amendments; Hearing Date: February 25, 2021 at 2:00 p.m. in House Conf. conference room 329/videoconference; sent via Internet

Dear Rep. Johanson, Chairman; Rep. Kitagawa, Vice-Chair; Committee Members

Thank you for the opportunity to provide testimony on this bill. Unfortunately, I have a previously scheduled meeting off island this afternoon so may not be unable to appear via videoconference.

The Hawaii State Association of Parliamentarians (“HSAP”) has been providing professional parliamentary expertise to Hawaii since 1964.

I am the chair of the HSAP Legislative Committee. I’m also an experienced Professional Registered Parliamentarian who has worked with condominium and community associations every year since I began my parliamentary practice in 1983 (more than 1,800 meetings in 38 years). I was also a member of the Blue Ribbon Recodification Advisory Committee that presented the recodification of Chapter 514B to the legislature in 2004.

This testimony is provided as part of HSAP’s effort to assist the community based upon our collective experiences with the bylaws and meetings of numerous condominiums, cooperatives, and planned community associations.

This testimony is presented in SUPPORT of HB599 with amendments.

**Summary of Bill:**

This Bill briefly proposes to do the following:

(a) insert a new section into the HRS Chapter on Cooperative Housing Corporations to provide notice requirements similar to condominium associations, including authority to conduct annual meetings remotely by video conference (Section 1);
(b) change HRS §421I-5 relating to cooperatives to ensure that shareholders have rights to participate in any deliberation or discussion (Section 2); and
(c) change HRS §421J-3.5 relating to Planned Community Associations to provide for video conferencing under certain circumstances (Section 3); and
(d) change HRS §514D-121 relating to Condominiums to provide for video conferencing under certain circumstances (Section 4).

(a) **Insert a new section into the HRS Chapter on Cooperative Housing Corporations to provide notice requirements similar to condominium associations, including authority to conduct annual meetings remotely by video conference (Section 1).**

HRS §421I-11 provides that the Hawaii Business Corporations Act, Chapter 414 applies to Cooperative Housing Corporations.

HRS §414-121 already provides a method for remote communications for annual meetings. HRS §414-122(c) already provides a method for remote communications for special meetings by referring to HRS §414-121 for guidance.

**Our Position:** This amendment is not needed.

(b) **Change HRS §421I-5 relating to cooperatives to ensure that shareholders have rights to participate in any deliberation or discussion (Section 2).**

This change permits more shareholder participation. It balances shareholder participation with the necessity for reasonable restrictions.

**Our Position:** We support this amendment although it is not related to the main function of the bill.

(c) **Change HRS §421J-3.5 relating to Planned Community Associations to provide for video conferencing under certain circumstances (Section 3).**

In my experience, many Planned Community Associations are also incorporated in accordance with Chapter 414D.

HRS §414D-101(d) and §414D-102(f) already provides a method for annual and special meetings respectively to be conducted by Internet, teleconference, or other electronic transmission technology.

**Our Position:** This amendment is not needed for incorporated Planned Community Associations. However, we recommend using the attached amendment as an alternative that is flexible and protective of the process.

(d) **Change HRS §514B-121 relating to Condominiums to provide for video conferencing under certain circumstances (Section 4).**

This section proposed to amend the section to read as follows: “A meeting of the
association shall be held at least once each year; provided that in the event of a pandemic or other similar unforeseen circumstance that prevents unit owners from physically gathering for a meeting, the association may hold a meeting remotely by video conferencing whereby the board and any unit owner who wishes to participate in that meeting can communicate with each other."

Association and Board meetings are required to be conducted in accordance with the latest edition of Robert's Rules of Order Newly Revised (12th ed.), ("Roberts Rules") recently updated and released September 1, 2020.

Roberts Rules §9:33 uses the term “electronic meetings” to ensure flexibility with respect to audio conference, video conference, or both.

We suggest an amendment to use “electronic meetings” since it is a defined term. “Video conference” could be technically limiting for attendees, have unintended consequences, and should not be used.

We are concerned that the use of “other similar unforeseen circumstance” may be subject to abuse.

Our position: We support the bill with the attached proposed amendments.

We ask that the Committee approve this Bill with the suggested amendments.

If you require any additional information, your call is most welcome. I may be contacted via phone: 423-6766 or through e-mail: Steveghi@Gmail.com. Thank you for the opportunity to present this testimony.

Sincerely,

Steve Glanstein, Professional Registered Parliamentarian
Chair, HSAP Legislative Committee
A BILL FOR AN ACT

RELATING TO ASSOCIATION GOVERNANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Chapter 421I, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§421I—Notice required; regular annual and special meetings. (a) Not less than fourteen days in advance of any regular annual meeting or special meeting of a corporation, the secretary or other officer specified in the bylaws shall give written notice of the meeting to each shareholder of the corporation as provided in the bylaws of the corporation or by two or more of the following means:

(1) Hand delivery;

(2) United States mail sent to the mailing address of each shareholder or to another mailing address designated in writing by the shareholder;

(3) Electronic mail to the electronic mailing address designated in writing by the shareholder; or

(4) Posting of the meeting notice in its entirety on a portion of the corporation’s website that is accessible to all shareholders."
(b) Notice pursuant to this section shall state:

(1) The date, time, and place of the meeting; and

(2) The items on the agenda, including the general nature of and rationale for any proposed amendment to the declaration or bylaws; any proposal for a special assessment, unless the authority for a special assessment is otherwise provided for in the corporation's governing documents; and any proposal to remove a member of the board.

(c) The requirements of this section shall not be interpreted to preclude any shareholder from proposing an amendment to the declaration or bylaws or proposing to remove a member of the board at an annual meeting of the corporation.

(d) The requirements of this section shall not be interpreted to apply to any board meetings or committee meetings of a corporation.

(e) In the event of a pandemic or other similar unforeseen circumstance that prevents shareholders from physically gathering for an annual meeting, the corporation may hold an annual meeting remotely by video conferencing whereby the board of directors and any shareholder who wishes to participate in that meeting can communicate with each other."

SECTION 2. Section 421I-5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:
"(a) All meetings of the board of directors, other than executive sessions, shall be open to all shareholders, and the shareholders may participate in any deliberation or discussion [unless a majority of a quorum of the board of directors votes otherwise]. The board of directors may adopt reasonable restrictions on shareholder participation."

SECTION 1. Section 421J-3.5, Hawaii Revised Statutes, is amended to read as follows:

"§421J-3.5 Notice required; regular annual and special meetings. (a) Not less than fourteen days in advance of any regular annual meeting or special meeting of an association, the secretary or other officer specified in the bylaws shall give written notice of the meeting to each member of the association as provided in the bylaws of the association or by two or more of the following means:

(1) Hand delivery;

(2) United States mail sent to the mailing address of each unit or to another mailing address designated in writing by the association member;

(3) Electronic mail to the electronic mailing address designated in writing by the association member; or

(4) Posting of the meeting notice in its entirety on a portion of the association’s website that is accessible to all members.

(b) Notice pursuant to this section shall state:
(1) The date, time, and place of the meeting; and

(2) The items on the agenda, including the general nature of and rationale for any proposed amendment to the declaration or bylaws; any proposal for a special assessment, unless the authority for a special assessment is otherwise provided for in the association’s governing documents; and any proposal to remove a member of the board.

(c) The requirements of this section shall not be interpreted to preclude any association member from proposing an amendment to the declaration or bylaws or proposing to remove a member of the board at an association meeting.

(d) The requirements of this section shall not be interpreted to apply to any board meetings or committee meetings of a planned community association.

(e) In the event of a pandemic or other similar unforeseen circumstance that prevents members from physically gathering for an annual meeting, the association may hold an annual meeting remotely by video conferencing whereby the board of directors and any member who wishes to participate in that meeting can communicate with each other.”

(e) Notwithstanding anything to the contrary in the association documents, the association may conduct an annual, regular, or special meeting remotely in a manner consistent with sections 414D-101(g) or 414D-102(f), as applicable.”
SECTION 4. Section 514B-121, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) A meeting of the association shall be held at least once each year[,]; provided that in the event of a pandemic or other similar unforeseen circumstance that prevents unit owners from physically gathering for a meeting, the association may hold a meeting remotely by video conferencing whereby the board and any unit owner who wishes to participate in that meeting can communicate with each other.”

SECTION 2[4]. Section 514B-121, Hawaii Revised Statutes, is amended by amending subsection (e) to read:

“(e) All association meetings shall be conducted in accordance with the most recent edition of Robert’s Rules of Order Newly Revised. [If so provided in the declaration or bylaws, meetings may be conducted by any means that allow participation by all unit owners in any deliberation or discussion.] Notwithstanding anything to the contrary in the association’s declaration or bylaws or in section 514B-121(b), electronic meetings and electronic, machine, or mail voting shall be authorized:
1) during any period in which a state of emergency, declared pursuant to chapter 127A, is in effect in the county in which the condominium is located; 2) for any association meeting for which notice was given while a state of emergency, declared pursuant to chapter 127A, was in effect for the county in which the condominium is located but is no longer in effect as of the date of the meeting, provided that the meeting is held within sixty days of the date the notice was first given; or 3) whenever provided for in an association’s declaration or bylaws.”
SECTION 3[5]. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4[6]. This Act shall take effect upon its approval.

INTRODUCED BY: ___________________________

Report Title:
Association Meetings; Election of Board Members; Cooperative Housing Corporations; Planned Community Associations; Condominium Associations; Videoconferencing; Pandemic

Description:
Specifies notice requirements for a regular annual or special meeting of a cooperative housing corporation. Allows the annual meetings and election of board members of cooperative housing corporations, planned community associations, and condominium associations to be conducted by videoconferencing in the event of a pandemic or other similar unforeseen circumstance that prevents owners from physically gathering for a meeting.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.
Honolulu Tower is a 40 story, 396 unit condominium at the corner of Maunakea and Beretania Streets. It was constructed in 1982.

The Board of Directors met on February 1, 2021 and voted its unanimous support for this bill. We need a way to meet. When most bylaws were written the internet, videoconferencing, zoom, webex, etc., did not exist. This bill will solve the problem we are all facing.

Thank you for your consideration of this matter.

Board of Directors AOAO of Honolulu Tower
Honolulu Tower is a 40 story, 396 unit condominium at the corner of Maunakea and Beretania Streets. It was constructed in 1982.

The Board of Directors met on February 1, 2021 and voted its unanimous support for this bill. We need a way to meet. When most bylaws were written the internet, videoconferencing, zoom, webex, etc., did not exist. This bill will solve the problem we are all facing.

Thank you for your consideration of this matter.

Board of Directors AOAOof Honolulu Tower
February 23, 2021

Chair Aaron Ling Johanson  
Vice Chair Lisa Kitagawa  
Committee on Consumer Protection & Commerce  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: HB 599 SUPPORT

Dear Chair Johanson, Vice-Chair Kitagawa and Committee Members:

The Community Associations Institute ("CAI") supports the purpose and intent of HB 599. Its companion, SB 784 SD1, has passed from the Senate to the House.

A number of persons who represent associations have reviewed the various bills seeking to address meeting requirements, particularly in emergencies, and will be putting forward consensus language for consideration by the Committee. Whatever vehicle is most conducive to passage should be pursued to enable associations to have flexibility regarding meetings.

Very truly yours,

Philip Nerney

Philip Nerney
February 23, 2021

Representative Aaron Johanson, Chair
Representative Lisa Kitagawa, Vice-Chair
House Committee on Consumer Protection and Commerce

Re: Testimony in support of
HB 599 RELATING TO ASSOCIATION GOVERNANCE
Hearing: Thursday, February 25, 2021, 2 p.m., Conf. Rm. #329

Chair Johanson and Vice-Chair Kitagawa and Members of the Committee:

I am Jane Sugimura, President of the Hawaii Council of Associations of Apartment Owners (HCAAO dba HCCA).

HCCA supports this bill because the pandemic has prevented many if not most of the condominium associations whose annual meetings were scheduled after March 16, 2020 (i.e., the date of the Governor's first Emergency Proclamation) from having their annual meetings due to the prohibition on socially gathering in large numbers.

We suggest the following amendment to the Bill:

Amendments to chapters HRS 421I and 421J are not required because HRS 414D 101(g) or 414D-102(f) already allows most if not all of those non-profit corporate associations to conduct their annual meetings remotely. Therefore, Sections 1 and 2 (i.e., HRS 421I) should be deleted and in Section 3 (HRS 421J) subsection (e) should include clarification that the “...association may conduct an annual, regular, or special meeting remotely in a manner consistent with sections 414D-101(g) or 414D-102(f)”

Section 4 (514B121) should be revised by deleting the revisions to subsection (a) and amending subsection (e) to read as follow:

“(e)All association meetings shall be conducted in accordance with the most recent edition of Robert’s Rules of Order Newly Revised. Notwithstanding anything to the contrary in the association’s declaration or bylaws or in section 514B-121(b), electronic meetings and electronic, machine, or mail voting shall be authorized: 1) during any period in which a state of emergency, declared pursuant to chapter 127A, is in effect in the county in which the condominium is located; 2) for any association meeting for which notice was given while
HB599 Relating to Association Governance
House Committee on Consumer Protection and Commerce
February 23, 2021
Page 2 of 2

a state of emergency, declared pursuant to chapter 127A, was in effect for the county in which the condominium is located but is no longer in as of the date of the meeting, provided that the meeting is held within sixty days of the date the notice was first given; or 3) whenever provided for in an association’s declaration or bylaws.”

A copy of the proposed changes is attached for the Committee’s reference.

Accordingly, HCCA respectfully requests that you pass out this bill with the suggested revisions. Thank you for the opportunity to testify on this matter.

Jane Sugimura, President
A BILL FOR AN ACT

RELATING TO ASSOCIATION GOVERNANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

[SECTION 1. Chapter 421, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:]

"§421- Notice required; regular annual and special meetings. (a) Not less than fourteen days in advance of any regular annual meeting or special meeting of a corporation, the secretary or other officer specified in the bylaws shall give written notice of the meeting to each shareholder of the corporation as provided in the bylaws of the corporation or by two or more of the following means:

(1) Hand delivery;

(2) United States mail sent to the mailing address of each shareholder or to another mailing address designated in writing by the shareholder;

(3) Electronic mail to the electronic mailing address designated in writing by the shareholder; or

(4) Posting of the meeting notice in its entirety on a portion of the corporation's website that is accessible to all shareholders."
(b) Notice pursuant to this section shall state:

(1) The date, time, and place of the meeting; and

(2) The items on the agenda, including the general nature of and rationale for any proposed amendment to the declaration or bylaws; any proposal for a special assessment, unless the authority for a special assessment is otherwise provided for in the corporation's governing documents; and any proposal to remove a member of the board.

(c) The requirements of this section shall not be interpreted to preclude any shareholder from proposing an amendment to the declaration or bylaws or proposing to remove a member of the board at an annual meeting of the corporation.

(d) The requirements of this section shall not be interpreted to apply to any board meetings or committee meetings of a corporation.

(e) In the event of a pandemic or other similar unforeseen circumstance that prevents shareholders from physically gathering for an annual meeting, the corporation may hold an annual meeting remotely by video conferencing whereby the board of directors and any shareholder who wishes to participate in that meeting can communicate with each other."

SECTION 2. Section 421-5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:
SECTION 3.5. Section 421J-3.5, Hawaii Revised Statutes, is amended to read as follows:

"[§421J-3.5 Notice required; regular annual and special meetings.] (a) Not less than fourteen days in advance of any regular annual meeting or special meeting of an association, the secretary or other officer specified in the bylaws shall give written notice of the meeting to each member of the association as provided in the bylaws of the association or by two or more of the following means:

(1) Hand delivery;

(2) United States mail sent to the mailing address of each unit or to another mailing address designated in writing by the association member;

(3) Electronic mail to the electronic mailing address designated in writing by the association member; or

(4) Posting of the meeting notice in its entirety on a portion of the association's website that is accessible to all members.

(b) Notice pursuant to this section shall state:
(1) The date, time, and place of the meeting; and

(2) The items on the agenda, including the general nature of and rationale for any proposed amendment to the declaration or bylaws; any proposal for a special assessment, unless the authority for a special assessment is otherwise provided for in the association's governing documents; and any proposal to remove a member of the board.

(c) The requirements of this section shall not be interpreted to preclude any association member from proposing an amendment to the declaration or bylaws or proposing to remove a member of the board at an association meeting.

(d) The requirements of this section shall not be interpreted to apply to any board meetings or committee meetings of a planned community association.

(e) In the event of a pandemic or other similar unforeseen circumstance that prevents members from physically gathering for an annual meeting, the association may hold an annual meeting remotely by video conferencing whereby the board of directors and any member who wishes to participate in that meeting can communicate with each other."

(e) Notwithstanding anything to the contrary in the association documents, the association may conduct an annual, regular, or special meeting remotely in a manner consistent with sections 414D-101(g) or 414D-102(f), as applicable."
SECTION 4. Section 514B-121, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

(a) A meeting of the association shall be held at least once each year[,]; provided that in the event of a pandemic or other similar unforeseen circumstance that prevents unit owners from physically gathering for a meeting, the association may hold a meeting remotely by video conferencing whereby the board and any unit owner who wishes to participate in that meeting can communicate with each other.

SECTION 2[4]. Section 514B-121, Hawaii Revised Statutes, is amended by amending subsection (e) to read:

"(e) All association meetings shall be conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised. [If so provided in the declaration or bylaws, meetings may be conducted by any means that allow participation by all unit owners in any deliberation or discussion.] Notwithstanding anything to the contrary in the association's declaration or bylaws or in section 514B-121(b), electronic meetings and electronic, machine, or mail voting shall be authorized: 1) during any period in which a state of emergency, declared pursuant to chapter 127A, is in effect in the county in which the condominium is located; 2) for any association meeting for which notice was given while a state of emergency, declared pursuant to chapter 127A, was in effect for the county in which the condominium is located but is no longer in effect as of the date of the meeting, provided that the meeting is held within sixty days of the date the notice was first given; or 3) whenever provided for in an association's declaration or bylaws."
HB-599
Submitted on: 2/25/2021 10:08:55 AM
Testimony for CPC on 2/25/2021 2:00:00 PM

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<td>Richard Emery</td>
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Comments:

The pandemic has taught us a lot. A very necessary Bill. SUPPORT.
I serve on the board of a Honolulu high rise condominium. Fortunately, we were able to hold our 2020 annual meeting because it was scheduled before the lockdown. When many of the condo laws were written zoom, webex, internet connections, etc. did not exist. Many condos have been disadvantaged with the covid restrictions. This bill will enable us to conduct business in pandemics and other emergency situations and needs to be approved as soon as possible.

I do however object to internet voting. It is not safe, as the SolarWinds hacking scandal has shown us.

Please support this bill.
Comments:

Aloha House Committee on Consumer Protection & Commerce -

Chair Aaron Ling Johanson, Vice Chair Lisa Kitagawa, and members Henry J.C. Aquino, Sharon E. Har, Mark J. Hashem, Sam Satoru Kong, John M. Mizuno, Dee Morikawa, Richard H.K. Onishi, David A. Tarnas, and Lauren Matsumoto. House Speaker Scott Saiki

1. This, HB599, is about ‘good governance’ which is foresightful and shows excellent leadership. I urge it be passed and the cognizant Senate committe be urged to schedule it.

2. As to the matter of conveying to home owners proper notice of meetings and elections, 'never assume'. There have been occasions where notices will not be sent out in a timely manner, or worse, only posted on one building in a multi-building complex. This is done to suppress participation by homeowners in elections by creating a 'lack of quorum' situation. Such chicanery allows for a 'holdover' Board of Directors which some companies may prefer. Purpose of such action is to stave off owners who wish to get rid of the company. And, allowing for voting via Internet, as specified by HB599, is a really big deal.

3. A simple fact which eludes most people, is that exercising the right to vote should be facilitated by legislation requiring that. Wronful assumption it is to believe that most owners of properties in associations are allowed to vote. Oh, yes, they may, but only by attending a meeting in person. For those who cannot, usually due to the challenge or expense of transportation, this simple majority of property owners are offered only a Proxy form (which has been 'tooled' by management companies to their advantage, while disadvantaging owners). People must be allowed to exercise their own vote, either via US Post Office or the Internet. In some state, vendors that specialize in only elections, even provide for telephonic voting by asking a few simple security questions. Hawaii should allow this right too as it is exercised in other states, such as, Massachusetts.

4. This bill, HB599, limits online voting to periods of a Pandemic, but, that will surely pass and then management companies will insist on cancelling the rights of Association
members to vote online. But, this bill is a step in the right direction. So, please pass this bill.

Respectfully, Dale Arthur Head  (808) 696-4589  helpmakahasurfside@gmail.com
Dear Chair Johanson, Vice Chair Kitagawa, and Members of the Committee:

I support the concept behind H.B. 599. However, the bill needs to be amended for the reasons stated in the testimony of Steve Glanstein, Professional Registered Parliamentarian. The proposed amendments attached to Mr. Glanstein’s testimony reflect a collaborative effort by a group of professionals in the community association industry to address the deficiencies in the bill. I urge the committee to pass H.B. 599 with the proposed amendments. Thank you.

Sincerely,

M. Anne Anderson
I join in the testimony submitted in support as HD1 by Jane Sugimura and Steve Glanstein. I would, however, expand the bill to allow electronic meetings and electronic and machine voting in co-ops (HRS 421I) and timeshares (HRS 514E), in accordance with HRS 414D-101(g) and HRS 414D-102(f), notwithstanding language to the contrary in their governing documents as these entities have similar issues and concerns as condominiums and planned community associations.

Thank you for your consideration.

Respectfully submitted.