

**PHA BOARD MEETING
JANUARY 18, 2008
MINUTES**

Members Present

Julio Bagué
Jaime Morgan-Stubbe
Edd Siler
Walter Fournier
Rita Molinelli
Daniel Vasse
Luis Rodríguez
Félix Santoni
Raúl Rivera
Servando Díaz
Alberto Rivera

Members Absent/Excused

Manuel Morales, Jr.
Victor Nieto

Others Present

Antonio Maldonado
Daisy Díaz
José A. Rodríguez
Jorge Tupac

I. CALL TO ORDER

Mr. Julio Bagué, President, called the meeting to order at 8:50 a.m. Mr. Bagué wished the Board members a happy and successful year 2008. He also introduced and welcomed Mr. Alberto Rivera who has been appointed by Palmas del Mar Properties, Inc. (PDMPI) as “Class A” member of the Board replacing Mr. Salvador Ramos. The PHA Board gave a warm welcome to Mr. Rivera.

II. APPROVAL OF MINUTES

Minutes of the October 12, 2007 meeting were unanimously approved upon a motion by Ms. Rita Molinelli seconded by Mr. Jaime Morgan with the following correction:

-Page 2, Item B. Traffic Study, line one, word “finally” deleted.

Minutes of the November 16, 2007 meeting were unanimously approved upon a motion by Mr. Jaime Morgan seconded by Mr. Walter Fournier.

III. PRESIDENT'S REPORT

A. Selection of PHA Treasurer

The PHA Executive Committee discussed the need to appoint a new PHA Treasurer to replace Mr. Salvador Ramos who is no longer a member of the Board. The Executive Committee unanimously recommended Mr. Servando Díaz for the position of Treasurer of PHA. Mr. Díaz is exceptionally qualified for this position and has generously accepted the nomination.

Following Mr. Julio Bagué's nomination of Mr. Díaz for PHA Treasurer which was seconded by Rita Molinelli and Jaime Morgan, the PHA Board unanimously approved his selection as PHA Treasurer.

B. Xmas Parranda

The annual PHA Christmas Parranda was a huge success. Important to that success was the participation of several business establishments' members of the Palmas Business Association under the leadership of Mr. Daniel Vasse. More than 700 adults plus children participated in this great event which was held for the first time in Palmanova Plaza. The cart parade, music, food and entertainment were excellent and positive feedback has been received from homeowners in attendance.

The PHA Board recognized Mr. Antonio Maldonado and Mrs. Denise Love for the excellent planning and organization of the event and thanked Mr. Daniel Vasse for his exceptional contribution to its success.

The question was raised as to why the music truck that the Mayor of Humacao uses for his campaign was used for the Parranda. Mr. Antonio Maldonado explained that the music truck normally contracted for this event broke down at the last minute. Several unsuccessful attempts were made to find a suitable replacement but it was not possible to locate one in time for the event. The mayor's office was contacted and he generously donated the use of the municipal music truck. Unfortunately the truck had some of the mayor's political campaign propaganda pictures affixed to it which could not be removed. There was no propaganda broadcasted and the mayor did not attend the event.

The PHA Board reaffirmed its policy of remaining totally apolitical and instructed the PHA administration to avoid this type of situation in the future.

C. Architectural Review Board Report

Mr. Raúl Rivera reported that the installation of the solar lights along the cart path was approved by the ARB. The ARB is requesting a lower intensity light bulb of a type that

will not illuminate upwards. The acorn type fixture was approved. The exact location of the poles and the solar collectors will be determined in coordination with PDMPI Engineering Department. The primary interest is to insure that the solar collectors are placed at unobtrusive locations where they will be hardly noticed. There is also a letter from Mr. Jaime Morgan where he has levied some additional requirements.

On another subject, Mr. Rivera underscored the need to have developers do a better design in certain aspects of projects to avoid subsequent problems such as the location of air condition units and pipes. The ARB is trying to be more flexible when corrections for this type of problems are subsequently submitted to the Modifications Committee. However, he pointed out, the problems should be addressed by the developers before they happen. Mr. Rivera used Aquabella as an example to highlight this type of problem.

Mr. Walter Fournier indicated that regarding Aquabella, the Modifications Committee has been working in trying to have the developer come up with a solution to the problem; however, the Committee has not received any response yet. Some homeowners have complied with the Modifications Committee instructions on their own but the Committee views this problem as one that should be addressed by the developer. In his opinion, the ARB should take control of this issue to insure standardization.

Mr. Raúl Rivera indicated that the King's Helmet project is asking for the approval of massive earth movement; however, there is no conceptual plan yet approved by the ARB. The ARB has denied the request. This project may require public hearings. Mr. Jaime Morgan added that King's Helmet developers have not submitted to PDMPI any access road plans.

Ms. Rita Molinelli referred to an earlier recommendation made by Mr. Walter Fournier where he had recommended to the ARB to make design provisions for the use of alternate energy sources. In her view, projects need to take advantage of the natural flow of air currents in Palmas del Mar. Consequently, the new designs will be less energy dependent. Mr. Fournier echoed Ms. Molinelli's remarks indicating that, although it may not be feasible to install certain alternate energy technologies in Palmas such as windmills, there are plenty of design opportunities that should be offered to future homeowners to help them build alternate energy efficient homes.

Mr. Jaime Morgan commented that green designs normally are not consonant or match with the Mediterranean style design. However, he concurs that Palmas needs to start thinking about incorporating certain elements of alternate sources of energy.

Mr. Raúl Rivera added that there are passive energy aspects that can be easily incorporated into new designs. However, this may require not only a review of the design codes but also a review of the covenants to accommodate such changes. Ms. Molinelli pointed out that we should not bind ourselves to the present or past codes but should start soon to modify the codes to make sure they serve the community needs and reflect the urgency of the global concern that exists regarding energy conservation and the use of alternate energy sources.

Mr. Morgan volunteered to research QLI Institute and suggested that other members of the Board begin to learn more about this topic and use consultant experts on this area for advice. Mr. Raul Rivera indicated that he is a member of the Energy Council and there are opportunities for other sources and economic effective alternatives that could be brought in and used at Palmas del Mar.

Mr. Fournier indicated that this topic needs to be explored more in-depth with the Palmas Master Developer to identify how certain opportunities or alternatives could be implemented. He suggested that there should be a joint committee with members of the ARB, the Master Developer and the community to continue to explore this initiative. Mr. Julio Bagué asked Mr. Fournier to lead this effort as he has already successfully chaired the Delegates Alternate Energy Committee and the Committee has already addressed several of these issues.

D. Marbella Park Negotiations

Mr. Julio Bagué and Ms. Rita Molinelli met with Marbella Club and an agreement in principle was reached in all items previously discussed except the selection of the playground equipment that will be installed in the area. It is understood that PDMPI is working with its corporate attorneys the terms outlined in the MOU within the framework already discussed and agreed between Mr. Bagué and Mr. Morgan and approved by this Board. There is a meeting among attorneys on January 22, 2008 to reconcile differences.

Mr. Morgan indicated that some changes to the MOU have been suggested by PDMPI attorneys but does not consider these substantive. He also informed that the survey of green areas is presently on-going. Harbor Lights is nearly complete and it will be followed by Harborview, Surfside, Shell Castle and then the Forest area.

Mr. Antonio Maldonado informed that the title study reflecting that the areas in subdivision II had not been transferred to PDMPI was received from Mr. Morgan and forwarded to Mr. Joaquin Soler. Mr. Soler's attorney, Vicente Zayas, is already working this matter.

E. Traffic Study

Engineer Parejo has informed PHA that the Traffic Study update should be ready by February 2, 2008.

F. Artificial Reef

Moffat and Nichol was contracted to review the project and to render a second opinion. Mr. Mark Pirello from Moffat is the person assigned to the project. He has indicated that he has all the necessary information and is already working on the project. Moffat's opinion letter should be received by mid February.

Through the good offices of Mr. Walter Fournier, a proposal has been received from Zenon Construction Corporation of Vieques for the construction of the Artificial Reef. The proposal offers to provide all labor, materials, equipment and supervision using all natural rocks. The rocks will be Basalt type coming from the Vieques Concrete and Asphalt Quarry. The materials will be transported via barge from the quarry in Vieques directly to the Artificial Reef Site and placed in accordance with the design using mechanical equipment. The stones will be lowered into the water at the designated depth and points with minimum disturbance. Time to complete is estimated at 18 to 24 months at a fixed cost of about \$11.3 million. A ten (10) percent deposit is required upon signing of contract with progress monthly payments based on materials in place.

A copy of Zenon's proposal has been sent to Moffat and to Dr. Torruella for their review. A meeting of the Artificial Reef Committee will be convened to address this proposal with the proponent.

Mr. Manuel Morales is referring to PHA within the financial institutions the appropriate individuals to develop the financial scheme to support the construction of the Artificial Reef Project.

Mr. Jaime Morgan pointed out that is very important to assess the financial capability of the Zenon Construction Company to be able to respond to any contingencies, liabilities and to deliver a final product. Mr. Bague responded that these matters will be addressed with the proponent at a future meeting with the Artificial Reef Committee.

G. Traffic Circle Fountain

Mr. Jaime Morgan indicated he has no new information to report. He added that he is retaining Architect Otto Reyes who is an excellent local architect with good relations in the artistic community to assist him with this project. Mr. Julio Bague suggested forming a small community advisory council of two to three persons to further assist Mr. Morgan with this project. Mr. Morgan accepted Mr. Bague's suggestion indicating he would like to have Architect Raúl Rivera, Ms. Rita Molinelli and Mr. Julio Bague helping him in this endeavor with the understanding that he would like to have the final say in this project.

H. Children's Park

The ARB has approved the site improvement plan and the contract for this work was signed. Work is already underway. The ARB also approved the equipment selected from City Parks. The equipment was ordered. It includes playground equipment, benches and trash cans. Additional work will be needed in terms of landscaping, cart paths, illumination and improvements to the access road. Architect Raul Rivera is working on the final plan for the area.

Mr. Jaime Morgan has confirmed that the \$50,000 in matching funds previously committed has been approved by PDMPI Board and consequently included in its 2008

Budget. Mr. Morgan has also authorized placing temporary flood light illumination from the Tennis Center to illuminate the area at night. The objective is to prevent possible vandalism and facilitate security vigilance after hours. The plan is for PHA to replace the temporary illumination with solar illumination.

The PHA Board thanked Mr. Morgan for making this project a reality through the PDMPI contribution and for his commitment to arrange for the temporary illumination of the park.

I. Beach Access

The fence at the north side of the beach access between Crescent Beach and Solarea remains under construction. Mr. Jaime Morgan has expressed his willingness to transfer to PHA a small tract of land at the entrance to this access for use as additional golf cart parking. Mr. Morgan further informed that a resolution is required from ARPE to segregate and transfer the parcel; however, due to the size of the parcel ARPE may not be able to approve this segregation. In that event, the parcel may have to be attached to another parcel and PDMPI attorneys are already looking at this matter.

Ms. Rita Molinelli informed that regarding the temporary access between Solarea and the PDMPI parcel next to the Beach Club, the easement is complete but remains closed. A document will be prepared for PDMPI, Muñiz & Zavala and PHA signature outlining the conditions for the use of this access. She added that PHA is also working on improvements and the replacement of access gates to the access between Crescent Cove and Crescent Beach and the access between Plaza del Mar and the old Palmas Inn parcel.

IV. TREASURERS REPORT

In the absence of a Treasurer, Mr. Antonio Maldonado discussed the November financial statements. He indicated that PHA is working in the year-end closure and getting ready for the annual audit. End of the year financial situation should be in line with year end forecast used in the preparation of the 2008 Budget. Since this year Annual Meeting falls at the end of March, it is going to be tight to complete the Audit and mail it to the Membership on time to meet the deadlines required by the PHA statutes. The auditors are aware of these requirements and are prepared to commence working the first week of February and hope to finish by February 21, 2008. If they complete the audit by that date PHA should be able to meet its requirements.

Mr. Luis Rodríguez indicated that in 2007 the money set aside for ARB management support was not used. He understands that there was a letter delivered to PHA indicating ARB compliance with all the requirements levied by the PHA Board before considering an ARB request to use this money to fund a second ARB inspector. This appears to remain an open item requiring follow-up action. Mr. Julio Bagué noted Mr. Rodríguez' comment and requested Mr. Maldonado to follow up with the ARB the status of the letter referred to by Mr. Rodríguez.

Mr. Edd Siler questioned why there is no mention in the projects section of the budget of the funds for the South District Access Control Gate although the Balance Sheet still reflects the contribution made by PHA for this project. Also, according to Mr. Siler, the 2007 Treasurer's Report reflects that these funds were disbursed to the South District in 2006 for the construction of the new access control facilities. Mr. Siler also indicated that he is under the impression that this money is being reflected in the South District financial statements.

Mr. Maldonado explained that no money is shown under the projects section of the 2007 budget because there is no money associated with such a project in year 2007. However, the money is still reflected in the Balance Sheet because the money was transferred in 2006 to a separate account reserved for this project which still remains under PHA control. This follow the accounting procedures that have been used for other special projects managed out of separate accounts such as the Artificial Reef and the 923 Entrance projects. The financial statements are correct as presented.

On a subsequent message to the PHA Board, Mr. Maldonado clarified that the term disbursement was incorrectly used in the Treasurers Report. The \$138,000 were not disbursed in 2006 to the South District but transferred to a separate account still under PHA control. Money is only disbursed from this account by PHA when an invoice related to the design or construction of the guardhouse is received. So far disbursements have been design related. Checks are signed as usual by PHA authorized signatures. Also, according to DCI who manages the South District account to pay for their security services, the money reserved by PHA for this project does not appear in the South District financial statements. Those financial statements only reflect money for the operations to pay for security services and the special assessments being collected from the South District homeowners for the construction of the new guardhouse. The special assessments money is being kept in a CD.

Mr. Maldonado also provided a detailed summary outlining the status of PHA account receivables with special emphasis on how accounts in arrears have evolved over the past eight years. He added that the new attorney handling cases of accounts in arrears is doing an excellent job. Of 120 accounts referred to him in May 2007, 75% were collected in full by year end. Mr. Maldonado also explained to the Board the administrative and legal steps that are followed as accounts fall in arrears.

V. EXECUTIVE DIRECTOR'S REPORT – MR. ANTONIO MALDONADO

A. Situation Review with the CIC

Lt. Miguel Velázquez, P.R. Police Criminal Investigation Corps (CIC), Humacao Region briefed the Security Committee on the status of investigations pertaining to criminal activity within Palmas del Mar. Of particular interest was the information update regarding the homicide that took place in San Miguel at year 2007. Lt. Velázquez underscored that the victim of this crime was the subject of previous investigations by various law enforcement agencies and already had a criminal record. According to Lt.

Velázquez the individual got into the wrong business and thought he could safely operate out of Palmas. The individual had been renting a villa at San Miguel for three months.

Lt. Velázquez indicated that thanks to the camera surveillance system installed by PHA at the main gate the CIC was able to establish the circumstances, time and identity of the Individuals involved in this homicide. He thanked Colonel Luis López, PHA Security Director, and St. James Security for their outstanding collaboration which led to the quick clarification of the crime. Lt. Velázquez pointed out that this was an isolated homicide that would have taken place anywhere and there are no indications that may lead him to think that this event may represent a dangerous situation for the community.

Regarding the six burglaries that took place in Las Villas de Palmas in December, Lt. Velázquez indicated that polygraphs have been administered to all suspects but one who has refused. He is confident that this case will be clarified very soon. In relation to the gang leader (“El Chino”) responsible for most burglaries that took place in the August – September time frame, this individual has been declared a habitual criminal and has been jailed for a minimum of twenty (20) years. Two other members of this gang were apprehended and sent to jail. The CIC is investigating the latest incident at Mr. Schultz house in Roble Valley. They are attempting to match fingerprints with known criminals in the area.

Lt. Velázquez explained to the Security Committee how the Certificates of Good Conduct are issued and the information that is considered to become a criminal record that will show in these certificates. It was interesting to learn that unless a person has been declared guilty, the record and thus the certificate will show a clean slate. The fact that an individual has been accused of a crime or is the subject of an investigation will not be reflected in a Good Conduct Certificate.

B. Statistical Review

Aside from the homicide at year end already discussed, other significant activity during the month of December included eight (8) burglaries, six (6) of them consisting, according to the CIC, of a single burglary operative in Las Villas de Palmas. The other two burglaries took place in Sunrise and Cocoloba. Seven (7) illegal appropriations were also reported during the month of December. These appropriations were scattered throughout Palmas. There was a stolen vehicle in December associated with the homicide in San Miguel discussed in item III of this report. This vehicle was recovered by the CIC. Twenty eight (28) individuals were intervened and six (6) of these were detained and turned over to the police. Three (3) rescues were performed by the Beach Patrol in December bringing the total for 2007 to nineteen (19).

Annual statistics reflect an increase in burglaries reported to PHA Security by fifteen (15) over those reported last year (49). However burglaries reported to PHA in 2007 (64) are twelve (12) below those recorded by the police (76) in 2006. A significant drop in illegal appropriations reported to PHA Security was noted in 2007 (49) compared to 180 in 2006. This has been attributed to more effectiveness in security patrols and the number

of people being intervened and turned over to the police. Also, homeowners are more vigilant and are promptly reporting to security unusual activity or suspicious people in the neighborhoods.

PHA has requested P.R. Police criminal data for 2007 to compare with PHA Security reported activity and reconcile the data for accuracy and official reports purposes

C. Perimeter Surveillance System

PHA has been working for several months in the development of a proposal for a Perimeter Surveillance System that will help closing security gaps in the most sensitive areas of Palmas del Mar. The objectives are to enhance security's ability to respond to developing situations, reduce the number of intrusions, safeguard homeowners' property and reduce the cost and time of monitoring critical security zones. A proposal has been received from Virtual Eyes Surveillance Company in response to a request from PHA.

Mr. Maldonado then introduced Mr. José Rodríguez and Engineer Jorge Tupac who proceeded to make a comprehensive presentation on Perimeter Surveillance Project being developed by Virtual Eyes Surveillance Inc. for Palmas del Mar. Copies of the presentation were distributed to the Board members and are also on file at PHA.

Following the Virtual Eyes presentation and a question and answer session, the PHA Board asked the Virtual Eyes Surveillance representatives to include in the proposal an option to operate the cameras by solar power instead of electricity. The Board then thanked Mr. Rodríguez and Mr. Tupac and expressed its interest in the system. The Board considered the costs of the project reasonable and requested Mr. Maldonado to take a look at the budget to determine if funds can be identified in the budget or financed to carry out this project. . Mr. Raúl Rivera pointed out that once the efficiency of such systems is proven it could then be expanded to other areas Mr. Morgan concurred that such a program should be implemented for the entire Palmas community and should not be limited to certain sectors.

VI. OLD BUSINESS

A. Equestrian Center

The Deed placing the equestrian center under PHA Covenants has not been received. Maxxam is working on the corporate resolution to authorize Mr. Morgan to place this parcel under the PHA covenants. Mr. Morgan added that the deed is drafted and he expects to receive the resolution within a week.

B. South District Control Point

Mr. Julio Bague reported that there was a meeting on January 15, 2008 between Mr. Jaime Morgan and representatives of the residential areas comprising the South District as an additional effort to iron out differences over issues surrounding this project.

Mr. Jaime Morgan informed the Board that the meeting had taken place but he was disappointed because of a very poor turnout. Essentially, except for a couple of persons, the same individuals that had met with him before attended the meeting. His goal had been to talk to all the members from the three Boards comprising the South District because often messages get lost in the translation or skewed against him through others and could give the incorrect perception about PDMPI's position. In hindsight he should have sent a letter inviting all of them individually to insure everyone was aware of the meeting.

Mr. Morgan further informed that the meeting was contentious from the side of the community representatives although he had indicated that he came as a friend looking for solutions and not a foe. He discussed every issue he had previously addressed to the PHA Board. Unfortunately, he was personally attacked and the meeting did not go along within the spirit he had expected. He asked for 60 days to bring land planners, traffic consultants and security experts to analyze the proposed location and determine if feasible as well as to explore the possibility of placing the control point gate elsewhere; also to determine if the proposed project is adequate to service the Guayanés (1200 units) and South District (457 units) once both sectors are developed, since the control point, as submitted, contemplates a single exit lane. Mr. Morgan stated that both PHA and PDMPI traffic consultants agreed that once these areas were developed, the proposed access control would not be adequate to service the area. Although a service gate will be built in Road 906 to access the Guayanés area, he does not expect homeowners to use that entrance.

Mr. Morgan added that the South District representatives at the meeting think that the development of those areas is too far into the future and did not want to give the 60-days he asked for. He said that, in fact, a proposal was made to him by Mr. Espasas that the South District access control could be demolished when the South District and Guayanés areas were fully developed if the same proves inadequate. Mr. Morgan rejected that idea because it would be a misuse of homeowners' funds. He indicated that, regardless of their position, he intends to do whatever he has to do and will bring his experts to evaluate the project and would go back to the ARB and the South District regimes with PDMPI's conclusion. He also told the South District representatives that the project permitting was not final at the Municipal level, even though the South District representatives have misrepresented to the community that the project is grandfathered, does not have to comply with Law 21, and the project is only being held up by PDMPI and ARPE. Mr. Morgan told the representatives that they need to comply with Law 21 and warned them that not complying with the Law exposes them to being taken to Court by any member of the community at any time even after they start spending money. The Mayor and ARPE Humacao have conditionally endorsed the project subject to complying with Law 21. Mr. Morgan further added that it will be bad for PHA or the ARB to blindly endorse a project that is not in compliance with the law. He reminded that the same thing happened with the issue of parking at the Four Points Sheraton Hotel. PHA approved and endorsed a project over the ARB's authority, but ARPE eventually required the Hotel owners to provide 524 parking spaces which was what PDMPI and the ARB

were saying. He further stated that PHA has to stop using two yardsticks. The practice of using different yardsticks happened already with the golf cart path lighting project. PHA spent money in buying the equipment prior to ARB approval. PDMPI became the bad guy because we were demanding compliance with ARB review and approval.

Mr. Morgan continued by indicating that it is very frustrating to sit down to discuss matters in good faith and end up taking insults and accusations. He stated that he is firm and argues for what he believes in, but has never insulted anyone or called them liar. He said that Mr. Manuel Morales surprised him when he wrote a letter that was read at the meeting by Mr. Eric Grafals. The letter was inflammatory and slanderous toward his person. He says he regrets that a colleague of his on this Board who sits next to him would not forewarn him of statements of that nature. He feels that PDMPI and he are getting insulted and back-stabbed while they are cooperating and doing the best they can for the community. All of which is detrimental to the spirit in which Mr. Bague wants to conduct work.

Mr. Morgan concluded by indicating that he will do whatever is necessary to get the project done, but only if it is feasible at the proposed location; but made clear that he was not making a commitment to approve it because of the precedent it would create. Furthermore, if PHA wants to override the ARB it will set again a bad precedent and send a bad signal that the PHA can override the ARB and therefore anyone in the community can do the same leaving the ARB with no control over what happens in the core of Palmas. Overriding the ARB, hurts PHA not PDMPI. The ARB has jurisdiction over the core section of Palmas, but not over future developments. The ARB may end up in Court with a contractor questioning the authority of the ARB and of the delegation made by ARPE to the ARB.

In addition, this project sets a bad precedent because any other section of the community can go to the municipality with a similar action to establish a local control in other main streets.

PHA should not make decisions on short term strategies with a myopic view of the future. Mr. Morgan stated that this gate will not solve the security problems of the South District. It will affect the flow of traffic and people while setting a bad precedent. What are needed are solutions of less impact to the community such as alarms in individual homes. Mr. Morgan stated that if our main gate cannot limit who comes in and out of Palmas, neither will one manned gate in the South District. One thing is correct, the South District area is one of the most expensive residential sectors in Palmas and does not have its own local access control. But that is the way it was designed by the original planners of Palmas. If eventually the project has to be done, he wants to make sure it is something that is up to the standard of the community. PDMPI owns the land where this project will be built and has a say in what will be built on its land. Also, according to Mr. Morgan, although he does not like to use it and hopes he does not have to use it, Section X of the PHA Covenants gives the company veto power on decisions that affect transportation, security and access control. He would prefer to work together with the community to come up with a final solution.

Mr. Walter Fournier questioned what the ARB has to do with this issue at this state. This has become an issue between PDMPI and the South District well beyond the purview of the ARB which is being dragged into this matter and forced to assume a role as representatives of a particular interest not contemplated in the ARB codes. The ARB role is clear and limited by the ARB codes and that role is not one of adjudicating disputes in particular cases. Mr. Fournier believes the ARB needs a mission statement with a clear definition of its role if it's going to go beyond the architectural review role and those functions outlined in the Design Guidelines.

Mr. Edd Siler then introduced his comments to the background paper presented by Mr. Antonio Maldonado at the October Board meeting and reflected in the minutes of that meeting. He indicated he will like to see his comments reflected for the record at this Board minutes. Mr. Julio Bagué accepted Mr. Siler's comments for incorporation in the minutes and for record purposes these are shown as attachment one (1) to these minutes.

Mr. Alberto Rivera mentioned that he attended the last Delegates meeting where, from the discussion of this issue at that meeting, the perception is different within that body. The perception is that PHA has already endorsed the project and it is going through the municipal permit review process. Mr. Julio Bagué replied that PHA has endorsed this project and that is a matter of record at the ARB. He added that more than once he explained at that meeting that there is a legal process that must be followed and that the process is taking place.

Mr. Edd Siler pointed out that the Board has approved contributing \$150,000 to the South District project. Mr. Siler believes that the expenditure of such funds is not approved until all legal requirements for this project are met. Mr. Raúl Rivera replied that it is the Municipality of Humacao who determines whether a project complies or not with the law not PHA. Mr. Bagué indicated that what this Board can say is that this project must meet the municipality and ARPE approval and those are the agencies who can say if those requirements are met. Mr. Rivera pointed out that what PHA should say is what it has said all along; that it supports this project and endorses such a project as something wanted by the community. Regarding the money PHA has reserved for this project the matter has been discussed in past treasurer's reports. Mr. Bague further stated that if the project is not built unused money will be returned to PHA general fund.

VII. NEW BUSINESS

A. New Community Magazine

Mr. Julio Bagué informed the Board about the PHA Magazine published under the title Live and Life in Palmas. This initiative will replace the traditional PHA newsletter. It is being published by professionals in this line of work and the costs to PHA should not be more than what it costs PHA to publish the present Newsletter. The magazine will focus on and interact with community-wide news. The shortfall in production costs will be paid from advertisement published in the magazine itself. The magazine will be open for

inputs from everyone in the community. It will be published six times a year. The first edition should come out by the end of January.

B. Hiring of Community Activities Coordinator/Deputy PHA Executive Director

The 2008 PHA Budget contemplates hiring of a Community Activities Coordinator. Mr. Bagué explained that an additional objective in the creation of this position is to hire an individual that could not only perform as a Community Activities Director but also serve as a PHA Deputy Executive Director to alleviate some of the ever-growing workload of the Executive Director. A job description has been developed with inputs from the PHA Youth Committee and resumes were received for this position. The Executive Committee has reviewed the job description and the resumé of the candidate being recommended by the PHA Executive Director for this position. The candidate being considered is Mr. José Juan Martínez. Mr. Martínez has been collaborating with PHA in a number of projects including the development of programs and equipment for the Teen Center. Mr. Martínez is also the President of the PHA Delegates Committee. Copies of Mr. Martínez resumé and of the job description are being circulated to the PHA Board members. Should Mr. Martínez be selected for this position he will be replaced as President of the PHA Delegates Committee.

Mr. Edd Siler indicated that more than a community activities coordinator, the Executive Director needs an assistant that could focus on enhancing Palmas common property and paying special attention to areas such as curbs, signage, pot holes, entrance to Palmas, landscaping, etc. This person should be certified as a community manager that could help our community become what it should be.

Ms. Rita Molinelli pointed out that even though the comments made by Mr. Siler may be valid, the areas mentioned are being worked and addressed as part of the PHA maintenance programs. However, Ms. Molinelli added, PHA needs to focus on developing a community that is alive. According to Ms. Molinelli, Palmas is a very nice community but it cannot be allowed to become a ghost town. More community activities are needed that bring the old and young together and help create a strong community identity where people can live and play having fun. That is why, according to Mrs. Molinelli, this position is needed.

Mr. Siler indicated that he concurs with Mrs. Molinelli 300 percent but he believes that activities, such as the Christmas Parranda which was a great success, should be ran by community volunteers and not by someone who thinks he knows what the community needs. Mrs. Molinelli replied that the community needs someone to develop and implement well-thought out programs with the necessary continuity participation and support. These programs are not single or one-time events but major community-wide programs to support the adults and the young alike on a continuing basis. This was identified and has been under discussion for several years and became a reality with the new PHA building. That is why, Mrs. Molinelli added, it was approved and placed in our 2008 budget.

Mr. Daniel Vasse indicated that the community activities coordinator position is very important. However, if the individual is going to be a special assistant or a deputy to Mr. Maldonado then the person must have special qualifications. These are very broad responsibilities that require a very capable individual.

Upon a motion by Mr. Jaime Morgan seconded by Mr. Raúl Rivera the PHA Board unanimously approved the creation of the new position of PHA Deputy Executive Director with responsibilities to include the development of community activity programs. The Board also authorized the PHA Executive Director to proceed with the process of hiring a person for such a position using his judgment and discretion. The individual selected for the position will be offered an initial six-month service contract with a salary as contemplated in the PHA Budget. Mr. Maldonado was requested to e-mail the Directors the job description, together with the resume of the candidate selected

B. Equestrian Center

Mr. Servando Díaz indicated that he would like to see community support for the Equestrian Center activity. He proposed forming a Committee to explore ideas and initiatives to see how this community activity can be further developed and expand the trails available for horse-back riding. This activity is now limited to certain trails under an agreement with PDMPI. Mr. Julio Bagué concurred with the creation of a Committee under the leadership of Mr. Díaz to that effect. Mr. Jaime Morgan informed that he, Dr. José Benítez and Engineer Danny Torrellas are going to be riding the existing trails to see what else could PDMPI do and what problems are being encountered by the Equestrian Center.

VIII. ADJOURN

The PHA Board adjourned at 12:35 am upon a motion by Mr. Raúl Rivera seconded by Mr. Félix Santoni.