

KGE SERVICE CORPORATION
District of Kau

P.O. BOX 425
KAILUA-KONA, HAWAII 96745

**GENERAL PLAN RESTRICTIONS
ARTICLES AND BY-LAWS
NOVEMBER 21, 1975**

WELCOME

This book is provided as your ready reference for the following information:

Certificate of Membership. This Certificate acknowledges your membership in KGE Service Corporation and provides you with a permanent identification number. This Certificate is non-transferable and upon transfer of ownership of your property, a new Certificate will be issued to the new owner.

General Plan Restrictions are not extensive but do protect your property from improper use. Restrictions are indexed for your convenience.

The KGE Service Corporation Articles of Incorporation.

The KGE Service Corporation By-Laws.

Your membership entitles you to the privilege of using the "Road to the Sea" and the beach area for your fishing and general access to the water.

May you enjoy your membership to the KGE Service Corporation.

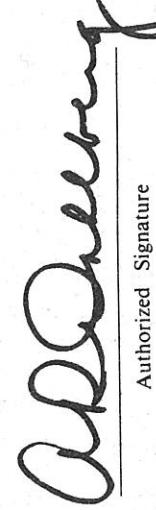
GOOD FISHING !

KGE SERVICE CORPORATION


A. D. Deenberg
President

THIS IS TO CERTIFY THAT _____
is a member of KGE SERVICE CORPORATION and as such is entitled to all the rights,
privileges and cooperation afforded by the Corporation.

IN WITNESS WHEREOF, the said Corporation has
caused this Certificate to be signed by one of its duly
authorized officers and to be sealed with the seal of
Corporation this _____ day of _____ 19____


Alan Dreher
Authorized Signature
(This Certificate expires upon transfer of
property ownership)

Membership No. _____
Incorporated 1975
Under the Laws of the State of Hawaii _____

KGE SERVICE CORPORATION
Membership Certificate

Dated: Honolulu, Hawaii, November 7, 1975

/S/ Paul A. Lynch

/S/ Robert K. Torrey

/S/ A. R. Dahlberg

resignation shall take effect at the time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring or to occur in the office of the Auditor shall be filled for the balance of the unexpired term by the members at a special meeting called for the purpose; provided, however, that if a quorum is not present at such meeting of the members, then the vacancy may be filled by the Board of Directors at any general or special meeting. The Auditor shall (1) at least once each year examine the books of account and vouchers of the Treasurer and if found correct certify the same upon such books; (2) certify to the members at the annual meeting as to the correctness or otherwise of the statement of the assets and liabilities of the corporation submitted by the Treasurer at the annual meeting of the corporation; (3) immediately report to the Board of Directors or to the stockholders any errors or omissions and (4) prepare such other or further audits or reports and attend to all such other matters as may be requested from time to time by the Board of Directors.

ARTICLE V

Execution of Instruments

26. PROPER OFFICERS. Except as otherwise provided by these by-laws or by law, all checks, drafts, notes, bonds acceptances, deeds, leases, contracts and all other documents and instruments, shall be signed, executed and delivered by the President or a Vice President and by the Treasurer or the Secretary, or an Assistant Treasurer or Assistant Secretary; provided, however, that the Board of Directors may from time to time by resolution authorize checks, drafts, bills of exchange, notes, orders for payment of money, licenses, endorsements, powers of attorney, proxies, waivers, consents, returns, reports, applications, notices, agreements or documents, instruments or writings of any nature to be signed, executed and delivered by such officers, agents or employees of the corporation, or any one of them, in such manner as may be determined by the Board of Directors.

27. FACSIMILE SIGNATURE. The Board of Directors may from time to time by resolution provide for the execution of any corporate instrument or document by a mechanical device or machine, or by use of facsimile signatures, under such terms as shall be set forth in the resolution of the Board of Directors.

ARTICLE VI

Amendment

28. These by-laws may be altered, amended, or repealed from time to time by a vote of not less than a two-thirds ($\frac{2}{3}$) majority vote of the Board of Directors.

ADOPTION OF BY-LAWS

The undersigned, being all of the signers of the Application for Charter of Incorporation of KGE SERVICE CORPORATION do hereby adopt the foregoing by-laws as the by-laws of said corporation.

GENERAL PLAN RESTRICTIONS

ARTICLES

BY-LAWS

KGE SERVICE CORPORATION
District of Kau
P.O. Box 425
Kailua-Kona, Hawaii 96745

19. THE PRESIDENT. The President shall preside at all meetings of members; and in case no Chairman of the Board of Directors is appointed, or in the absence of such a Chairman if appointed, he shall preside at meetings of the Board of Directors. He shall exercise general supervision over the business of the corporation and over its several officers, agents and employees, subject, however, to the control of the Board of Directors.

20. VICE PRESIDENTS. The Vice President or Vice Presidents, if more than one, shall, in the order of priority of appointment, perform all of the duties and exercise all of the powers and rights of the President provided by these by-laws or otherwise during the absence or disability of the President or whenever the offices are vacant, and shall perform all other duties assigned by the Board of Directors.

21. THE TREASURER. The Treasurer shall have custody of all the funds, notes, bonds and other evidences of property of the corporation, and shall be responsible for keeping all the books and accounts of the corporation, and shall render statements thereof in such form and as often as required by the Board of Directors. He shall be responsible for keeping a record of ownership of lands in Kona Garden Estates with regard to the names and addresses of owners and the amount of lands in Kona Garden Estates owned respectively.

22. THE SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members. He shall give notice in conformity with these by-laws of all meetings of the members and the Board of Directors. In the absence of the President and the Vice Presidents, he shall preside until a Chairman pro tempore is chosen. He shall also perform all other duties assigned him by the President or the Board of Directors.

23. ASSISTANT TREASURER. The Assistant Treasurer or Assistant Treasurers, if appointed, shall, in the order of priority of appointment, perform all of the duties and exercise all of the powers of the Treasurer during his absence or disability, or whenever the office is vacant, and shall perform all duties assigned to him or them by the President or the Board of Directors.

24. ASSISTANT SECRETARIES. The Assistant Secretary or Assistant Secretaries, if appointed, shall, in the order of priority of appointment, perform all of the duties and exercise all of the powers of the Secretary during his absence or disability, or whenever the office is vacant, and shall perform all duties assigned to him or them by the President or the Board of Directors.

25. THE AUDITOR. The Auditor, who may be a person, co-partnership or if permissible under the law, a corporation, may be elected by the members at the annual meeting. The Auditor may be removed from office either with or without cause at any time at a special meeting of the members called for the purpose. The Auditor may resign at any time by giving written notice to the President or Secretary of the corporation. Such

lawful act necessary or proper to carry into effect the powers, purposes and objects of the corporation.

15. VACANCIES AND SUBSTITUTE DIRECTORS. If any permanent vacancy shall occur in the Board of Directors through death, resignation, removal or other cause, the remaining Directors, by affirmative vote of a majority of the whole Board may elect a successor Director to hold office for the unexpired portion of the term of the Director whose place shall be vacant.

In case of a temporary vacancy, due to the absence of any Director from the State of Hawaii or the sickness or disability of any Director, the remaining Directors, whether constituting a majority or a minority of the whole Board, may appoint some person as a substitute Director who shall be a Director during such absence or disability and until such Director returns to duty. The determination by the Board of Directors as shown on the minutes of the fact of such absence or disability and the duration thereof shall be conclusive as to all persons and the corporation.

16. APPROVAL OF ACTS OF BOARD OF DIRECTORS. At any annual or special meeting of the members any or all of the acts and doings of the Board of Directors may be ratified, confirmed and approved by the members and such ratification and approval shall be as valid and binding upon the corporation and upon all members as though it had been approved or ratified by every member of the corporation.

ARTICLE IV.

Officers

17. APPOINTMENT. The officers of the corporation shall be the President, one or more Vice Presidents, Secretary, Treasurer, and if elected by the members, an Auditor, and in addition thereto, in the discretion of the Board of Directors, a Chairman of the Board, an Assistant Treasurer or Assistant Treasurers, and an Assistant Secretary or Assistant Secretaries, and such other subordinate officers with such duties as the Board of Directors shall from time to time determine. All officers other than the Auditor shall be appointed annually by the Board of Directors and shall serve until their successors shall have been appointed and qualified. One person may hold more than one office and all officers, except the Auditor, shall be subject to removal at any time by the affirmative vote of the majority of the whole Board. The Board of Directors may, in its discretion, appoint acting or temporary officers and may appoint officers to fill vacancies occurring for any reason whatsoever, and may in its discretion limit or enlarge the duties and powers of any officer appointed by it.

18. CHAIRMAN OF THE BOARD. The Chairman of the Board, if appointed, shall preside at all meetings of the Board of Directors and shall perform such other duties as may be required of him by the Board of Directors.

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GENERAL PLAN RESTRICTIONS

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12. CHAIRMAN, MEETINGS, NOTICE. The Board may appoint a Chairman who shall preside at all meetings and serve during the pleasure of the Board. The Board shall hold meetings as often as the business of the corporation may require at the call of the President, the Chairman of the Board, or any two Directors. The Secretary shall give notice of each meeting of the Board of Directors either orally or in writing by mailing or delivering the same not less than one (1) day before the meeting unless otherwise prescribed by the Board. The failure by the Secretary to give such notice or by any Director to receive such notice shall not invalidate the proceedings of any meeting at which a quorum of Directors is present. The Directors elected at the annual members' meeting of the corporation shall, without any notice being given hold a meeting as soon as may be after the meeting of the members at which they were elected.

13. QUORUM AND ADJOURNMENT. The majority of the Directors shall constitute a quorum for the transaction of business and no actions taken other than the appointment of Directors to fill temporary vacancies, as provided in these by-laws, shall bind the corporation unless it shall receive the concurring vote of a majority of all the Directors. In the absence of a quorum, the presiding officer or a majority of the Directors present may adjourn the meeting from time to time without further notice until a quorum be had.

14. POWERS OF BOARD OF DIRECTORS. The property, affairs and business of the corporation shall be managed by the Board of Directors and, except as otherwise provided, by law or by these by-laws, all of the powers and authority of the corporation shall be vested in and may be exercised by the Board of Directors as fully and for all purposes as though exercised directly by the members; and in furtherance and not in limitation of said general powers, the Board of Directors shall have the power: to dispose of property; to appoint a General Manager and such other managers, officers or agents of the corporation as in its judgment the business may require, and to confer upon and to delegate to them by power of attorney or otherwise such power and authority as it shall determine; to fix the salaries or compensation of any or all of the officers, agents and employees of the corporation, and in its discretion require security of any of them for the faithful performance of any of their duties; to make rules and regulations not inconsistent with law or the Charter of Incorporation or these by-laws for the transaction of business; to adopt and publish rules and regulations relating to the use and enjoyment of the common properties, improvements, facilities and services in Kona Garden Estates and the personal conduct of members and their guests thereon; to establish penalties for infraction of the aforementioned rules and regulations if any, and for non-payment of authorized charges and assessments made by the corporation, including the suspension of membership rights as provided in the Charter of Incorporation; to create such committees (including an executive committee or committees) and to designate as members of such committees such persons as it shall determine, and to confer upon such committees such powers and authorities as may by resolution be set forth for the purpose of carrying on or exercising any of the powers of the corporation; to create and set aside reserve funds for any purpose and to invest any funds of the corporation in such securities or other property as to it may seem proper; to remove or suspend any officer and generally to do any and every

meeting shall be valid even though such meeting was never called or no notice of the same was ever given.

7. QUORUM. At all meetings the presence of members entitled to exercise a majority of the votes of the membership shall be necessary to constitute a quorum, and the action of the members entitled to a majority of the votes present or represented at any meeting at which a quorum is present shall be valid and binding upon the corporation except as otherwise provided by law or by these by-laws.

8. VOTING. At each meeting of the members, each member, except where otherwise provided by the Charter of Incorporation, shall be entitled to vote in person or by representative appointed by instrument in writing subscribed by such member or by his duly authorized attorney, and filed with the Secretary, and he shall have the number of votes to which he is entitled under the Charter of Incorporation upon the day of said meeting or on the record date fixed by the Board of Directors.

9. ADJOURNMENT. Any meeting of the members whether annual or special, may be adjourned from time to time, whether a quorum be present or not, without notice other than the announcement at the meeting, and such adjournment may be to such time and to such place as may be determined by a majority vote of those present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting as originally called and noticed.

ARTICLE III.

Board of Directors

10. NUMBER AND TERM OF OFFICE. A Board consisting of not less than three (3) nor more than twenty-five (25) Directors shall be elected at the annual meeting. The Directors, except as otherwise in these by-laws provided, shall hold office until the annual meeting held next after their election and until their respective successors shall have been elected. A determination of the number of Directors who shall serve on the Board of Directors may be made at any time by a majority decision of the current Directors. If the Board of Directors should decide to increase the number of Directors, the additional number of Directors shall be elected at the next annual meeting of members, provided, however, that additional Directors may be elected at any valid special meeting which has been called and held for the purpose. Additional Directors elected at any such special meeting shall hold office until the annual meeting held next after their election and until their respective successors shall have been elected. If the Board of Directors should decrease the number of Directors, the current Directors shall continue to hold office until the next annual meeting, unless certain of the Directors should earlier resign.

11. REMOVAL OF DIRECTORS. Any Director may be removed from office at any time and another person may be elected in his place to serve for the remainder of his term at any special meeting of members, called and held for the purpose, by the affirmative vote of the members entitled to a majority of the total votes of the membership.

KONA GARDEN ESTATES

General Plan Restrictions

(1) Each residence structure may have appurtenances such as swimming pools, tennis courts, garages, guest houses and greenhouses. The provisions of this paragraph shall not restrict the use of Kona Garden Estates to residence purposes only.

(2) Unless otherwise permitted by the Board of Directors of said Service Corporation, no portion of any building shall be constructed within 20 feet of the boundary of any road shown on File Plans 1047 and 1372 or within ten (10) feet of any other lot boundary.

(3) No structure will be built or placed upon the property hereinabove described which is constructed in whole or in part, or repaired, with second-hand materials; no quonset type building or commercial type metal building, nor any trailer or structure on wheels, nor outside privy or privy houses shall be erected or used upon the land.

(4) No pigs or hogs shall be kept upon the land.

(5) No residence of less than eight hundred (800) square feet roofed area, excluding garage and servants' quarters, guest houses and outbuildings, shall be erected upon the land without first obtaining the written approval of Service Corporation.

(6) When 70% of the land by area in Kona Garden Estates has been sold, Grantor shall cause to be organized a non-profit corporation which is herein referred to as the "Service Corporation". Each owner of land in Kona Garden Estates subject to these General Plan Restrictions shall become a member of the Service Corporation which shall be governed by a board of directors elected by its members. Each member shall have one vote for each acre of land owned by such member in Kona Garden Estates; provided, however, that where a parcel of land is owned by more than one member, such members together shall have the right to only one vote for each acre so held.

(7) Service Corporation shall be empowered to maintain and beautify the roads and rights of way in Kona Garden Estates and to levy the necessary assessments therefor upon all lands in Kona Garden Estates except the File Plan Roads therein, the term "File Plan Roads" as used herein shall mean the roads shown on File Plans 1047 and 1372 and the roads shown on any other file plan of lands in Kona Garden Estates which assessments, however, except as provided below in paragraph (8), shall not exceed \$2.00 per acre per month. Said assessments shall constitute liens on the lands assessed to which the provisions of paragraph (8) (d) shall apply. Unsold Seller's lots shall not be subject to the said assessments.

(8) If the Board of Directors of Service Corporation determines and a majority of the members of the Service Corporation concur in writing then Service Corporation shall thereafter be empowered to plan, own, develop, construct and maintain roadways, parkways, drain facilities, lighting facilities, water systems and other utilities in all or any part of Kona Garden Estates, on the following terms and conditions:

(a) Service Corporation shall not expend funds for such purposes unless the general plan for such improvement or service and the estimated cost of constructing, acquiring and maintaining the same has been approved by the vote or written consent of members entitled to exercise a majority of the voting power of the Service Corporation;

(b) Any such improvement or service shall be authorized pursuant to a general plan, the benefit of which shall be distributed generally throughout the Kona Garden Estates area. Any such Plan may be completed in increments provided adequate provision is made for completion of the Plan as a whole;

(c) In order to provide for payment of any authorized improvements, Service Corporation may, subject to the approval of the members entitled to exercise a majority of the voting power of the Service Corporation, issue bonds or other instruments of indebtedness which shall be secured by liens on the lands owned by members of the Service Corporation in Kona Garden Estates;

(d) Each member agrees to pay all liens above provided for on his lands as and when the same become due. Service Corporation may enforce any such lien by selling the land subject thereto at public or private sale on such reasonable terms and conditions as Directors of Service Corporation shall determine and the proceeds of sale shall be applied first to the payment to Service Corporation of its costs, including legal expenses of the sale proceedings, next to the payment of the amount secured by such lien, and the balance, if any, shall be paid to the owners of the land sold as their interests may appear. The purchaser at any such sale shall acquire the property sold subject to any and all liens which Service Corporation then has remaining or may thereafter acquire pursuant to the provisions hereof and Service Corporation shall have full rights to enforce such liens as herein provided;

(e) Service Corporation may at anytime dedicate any improvements herein provided for to the County of Hawaii or to any public body authorized to accept dedication thereof;

(f) Each member of Service Corporation shall subscribe to by-laws and execute such instruments as may be necessary and proper to enable Service Corporation to properly and effectively perform its functions hereinabove set forth, such instruments to be in form suitable for recordation;

(9) Until such time as Service Corporation referred to above is formed, Grantor shall perform as the predecessor of Service Corporation with all rights, interests and liabilities as above set forth for Service Corporation, including all powers and functions set forth of Service Corporation. Grantor has deposited with the County of Hawaii certain funds for Road Maintenance at the rate of \$5,000 per mile. The assessments at the rate of \$2.00 per acre per month above provided for shall be paid to and credited to the account of

**BY-LAWS
OF
KGE SERVICE CORPORATION**

ARTICLE I.

1. PRINCIPAL OFFICE. The principal office of the corporation shall be at such place in Kailua, Kona, County of Hawaii, State of Hawaii, as the Board of Directors shall from time to time determine.

2. SEAL. The corporation shall have a common seal of such form and design as the Board of Directors shall from time to time determine.

ARTICLE II.

Meetings

3. ANNUAL MEETING. The annual meeting of the members of the corporation shall be held in each year on the first Friday of June. The annual meeting shall be a general meeting, and at any such meeting any business within the powers of the corporation, without special notice of such business, may be transacted except as limited by law or by these by-laws.

4. SPECIAL MEETING. Special meetings of the members may be held at any time upon the call of the President, or upon the call of any two directors, or upon the written request of members entitled to not less than one-third ($\frac{1}{3}$) of the votes of the membership.

5. NOTICES OF MEETINGS. A written notice of all meetings, annual or special, stating the place, day and hour of the meetings, and whether it is annual or special, and in case of each special meeting stating briefly the business proposed to be transacted thereat, shall be given by personally serving the same upon the member or by mailing such notice, postage prepaid at least five (5) days before the date assigned for the meeting, to each member at his address as it appears upon the transfer books of the corporation; or notice of any meeting may be given by publication in one or more newspapers of general circulation in Kona, County of Hawaii, not less than two (2) times on separate days, the last publication to be not less than five (5) days previous to the date assigned for the meeting. Upon notice being given in accordance with the provisions hereof, the failure of any stockholder to receive actual notice of any meeting shall not in any way invalidate the meeting or proceedings thereat.

6. IRREGULAR MEETINGS VALIDATED. Subject to such express limitations, if any, as may be contained in any statutory provision applicable to any particular action, when members entitled to three-fourths ($\frac{3}{4}$) or more of the votes of the membership shall personally or by their proxies or other authorized representatives sign a written waiver of call and notice of the time and place and purpose of the meeting, the doings of such

XVII.
AMENDMENTS

This Charter of Incorporation may be amended from time to time by vote of the members entitled to not less than two-thirds (2/3) of the votes of the membership present at a meeting duly called and held for the purpose. No amendment shall be effective unless and until a certificate setting forth the amendments signed and verified by two authorized corporate officers has been filed in the office of the Director of Regulatory Agencies of the State of Hawaii.

XVIII.
SUBJECT TO GENERAL LAWS

The corporation shall be subject to all general laws now in force or hereafter enacted with regard to non-profit corporations.

Given under my hand and seal of the Department of Regulatory Agencies of the State of Hawaii this 7th day of November, 1975.

/S/ Wayne Minami
Director of Regulatory Agencies
State of Hawaii
By /S/ James K. Williams
Corporation & Securities Administrator

Grantor until such time as Service Corporation is formed and Service Corporation's first obligation shall be to repay Grantor the full amount of all Road Maintenance deposits for all areas of Kona Garden Estates, plus interest at 6% per annum.

• (10) These General Plan Restrictions shall continue in force until January 1, 1988, and may be extended for an additional period of twenty (20) years provided such an extension is approved in an instrument executed by the owners of record of 2/3rds of the area of the Kona Garden Estates and recorded within one (1) year prior to January 1, 1988.

(11) During the continuance in effect of these General Plan Restrictions, they may be modified insofar as they affect all or any portion of Kona Garden Estates by a recorded instrument of modification executed by the owners of record of 2/3rds of the area of Kona Garden Estates.

(12) The General Plan Restrictions may be enforced by appropriate action in any court having jurisdiction in the premises commenced by Service Corporation or the owner or owners of record of any portion of Kona Garden Estates.

~~(13) Should any provision hereof be held invalid, such invalidity shall not impair in any way all remaining valid provisions hereof which shall continue in full force and effect.~~

(14) The property herein referred to as "Kona Garden Estates" is situate in Kahuku, Kau, County and State of Hawaii, and is described as follows:

All of the real property described in that certain deed dated July 25, 1966, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5404, Page 40, including as a portion thereof all of the real property shown on File Plans 1047 and 1372 filed in the Bureau of Conveyances of the State of Hawaii.

STATE OF HAWAII
DEPARTMENT OF REGULATORY AGENCIES
Honolulu

I, the undersigned Director of Regulatory Agencies of the State of Hawaii, hereby certify that the attached is a true and exact copy of:

PETITION FOR CHARTER OF INCORPORATION
filed in this Department on November 19, 1975
and

CHARTER OF INCORPORATION
of
KGE SERVICE CORPORATION

granted on November 21, 1975.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Regulatory Agencies at Honolulu, this 21st day of November 1975

/S/ Wayne Minami
Director of Regulatory Agencies
By /S/ James K. Williams
Corporation and Securities Administrator

IN THE DEPARTMENT OF REGULATORY AGENCIES
STATE OF HAWAII

In the matter of the petition
of
KGE SERVICE CORPORATION
For a Charter of Incorporation

PETITION FOR CHARTER
and
CHARTER OF INCORPORATION

Case, Stack, Kay,
Clause & Lynch
1100 First Hawaiian Bank Building
Honolulu, Hawaii 96813

RECEIVED
Nov. 19, 1975
DEPARTMENT OF REGULATORY
AGENCIES
STATE OF HAWAII

XI.
MERGERS AND CONSOLIDATION
To the extent permitted by law, the corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of the members who are entitled to three-fourths (3/4) of the votes of the membership.

XII
DISSOLUTION

Upon dissolution of the corporation, the assets, both real and personal of the corporation, shall be dedicated to an appropriate agency, public or private, to be devoted to purposes as nearly as practicable the same as those to which they are required to be devoted by this Charter. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the uses to which are required to be devoted by this Charter. Finally, assets not disposed of in the aforesaid manner shall be divided among the members, each member receiving a share of same in direct proportion to the number of acres he owns in Kona Garden Estates.

XIII.
LIABILITY

The property of the corporation shall alone be liable in law for the payment of its debts and discharge of its obligations. Neither the members of the corporation nor the members of the Board of Directors nor any of the officers shall have any personal liability for the payment of such debts or the discharge of such obligations, except that every member of the corporation shall be subject to assessment for and on account of debts, expenses and obligations of the corporation as herein provided.

XIV.
POWERS NOT EXPRESSLY DENIED

The corporation shall possess any and all powers not expressly denied by law or this Charter of Incorporation.

XV.
SERVICE OF PROCESS

Service of legal process may be made upon the corporation in the manner provided by law.

XVI.
COMPLETION OF ORGANIZATION

The time within which the corporation is to complete its organization is within sixty (60) days from date of the granting of this Charter of Incorporation.

(c) The affairs of the corporation shall be conducted by the Board of Directors and all the powers and authority of the corporation shall be vested in and may be exercised by the Board of Directors except as otherwise provided by law, this Charter of Incorporation or the By-Laws of the corporation, to and including full power to adopt, alter and amend the By-Laws of the corporation, to determine from time to time the number of directors within the limitations hereinabove stated, and to make and adopt proper rules and regulations for the conduct of the affairs of the corporation.

IX.

IMMUNITY FROM LIABILITY

No director or officer of the corporation shall be liable to the corporation for any loss or damage suffered by it on account of any action or omission by him as such director or officer, unless such director or officer shall, with respect to such action or omission, be or have been guilty of wilful misconduct in the performance of his duties as such director or officer.

Each person who is now or hereafter shall be a director or officer of the corporation, and his personal representatives, shall be indemnified by the corporation against all costs and expenses reasonably incurred by or imposed upon him in connection with any action, suit, proceeding, investigation or inquiry to which he may be made a party by reason of his being or having been a director of the corporation (whether or not he continues to be a director or officer at the time of the incurring or imposition of such costs and expenses) except in relation to matters as to which he shall be finally adjudged in any action, suit or proceeding to be liable for willful misconduct in the performance of his duties as such director or officer. If in any such action, suit, or proceeding there is a final adjudication that such director or officer was, or that such director or officer was not guilty of such wilful misconduct, the Board of Directors and each director and officer of the corporation may conclusively rely thereon and in the absence of any final adjudication in any such action, suit or proceeding, the Board of Directors and each director and officer of the corporation may conclusively rely upon the opinion of legal counsel selected by or in the manner designated by the Board of Directors.

The immunity from liability and the indemnity provided for in this article IX shall be in addition to any rights to which the director or officer of the corporation may be entitled by law, pursuant to vote of the members of the corporation, or otherwise.

X.

NON-PROFIT ORGANIZATION

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. However, the corporation may confer benefits upon its members in conformity with its purposes.

IN THE DEPARTMENT OF REGULATORY AGENCIES STATE OF HAWAII

In the Matter of the Petition
of
KGE SERVICE CORPORATION
For a Charter of Incorporation

PETITION FOR CHARTER

The undersigned, two of whom are residents of the State of Hawaii, hereby make application, under the provisions of sections 416-19 and 416-20, Hawaii Revised Statutes, as amended, for a charter of incorporation, for themselves and their successors and as a non-profit corporation under the name of KGE SERVICE CORPORATION and in connection herewith do hereby incorporate herein by reference thereto the accompanying proposed charter of incorporation wherein are set forth various matters required under Section 416-20 aforesaid.

DATED: Honolulu, Hawaii, This 7th day of November, 1975.

/S/ Paul A. Lynch

/S/ Robert K. Torrey

/S/ A.R. Dahlberg

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS:
)

PAUL A. LYNCH, being first duly sworn, deposes and says:

That he is one of the petitioners abovenamed; that he has read the foregoing petition and attached proposed Charter of Incorporation and knows the contents thereof; and that the matters and statements therein set forth are true to the best of his knowledge and belief.

Subscribed and sworn to before me
this 3rd day of November, 1975

/S/ Maizie M. Joiner

Notary Public, First Circuit,
State of Hawaii

My commission expires : 1/19/76

/S/ Paul A. Lynch

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS:
)

ROBERT K. TORREY, being first duly sworn, deposes and says:

That he is one of the petitioners abovenamed; that he has read the foregoing petition and attached proposed Charter of Incorporation and knows the contents thereof; and that the matters and statements therein set forth are true to the best of his knowledge and belief.

/S/ Robert K. Torrey

Subscribed and sworn to before me
this 6th day of November, 1975

/S/ Tressa B. Huhn
Notary Public, First Circuit,
State of Hawaii
My commission expires: 9/11/77

STATE OF ARIZONA)
COUNTY OF) SS:
CITY OF)

A. R. DAHLBERG, being first duly sworn, deposes and says:

That he is one of the petitioners abovenamed; that he has read the foregoing petition and attached proposed Charter of Incorporation and knows the contents thereof; and that the matters and statements therein set forth are true to the best of his knowledge and belief.

/S/ A. R. Dahlberg

Subscribed and sworn to before me
this 7th day of November, 1975.

/S/ Maizie M. Joiner
Notary Public, In and For said County
and State

My commission expires: 1/19/76

the right to only one (1) vote for each acre so held. For the purposes of determining the number of votes to which a member is entitled, fractional holdings shall be rounded off to the nearest acre; provided that any member who holds less than one (1) acre of land in Kona Garden Estates shall be entitled to one (1) vote.

VII.

MEMBERSHIP RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Each member shall be entitled to the use and enjoyment of the common properties, improvements, facilities and services acquired or provided by the corporation. Any member may permit his rights of enjoyment in the common properties and facilities to be exercised by the members of his family who reside upon his land in Kona Garden Estates or to any of his tenants or contract purchasers who reside thereon. Such member shall notify the Secretary in writing of the name of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Article V, to the same extent as those of the member.

VIII.

OFFICERS; BOARD OF DIRECTORS

(a) The officers of the corporation shall be a President, one or more Vice Presidents as may be determined in accordance with the By-Laws, a Secretary and a Treasurer. The corporation may have such additional officers as may be determined in accordance with the By-Laws from time to time. The officers shall have the powers, perform the duties and be appointed as may be determined in accordance with the By-Laws. Any person may hold two offices of said corporation if so provided by the By-Laws.

(b) The Board of Directors of the corporation shall consist of not less than three (3) nor more than twenty-five (25) persons. The directors (and alternate directors and/or substitute directors, if any) shall be elected or appointed in the manner provided in the By-Laws of the corporation and may be removed from office in the manner provided in the By-Laws and all vacancies in the office of director or of any officer shall be filled in the manner provided in the By-Laws; provided, however, that the By-Laws shall specify that the regular election of directors and officers and the filling of vacancies in the office of directors or of any officer shall be accomplished during the annual meetings of the corporation which shall be held on the first Friday of June each year commencing in 1976.

The names and addresses of the initial officers and directors of the corporation are as follows (no less than one-third of the directors are residents of the State of Hawaii):

A. R. Dahlberg President & Director	7020 Third Avenue Scottsdale, Arizona 85251
Robert K. Torrey Vice President & Director	64 Piper's Pali Honolulu, Hawaii 96822
Paul A. Lynch Secretary-Treasurer & Director	1100 First Hawaiian Building Honolulu, Hawaii 96813

leasehold interest in such land shall be a member of the corporation, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member. Ownership of a leasehold interest of ten (10) or more years in such land shall preempt ownership of a fee simple interest for purposes of membership. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated, except as is provided in this Article, from ownership of a fee simple or leasehold interest in any land in Kona Garden Estates. Ownership of such land or of a leasehold interest in such land shall be the sole qualification for membership.

The rights of membership are subject to the payment of regular and special assessments levied by the corporation, the obligation of which assessments is imposed against each owner of and becomes a lien upon the owner's interest in the property against which such assessments are made as provided in paragraphs (f) and (g) of Article IV.

The membership rights of any person may be suspended by action of the Board of Directors during the period when the member shall be in default in the payment of any assessment levied by the corporation; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the directors have adopted and published rules and regulations governing the use of the common properties, improvements and facilities, and the personal conduct of any person thereon, as provided in paragraph (d) and (e) of Article IV, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

No membership shall be terminated or forfeited and no member shall be expelled, except upon transfer of his interest in Kona Garden Estates which entitles him to membership; provided, however, that upon execution, delivery and recordation of a valid agreement of sale of such interest or the leasehold interest therein, the vendor's membership, including voting rights adhering thereto, shall be considered as having been temporarily transferred to the vendee, such transfer becoming permanent upon subsequent delivery of deed or assignment of lease in compliance with said agreement of sale or revesting in the vendor in the event of termination of said agreement of sale. No member may withdraw, nor shall any member transfer or otherwise dispose of his membership, except upon lawful conveyance, assignment or transfer (or agreement of sale) of his rights and duties as such owner, and upon payment of all his indebtedness to the corporation, on account of unpaid assessments or otherwise, and a transfer charge of not more than twenty-five dollars (\$25.00).

VI. VOTING RIGHTS

Each member shall have one (1) vote for each acre of land for which his interest therein entitles him to membership in the corporation; provided, however, that when a parcel of land is held by more than one (1) member, such members together shall have

IN THE DEPARTMENT OF REGULATORY AGENCIES STATE OF HAWAII

In the Matter of the Petition)
of)
KGE SERVICE CORPORATION)
For a Charter of Incorporation)

CHARTER OF INCORPORATION

PAUL A. LYNCH, ROBERT K. TORREY and A. R. DAHLBERG have made application to the Director of Regulatory Agencies of the State of Hawaii to grant to them a charter of incorporation as a non-profit corporation under the name of KGE SERVICE CORPORATION for the purposes and within the powers hereinafter stated.

I, WAYNE MINAMI, Director of Regulatory Agencies, State of Hawaii, in the exercise and execution of all power and authority conferred on me, hereby constitute PAUL A. LYNCH, ROBERT K. TORREY and A. R. DAHLBERG a corporation under the laws of the State of Hawaii.

I NAME

The name of the Corporation shall be KGE SERVICE CORPORATION.

II LOCATION

The location of the corporation shall be in the County of Hawaii, State of Hawaii, and the address of its initial office shall be P.O. Box 425, Kailua-Kona, Hawaii 96745.

III PURPOSE

This corporation does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for, in the manner consistent with this Charter, the By-Laws hereinafter mentioned and the "general plan restrictions" contained in each and every conveyance of lots in the real property herein-after described, the development maintenance, repair, beautification, preservation and management of common properties and facilities within those certain lands situate at Kahuku, Kau, County of Hawaii, State of Hawaii, more particularly described in Exhibit A, attached hereto and made a part hereof, and hereinafter referred to as "Kona Garden Estates", which common properties and facilities shall be for the common use, benefit and enjoyment of the members of the corporation, who are owners of or holders of interests in land in Kona Garden Estates.

IV POWERS

In furtherance of the foregoing objects and purposes and in accordance with the laws of the State of Hawaii applicable to chartered benevolent and charitable corporations, the corporation shall have succession by its corporate name in perpetuity and shall have the power:

(a) To plan, own, acquire, lease, develop, construct, reconstruct and provide roadways, parkways, footpaths, rights-of-way, drain facilities, lighting facilities, sewer, water and electrical systems, recreational areas and facilities and such other common properties, improvements, facilities and services as are consonant with the purposes of the corporation in all or any part of Kona Garden Estates, upon the following terms and conditions:

(1) That no expenditure by the corporation in the exercise of such powers shall be made unless authorized pursuant to a General Plan for same, which plan and the estimated cost thereof shall have been approved by a vote or written consent of members entitled to a majority of the votes of the membership.

(2) That the construction and acquisition of improvements and facilities and the providing of services in accordance with a General Plan for same may be accomplished in increments provided that adequate provision is made for accomplishment of the General Plan as a whole.

(b) To maintain, repair and beautify the roadways, parkways, footpaths, rights of way and recreational areas in Kona Garden Estates.

(c) To pay all expenses incident to the conduct of the business of the corporation.

(d) To enforce any and all covenants, restrictions and agreements applicable to the lands in Kona Garden Estates generally pursuant to the General Plan including such or otherwise.

(e) Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of Kona Garden Estates, including the adoption and publication of rules and regulations governing the use of common properties, improvements and facilities in Kona Garden Estates and the personal conduct of any person thereon and the establishment of penalties for infractions thereof.

(f) In connection with the exercise of any powers conferred upon the corporation, to levy regular assessments upon its members in proportion to their respective interests in Kona Garden Estates, which assessments shall constitute liens upon the lands assessed subject to the enforcement provisions hereinafter provided, and which assessments shall not exceed the equivalent of Two Dollars (\$2.00) per acre per month; except that no assessments shall be made against land in Kona Garden Estates owned by Kona Hawaiian Investment Corporation or the File Plan Roads (the term "File Plan Roads" as used herein shall mean the roads shown on File Plans 1047 and 1372 and the roads shown on any other File Plan of lands in Kona Garden Estates).

(g) In connection with the exercise of any powers conferred under paragraph (a) of this Article, and subject to written approval of the members entitled to a majority of the votes of the membership, to issue bonds or other instruments of indebtedness and to secure same by specially assessing its members in proportion to their respective interests in Kona Garden Estates, the resulting assessments to constitute liens upon the lands assessed, subject to the enforcement provisions hereinafter provided, and the rights to which liens may be pledged, hypothecated or transferred as may be required.

(h) To collect and enforce payment by any lawful means, of all charges and assessments provided for herein or in the By-Laws, including the sale of land subject to any assessment lien at public or private sale on such reasonable terms and conditions as the directors of this corporation shall determine, the proceeds of any such sale to be applied first to the payment of the corporation's costs, including legal expenses, of the sale proceedings, next to the payment of the delinquent amount secured by the lien and the balance, if any, to the owners of the land as their interests may appear.

(i) To sue and be sued in any court;

(j) To make and use a common seal and to alter the same at its pleasure;

(k) To acquire (by gift, purchase, lease or otherwise), own, hold, improve, build upon, operate, maintain, rent, lease, assign, sell, transfer, convey, donate, dedicate for public use or dispose of such property, real, personal and mixed, as the purposes of the corporation shall require or appear to be served, without limit as to amount, and to borrow money, to mortgage, pledge and hypothecate the same to secure any debt of the corporation;

(l) To draw, make, accept, endorse, assign, discount, execute and issue promissory notes, bills of exchange, bills of lading, drafts, obligations, certificates, dock and other warrants, and other instruments to be assignable, negotiable or transferable by delivery or to order, or otherwise, as the purposes of the corporation shall require;

(m) To enter into and perform contracts, undertakings, and obligations of every kind and character consonant with the purposes of the corporation and subject to the limitations hereinabove set forth.

(n) To appoint such subordinate officers and agents as the activities of the corporation may require;

(o) To make By-Laws not inconsistent or in conflict with the law or this Charter;

(p) And generally to possess and to exercise any and all rights, privileges, powers and immunities which are now or may hereafter be secured by law to chartered benevolent and charitable corporations and which are reasonably incidental to the fulfillment of the objects and purposes hereinabove set forth and to the exercise of any powers possessed by or granted to this corporation.

V.

MEMBERSHIP

Every person or entity who is a record owner of land in Kona Garden Estates or if there is a lease in effect covering any land, every person or entity who is a record owner of a